

Director of Finance and Support Services	Ref No: OKD37 19- 20
March 2020	Key Decision: Yes
Access to Framework Agreement for Professional Services	Part I
Report by Head of Procurement and Contract Management	Electoral Divisions: n/a
<p>Summary</p> <p>This report sets out the proposals for the procurement of consultancy and specialist professional services.</p> <p>There is no financial commitment from the Council when joining the framework but the framework operator charges the supplier a fee of 5% on each individual call-off contract to operate the framework.</p> <p>Call-off contracts each have an individual statement of work or programme that is subsequently formalised following competitive procurement or direct award into a call-off contract. The use of the framework will be subject to the appropriate governance on a case by case basis as part of an options appraisal.</p> <p>There is no financial commitment to this call-off contract, but it sets the terms and conditions of business between the Council and Bloom Procurement Services Ltd. The Council has paid Bloom Procurement Services £1.2m for projects put through the current framework over the last 3 financial years.</p>	
<p>West Sussex Plan: Policy Impact and Context</p> <p>Specialist Professional Services form an important part of the Council's capacity and capability and help to ensure resilient and flexible service delivery. The commissioning and management of professional organisations enables the Council to cover short term or specialist requirements.</p>	
<p>Financial Impact</p> <p>There is no financial commitment resulting from adoption of this recommendation. The solution provides a value for money solution.</p>	
<p>Recommendation: That the Director of Finance and Support Services approves access to the new iteration of the Nepro 3 Framework Agreement, via a Call off Contract, which will run from 2020 to a maximum term of seven years with annual reviews.</p>	

Background and Context

- 1.1 The County Council uses bought in professional services to supplement or support most service areas. Buying professional services and consultancy requires a different approach to buying goods and services. Current procurement policy is supported using a framework agreement. The framework provides access to a delivery partner to deliver a specialist professional services solution.
- 1.2 The solution is a vendor neutral managed service which allows the Council to access consultancy and professional services in a different way to traditional tendering. The use of the framework decreases the time and effort of bidding and leads to lower prices to the Council. The use of mini competition ensures a competitive bidding process which drives competitive pricing. The framework is fully compliant with regulations and provides a transparent audit trail and delivery assurance through contractual management with commercial and delivery risk being managed through one contract with a solution provider, who in turn manage the supplier. Clear statements of work and deliverables are defined in the contract and payment is made on delivery, agreed by highlight report signed off by the Council.
- 1.3 The solution provider enables access to pre-approved suppliers in 20 categories of spend with over 240 subcategories. Many of their suppliers are SMEs with 70% of projects being awarded to SMEs.
- 1.4 The Council is required to enter into a call off contract setting the terms between the Council and the solution provider. There is no commitment from the Council when joining the framework. Each individual statement of work or programme that is subsequently contracted individually as a call off contract will be subject to appropriate governance on a case by case basis.
- 1.5 The managed service approach can deliver a number of benefits such as
 - Reduction in vendor number, set up and processing of invoices.
 - Standardisation / consistency of approach to contract management
 - Additional services to support contract management, terms and drafting SoW.
 - Greater quality assurance through the auditing processes
 - Reduction in management time dealing with a large supply chain
 - Improved transparency/visibility of spend
 - Enhanced management information
- 1.6 The proposal will aim to deliver increased visibility and control of the category, through the use of the technology platform used to run mini competitions. The use of Bloom as the single point of contact and the subsequent contract being between Bloom and the provider will help mitigate any IR35 risks and provide a level of assurance around paying only when outcomes are delivered.
- 1.7 The use of the Bloom services carries a premium of 5% of the contract value, which is deducted from the billing from the supplier to Bloom. This percentage is comparable to other Managed Service offerings.
- 1.8 A single supplier and a standardised approach to managing specialist professional services will help reduce resources deployed in contract management and the risk of engagements over running or scope creep.

- 1.9 The annual value of the consultation accessed through the contract will vary but could potentially be in excess of £50m over the seven-year period. The new Framework will run from 2020 to a maximum term of 2027.
- 1.10 This proposal is a continuation of the current service provision under a newly re-competed framework with improved terms and upgraded technology platform. The existing policy will be updated and the overall approach will be assessed over the next 12 months as part of a category management review.

2. Proposal – the Procurement strategy

- 2.1 The proposed procurement process will need to comply with the Public Contracts Regulations 2015 and the Council's own Standing Orders on Procurement and Contracts.
- 2.2 It is proposed that the Council access the Nepro 3 framework which provides a Vendor Neutral Managed Service, for a term of a maximum period of seven (7) years with an annual review. There is no obligation on the Council to call off from the framework at any time during this period. The Council will have access to a technology platform to track activity during this time.

Future service provision

- 2.5 Through discussion with key stakeholders across the Council, a set of principles has been developed for assessing any future service models:

Ability to source high quality resource across a wide range of council services –to ensure high quality provision across all Council services

Supports greater transparency – a robust contract management model based on accurate and timely data that ensures accountability of supply chain and benchmarks against the wider market

Provides Value for Money and supports control over spend – to ensure controls are in place to manage spend and decision making

Customer-focused –support to commissioners and buyers, adequate quality assurance processes (e.g. financial capability and capacity pre-approval) and issue resolution

Supports local SME's and growth – actively supports local SME's and enables the Council to add them to the Framework.

Partnership approach to managing market and demand –to support active market management and act as a market disruptor where necessary

Continuously innovating/developing – best use of emerging technologies and industry best practice.

3. Consultation

- 3.1 The Council's internal Procurement Board (chaired by the Director of Finance and attended by the Director of Law, Head of Procurement, Senior Commercial Solicitor and Senior Commercial Finance Officer) endorsed the move from Nepro 2 to Nepro 3 in January 2020

3.2 The Procurement and Contract Management team will advise on the suitability of the use of this Framework on a case by case basis as one viable procurement option.

4. Financial

4.1 Over the past 3 financial years the spend through the Framework is £1.2m:

Year	Expenditure
2017/2018	£395,000
2018/19	£205,000
2019/20	£600,000

Future savings/efficiencies

4.5 This proposal focusses on efficiency and improving control. Any savings or efficiencies will be attached to the individual programmes at each call off.

4.6 Improved control mechanisms on the appointment of suppliers will drive down spend by improving demand management and promote best value from suppliers. Published spend data will show spend via Bloom Procurement Services Ltd. This will make Freedom of Information requests easier to administer.

4.7 Other Councils using this approach have seen between 7% to 10% reduction in spend by using the framework. This will be delivered through a mix of demand management, authorisation check and approval of projects and mini-competition under the framework. Based on the £7m pa estimated value of projects, this could reduce the expenditure by £0.4 to £0.7 pa. Based on historic volumes this figure would be £0.025m to £0.06m

5. Other Options Considered (and reasons for not proposing)

5.1 This is only one option to be considered as a possible route to market and procurement option at the point a service is needed. Each individual requirement will be assessed as part of a full options appraisal proportionate to the proposed value and complexity of the requirement. Other options will include full tender, use of alternative framework or other competitive process.

Service model options appraisal:

5.2 The proposed service model is unique at this time within the public sector and has been running and growing since 2012. It is a relatively new market and Bloom continue to dominate it.

- 5.3 Alternative models would be to create a Council framework of its own. This is ruled out at this time pending a category review of the professional services and consultancy spend. The Contracts and Procurement team are now resourced to design a broader sourcing strategy in this area.
- 5.4 There are other frameworks that can be used. These tend to have large businesses on them and be focussed on larger value projects.

Service Model	Short Description	Ranking
Vendor Neutral Managed Service (VNMS)	Procurement service contracting with supply chain of agencies who bid against Statement of works (specification) with no preferential treatment of supplier	1 st (Recommended option)
Other Framework	Restricted shortlist of vendors, more suitable for large value £1m plus projects.	2 nd
Council own Framework "approved list"	A potential future option that may become feasible in 12-24 months' time	3 rd

6. Legal Implications

- 6.1 The existing Framework contract Nepro 2 has expired but the Council has a call off in place until April 2020. The new Nepro 3 framework offers improved terms and is the current version. There are some insurance levels within the contract that may differ from Council standard and some policy changes to make. There is also a 10-day payment term from the Council to Bloom – so they can in turn process the payment to the supplier within reasonable timescales.

7. Risk Implications and Mitigations

- 7.1 There is an ongoing risk that contracts have scope creep and periodic payment such as time and materials rather than on deliverable measurable outcomes. The recommendation mitigates this through increased transparency, an amount of standardisation and embedding increased control.
- 7.2 Insurance levels may need to change from the standard level from time to time. This risks an increase to internal administration. This could be mitigated by a blanket approval or planned and considered during the options evaluation process.
- 7.3 Risk of challenge is minimal as the framework is fully compliant. Suppliers can be onboarded at any time to the framework.

8. Equality and Human Rights Assessment

- 8.1 It is not considered that a separate Human Rights assessment is required. There is no equality duty impact as the proposal relates only to internal procurement administrative arrangements.

9. Social Value and Sustainability Assessment

- 9.1 Each requirement will have consideration of the use of SME and local suppliers where appropriate.
- 9.2 The award criteria used to assess the qualitative elements of the bids will include social value criteria which will in turn be linked to a set of social value KPI's within the eventual contract to measure and ensure delivery of any social value capital.

10. Crime and Disorder Reduction Assessment

- 10.1 None considered applicable.

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Background Papers: None