

Procurement Governance and Performance Report

To:	Assets and Procurement Committee
Meeting Date:	18 th October 2023
From:	Executive Director of Finance and Resources
Electoral division(s):	All
Key decision:	No
Forward Plan ref:	N/a
Outcome:	That Committee considers and notes the information below on the activity, governance and performance of the Procurement and Commercial Team.
Recommendation:	The Committee is asked to note the contents of the report and identify further reporting to be presented and considered at future meetings of this Committee.

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1. Background

- 1.1 The Procurement Team was brought in house in April 2021 from LGSS, with a Head of Procurement appointed in January 2022. Following the corporate restructure in September 2022, the procurement and commercial teams were amalgamated under the new Head of Procurement and Commercial.
- 1.2 This report covers the activity of the Procurement and Commercial Team during the first quarter of 2023/24 with some information reaching back to financial year 2022/23.

2. Main Issues

- 2.1 Strategic governance for the Procurement and Commercial Team is provided through the Finance and Resources Directorate and by the Procurement Governance Board which is chaired by the Service Director for Finance and Procurement and comprises representatives from each of the Council's service directorates.

2.2 Key Activity:

- 2.2.1 In this quarter, 11 procurements were awarded, totalling £8.5m in value. The most significant was the Rapid Discharge and Transition services with a value of £3.2m.
- 2.2.2 At the end of the quarter, the team were managing 76 open procurements with a total value of £1,380m. The 3 contracts with the highest value are listed below:
 - Home and community DPS round 15 (Adults, Health and Commissioning): £300m (£3m p.a.) and high complexity.
 - Children's external placements DPS round 11 (Children, Education and Families): £470m (£4.7m p.a.) and medium complexity.
 - Children's external placements DPS round 9 (Children, Education and Families): £470m (£4.7m p.a.) and medium complexity.
- 2.2.3 During the same period, the team made £341,572 in savings from either procurement activity or by identifying efficiencies in current contract delivery. The most significant saving came from the mobile phone procurement which resulted in a saving of £252,946 due to the procurement route chosen. The most significant efficiency came from the identification of the duplicate funding of a block bed. These savings and efficiencies will be allocated to the corporate efficiencies target of £200,000 as appropriate.
- 2.2.4 Approximately £58,000 was achieved in market value (non-cashable) savings (the cheapest bidder compared to the average bid price).
- 2.2.5 Meanwhile the Commercial Team worked on the following projects:
 - Working with the ICB to identify instances where information had not been shared following funding changes. The result of this work is on-going, but initially a one-off savings of £78,000 has been achieved.
 - Supporting Adults Commissioning on a review of the Care Home Trusted Assessor service. It is expected that the review could lead to savings of approximately £50,000.
 - Support for the Waste PFI contract, the Commercial Team are leading on the legal/commercial workstream of this project, which has significant impacts for the Council.

- Supporting the Energy team on ensuring value and managing risk on the following projects: Swaffham Prior, Heat Pump Ready Contract.
- Support to the Streetlighting Team regarding a contractual matter in relation to their PFI.
- The Commercial Team are supporting the following business planning deep dives; Learning Disabilities, Energy, Transport, Waste & Environment, and ASC Client Debt.
- A review of contract risks has been undertaken on the Council's top 15 highest value contracts, specific guidance is being drafted to support contract managers working with suppliers that present high business continuity risks to the Council.

2.3 Procurement Pipeline

2.3.1 We are required by legislation to publish the Council's pipeline of large contracts. The Council is meeting this requirement and June's procurement pipeline, including all procurements valued over £500,000 is published and available here:

<https://www.cambridgeshire.gov.uk/asset-library/June-2023-Procurement-Pipelines.xlsx>

2.3.2 The Procurement Team are continuing to work with Services to refine this and further updates will be brought back to this Committee.

2.4 Waivers

2.4.1 During the 1st quarter of 2023/24, 38 waivers were applied for compared to 52 in the same period 2022/23.

2.4.2 Work continues to be carried out on pipeline and planning, as well as the accuracy and completeness of the contracts register. This will help drive further improvement in this area. Progress on this area will be reported each quarter to this Committee.

Directorate	New Requirement	Change to existing contract	Replacement of existing requirement
Adults, Communities and Health	2	2	0
Childrens, Education and Families	3	0	0
Customer and Digital Services	1	0	0
Finance and Resources	6	0	2
People and Communities (before structure change)	0	3	1
Place and Sustainability	4	2	2
Public Health	0	3	2
Strategy and Partnerships	2	3	0

2.5 Social Value

- 2.5.1 Since April 2022, the team has been embedding social value criteria in tender evaluation where possible and where the contract value is over £100,000. There have been limits to the extent this has been possible including the state of the market and the use of existing DPSs and frameworks.
- 2.5.2 Where we have used our partnership with the Social Value Partnership to embed social value, £293,472 has been committed and £7,227 delivered.
- 2.5.3 Work is underway to align the TOMs (Themes, Outcomes and Measures) to the Council's Ambitions so that future reporting can include this information. Feasibility work is also underway on the possibility of identifying local projects to align with the social value suppliers deliver.

2.6 Governance

- 2.6.1 Improving the governance around procurement activity has been a key priority of the Head of Procurement and Commercial over the last 18 months. The following improvements have been made during that time:
 - The Consultants Policy has been updated and a new electronic approval form introduced.
 - Guidance on waivers has been improved and the form updated so that it links clearly with the Contract Procedure Rules.
 - The Contract Procedure Rules have been updated and are now supported by a practical Procurement Guide and procurement e learning which over 350 officers have completed.
 - Procurement Plans and Award Reports are now required to be signed off by Chief Officers for all procurements valued over £100,000.
 - A Procurement Governance Board has been established to provide strategic oversight for procurement and to manage procurement related risks.
 - Direct awards now need the approval of the Procurement Team before being progressed.
 - A signed copy of all contracts valued over £100,000 must be sent to the Procurement and Commercial Team for central storage.
- 2.6.2 However, there remain some governance concerns which CLT have agreed to improve the awareness of through their Directorates.
 - Only 52% of those mandated to complete the procurement training have done so. Work is under way to ensure that the mandated officers are reviewed and where necessary reminded of the need to complete.
 - Of the direct awards added to the Contract Register in Quarter 1, only 15% had received prior approval. The remainder are being investigated to determine the approach taken and if any remedial action is required.
 - Of the 50 contracts valued over £100,000 added to the Contract Register in Quarter 1, only 3 have been sent to the team for storage. The remainder are being chased.

3. Alignment with ambitions

- 3.1 Net zero carbon emissions for Cambridgeshire by 2045, and our communities and natural environment are supported to adapt and thrive as the climate changes

The following bullet points set out details of implications identified by officers:

- Each Procurement Plan identifies how that procurement aligns to each ambition.

- Selection and award questions on climate change are considered for all procurements valued over £100,000.

3.2 Travel across the county is safer and more environmentally sustainable

There are no significant implications although individual Procurement Plans will identify specific implications.

3.3 Health inequalities are reduced

There are no significant implications although individual Procurement Plans will identify specific implications.

3.4 People enjoy healthy, safe, and independent lives through timely support that is most suited to their needs

There are no significant implications although individual Procurement Plans will identify specific implications.

3.5 Helping people out of poverty and income inequality

There are no significant implications although individual Procurement Plans will identify specific implications.

3.6 Places and communities prosper because they have a resilient and inclusive economy, access to good quality public services and social justice is prioritised

There are no significant implications although individual Procurement Plans will identify specific implications.

3.7 Children and young people have opportunities to thrive

There are no significant implications although individual Procurement Plans will identify specific implications.

4. Significant Implications

Not required

5. Source documents

5.1 Source documents

None