

Procurement Performance Report

To: Assets and Procurement Committee

Meeting Date: 28th November 2023

From: Executive Director of Finance and Resources

Electoral division(s): All

Key decision: No

Forward Plan ref: N/a

Outcome: Committee is asked to consider the contents of this report.

Recommendation: Committee is asked to agree the actions contained within this report.

Officer contact:
Name: Clare Ellis
Post: Head of Procurement and Commercial
Email: clare.ellis@cambridgeshire.gov.uk
Tel: 01480 372345

1. Background

- 1.1 In 2022/23, the Procurement and Commercial Team procured £1.3b worth of contracts (value over the entire contract term). So far in 2023/24, that figure is £1.2b.
- 1.2 The Council has over 750 contracts on its Contract Register (all contracts valued over £5,000), those contracts are managed by over 250 Contract Managers across the Council and are valued at nearly £4.6b.
- 1.3 Annually the Council has around £600m of external spend, this equates to around £40m spend per Procurement and Commercial Team member. Research shows that most Councils operate with an average of £18.5m of spend per team member.

2. Main Issues

2.1 Performance Management

2.1.1 The team reports on procurement performance measures on behalf of the organisation. There are 3 – relating to late waivers, social value delivery and contract awards to local businesses. Delivery of social value is on track. Performance in relation to late waivers is improving but not yet meeting target. Spend with local businesses is not achieving target but this is a new KPI and it is hoped that the recent SME event will further improve the Council's approach.

2.1.2 In addition, the team delivers against 19 service plan targets and 6 targets within the Sustainable Procurement Strategy. Some examples of the service plan targets are improving supply chain prompt payment clauses and advice, this has been achieved. Provision of basic procurement advice to new managers as part of their induction, this has also been achieved. Sustainable Procurement Strategy measures include the number of contracts which include social value measures, this is increasing and the number of suppliers signing up to our Climate Change Charter, which is also increasing.

2.2 Procurement Improvement

2.2.1 The Council's last value for money opinion was received in November 2021, this found weaknesses in procurement arrangements and a number of recommendations were made. The recommendations along with the action taken is summarised below.

BDO Recommendation	Action Taken
Remind relevant officers that contracts should be included on the Contract Register.	<ul style="list-style-type: none">• Those raising requisitions are prompted to insert a Contract Register reference.• The Contract Register is reviewed monthly by the Procurement and Commercial Team.• E procurement training has been developed.• The Award Report and Procurement Guidance reminds Responsible Officers to add contracts on to the Register.• Requisitions raised against 'no contract' now come to the Procurement and Commercial Team for approval where they are valued over £5,000.• The role of the Responsible Officer is now clearly defined

	within the Contract Procedure Rules.
Undertake spot checks of newly awarded contracts to ensure they are entered on to the Contract Register	The Contract Register is reviewed monthly by the Procurement and Commercial Team, anomalies are raised with the relevant manager.
Monitor findings of Internal Audit's procurement reviews to determine whether the Contract Register is being maintained.	All procurement compliance related Internal Audit actions have been delivered.
Mandatory training for all officers with responsibility for procurement	A module has been added to the e learning system and uptake from Budget and Contract Managers is monitored monthly. Gaps are investigated by the Procurement Governance Board and relevant action is taken.
Regularly publicise the online waiver form.	The waiver form and guidance has recently been updated to ensure its compliance with the CPRs and to ensure that the right officers are able to approve the right level of waivers.
Update the CPRs to ensure that the requirement to maintain formal documentation is embedded	The CPRs have been updated to provide greater clarity on waivers, record keeping, the role of the Responsible Officer and improved governance on Direct Awards.
Set up a central storage location for documentation relating to the procurement process.	There is now a requirement in the CPRs that all signed contracts for procurements valued over £100,000 come to the Procurement and Commercial Team. Procurement documentation for procurements valued over £100,000 is stored in shared folders accessible by both the service area and the Procurement and Commercial Team. Bidder facing documentation is uploaded on to the Council's e tendering system.

2.2.2 In addition to the actions taken as a direct result of the BDO audit, additional work has been undertaken to improve the Council's procurement processes and compliance. These are summarised below.

- Consultancy expenditure: this is reported 6 monthly to the Audit and Accounts Committee. The Consultant's Policy has been updated and a new approval form launched that must be used for all consultancy procurements valued over £5,000. Consultancy requisitions valued over £5,000 now come to the Procurement and Commercial Team for approval and approval is only given if evidence of an approval form is available.
- Procurement governance: the governance arrangements for individual procurements valued over £100,000 has been much improved with Procurement Plans and Award Reports now being signed off at relevant points through the process.
- Procurement guidance and templates: there is now a comprehensive set of guidance documents available for officers who are running their own, sub £100,000, procurements including template documents, a Procurement Guide etc. In addition, the team has produced a Contract Management Toolkit, a risk assessment process for contracts, contract variation guidance etc.
- Procurement Governance Board: established in July 2022, the Procurement Governance Board now meets bimonthly with a remit to provide strategic

oversight for procurement and to consider and manage procurement related risks. Representatives from each Department and Pathfinder attend alongside Procurement and Commercial colleagues

2.2.3 The Council's new Sustainable Procurement Strategy was approved in January 2023 and this sets the strategic direction for the function across the Council.

2.2.4 Risk assessments have been undertaken of the 10 or so highest value contracts and mitigation plans have been established with their Contract Managers.

2.2.5 The team has developed a comprehensive approach to embedding social value in its procurements valued over £100,000 and the number of procurements using this new approach continues to grow.

2.3 Next Steps:

2.3.1 The team is working hard to provide greater support for Contract Managers, free training has been provided and a Contract Management Teams channel has been opened to allow Contract Managers across the Council to share best practice and ask questions of each other and of the Procurement and Commercial Team.

2.3.2 Contract risk assessments is an ongoing process and it is hoped that within the next 6-12 months the team will have a comprehensive list of the Council's highest risk contracts to ensure that their Contract Managers are supported as far as possible.

2.3.3 A Commissioning and Commercial Strategy is being developed that will support colleagues to work their way through the whole procurement cycle, from commissioning, through procurement to contract management.

2.3.4 There is a current review of the team's capacity to ensure that there is capacity to continue to drive the improvements needed and so that we can continue to deliver high quality procurement and commercial services.

2.4 Waivers

2.4.1 As discussed at the last Committee meeting, waivers (especially late waivers) continue to be a problem for the Council. Recent additional guidance has been issued to Chief Officers to ensure that they fully understand their role in approving or rejecting waivers. In summary that guidance stated:

- Waivers should always be submitted in sufficient time to allow alternative action to be taken should they be rejected. The number of late waivers is declining but it is still too high.
- Retrospective waivers can only ever be approved in cases of genuine emergency.
- Waivers may only be approved where they are valued below the lowest of either the UK procurement threshold or the Key Decision Threshold.
- Evidence is required to be submitted when applying for a waiver.

2.4.2 For further clarity, waivers valued under £25,000 may be approved by the relevant Chief Officer alone. Waivers valued between £25,000 and £100,000 must be approved by all of the following – the relevant Chief Officer, the Head of Procurement and Commercial and the Chief Finance Officer. Waivers valued over £100,000 must also be approved by the Monitoring Officer.

2.4.3 An example of this working in practice is the Cambridge Medical Campus project. Waivers have been granted for this project based on the compatibility reason. Those waivers were below the relevant threshold and were time limited so will end on 31st March 2024. Following that, a compliant procurement process will be undertaken, probably via framework agreement(s), to ensure that the valuable project can continue.

2.5 Savings and efficiencies:

2.5.1 In the last 12 months it is estimated that the team have delivered the following:

- £670,000 savings (calculated against year 1 of the contract term)
- £1m in non-cashable savings, calculated by comparing the winning bidder to the average bid received.
- £700,000 in service area efficiencies delivered by the Commercial Team.

2.5.2 This is a total of £2.37m of savings and efficiencies and putting into the context of the team's budget, a positive balance of £1.47m.

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

See wording under 3.1 above.

3.3 Health inequalities are reduced

See wording under 3.1 above.

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

See wording under 3.1 above.

3.5 Helping people out of poverty and income inequality

See wording under 3.1 above.

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

See wording under 3.1 above.

3.7 Children and young people have opportunities to thrive

See wording under 3.1 above.

4. Significant Implications

4.1 Not required

Have the resource implications been cleared by Finance? Yes or No

Name of Financial Officer:

Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the Head of Procurement and Commercial? N/A

Has the impact on statutory, legal and risk implications been cleared by the Council's Monitoring Officer or Pathfinder Legal? Yes Name of Legal Officer: Gurdeep Singh Sembhi

Have the equality and diversity implications been cleared by your EqIA Super User?

Yes Name of Officer: Faye McCarthy

Have any engagement and communication implications been cleared by Communications?

Yes Name of Officer: Kathryn Rogerson

Have any localism and Local Member involvement issues been cleared by your Service Contact? N/a

Have any Public Health implications been cleared by Public Health?

Yes or No Name of Officer:

If a Key decision, have any Climate Change and Environment implications been cleared by the Climate Change Officer? Yes Name of Officer: Emily Bolton

5. Source documents

5.1 Source documents

None