

An Annual Report for the Procurement and Commercial Team Financial Year 2022/23

1 Team Overview

- 1.1 A permanent Head of Procurement, solely focused on Cambridgeshire County Council, was appointed in January 2022 to oversee the work of the three procurement teams covering Place and Sustainability, People and Communities and Corporate and IT.
- 1.2 In September, following the corporate leadership re-structure, the Procurement and Commercial teams were brought together under the Head of Procurement and Commercial.
- 1.3 The revised team consists of 4 team managers, a Policy and Systems Manager, 5 Procurement Managers, 3 procurement apprentices and 2 senior commercial advisors. The team structure is available on the procurement Camweb page.

2 Procurement and Commercial Workload

2.1 *Commercial Workload*

- 2.1.1 Since the amalgamation with the Procurement Team in September, the Commercial Team have been working to establish their remit and priorities. This work is now complete and the team have clear outcomes.
- 2.1.2 The team are focusing resources on areas with high contract risk and/or spend. Their key projects include:
- Ongoing intensive support for the waste management regulatory response project by the Commercial Manager (circa. £40million/year).
 - Ongoing support for the climate change and energy teams and that involvement has increased to cover Swaffham Prior Community Heat Project.
 - Support to the Home to School Transport team to develop alternative delivery models and to identify key contract risks. (circa. £35million/year)
 - Developed a corporate policy for managing price variations in existing contracts and guidance for interpreting CCC's Standard Terms & Conditions.
 - Secured £65,000 of funding for 10 places across the organisation to undertake high regarded, accredited contract management training.
 - Finally, most recently, support has been provided to the adult social care brokerage team to rationalise and reduce the costs of care (high costs decisions relating to block bed and spot bed placements).
- 2.1.3 Alongside this work, the Commercial Manager has been conducting key contract risk assessments with contract managers and this work continues for lower value contracts. This work is allowing contract managers and CLT to have a much better understanding and visibility of the risks presented by the Council's key contracts and therefore to put in place, as necessary, contingency measures.

2.2 *Procurement Activity*

- 2.2.1 During financial year 2022/23, the Procurement Team received initial contact on 63 new procurements with a total estimated value of nearly £400m. 19 of these were in the Corporate Services and IT team, 24 were in the People and Communities team and the remainder in the Place and Sustainability team.
- 2.2.2 During the same period, 47 contracts were awarded with a total estimated value of £1b. Of these the highest value contracts awarded were:
- Cleaning and grounds maintenance (£5.3m)
 - Home and community support DPS rounds 12 and 13 (£300,000,000)
 - Early years pseudo Dynamic Purchasing System round 1 (£185,989,145)
 - Children's Services External Placements Dynamic Purchasing System round 8 (£470,184,791)
 - Individual service funds (£18,000,000)
 - 6 extra care schemes (£11,750,000)
 - Insurance and Claims management (£5,000,000)
 - March Future High Street Fund and MATS Broad Street (£5,500,000)
- 2.2.3 In addition to this procurement support, the team have worked to develop the standard procurement documents used, the guidance available to colleagues managing their own procurements and the information available to suppliers and the community on the Council's webpage.

3 Actions from the BDO External Audit

In November 2021, the Committee received BDO's External Value for Money Conclusions for the year ending March 2018. This included critical findings in relation to the Council's procurement arrangements, which the Committee brought to the attention of Full Council. The following areas, derived from BDO's recommendations are reported to this Committee to monitor management actions.

- 3.1 Consultancy/agency expenditure: this is now reported six monthly to the Audit and Accounts Committee. In addition, the Consultant's Policy has been updated and a new electronic approval form for consultancy spend has been introduced. Future Committee reports will include information on the proportion of spend which has been authorised via this approval form.
- 3.2 Electronic waiver system: waivers are now managed via an online case management system, the form and guidance within that system are currently being updated to ensure that they align with the Council's Contract Procedure Rules as closely as possible.
- 3.3 Procurement training: procurement training was provided to Members in October 2022. An e learning module was developed for officers and became available in September 2022, this training is mandatory for budget managers and contract managers named on the Council's Contract Register. To date around 162 of the required officers have undertaken this training, this represents approximately 52% of the cohort. Work is ongoing via the Procurement Governance Board to improve that %, with escalation to responsible directors for each service where there are gaps in completions of the training.

- 3.4 Contract Procedure Rules update: the Contract Procedure Rules were updated in March 2022 following which a Procurement Guide was published to provide officers with practical support in conducting their own procurements. Template and standard documentation has also been reviewed to ensure that it meets best practice requirements and is as accessible as possible to colleagues.
- 3.5 Procurement Governance: the governance arrangements for individual procurements valued over £100,000 have been improved with the introduction of Procurement Plans and Award Reports. Procurement Plans must be signed off by the Chief Officer and if the contract is valued over £1m by the Head of Procurement. Award reports must be signed off by the Chief Officer before notification of award letters can be sent to bidders. These new processes ensure high level oversight of key procurement activity.
- 3.6 Procurement Governance Board: in July 2022, a Procurement Governance Board was formed bringing together an extended leadership group representative from each directorate with the corporate leads for Procurement and Commercial, Finance, Diligence and Legal. With a remit to provide strategic oversight for procurement and to consider and manage procurement related risks, this Board meets every 2 months and is overseeing progress with all the governance enhancements set out in this report.
- 3.7 Direct awards: direct awards (valued over £5,000) now require the approval of the Procurement and Commercial Team before they can be progressed. This requirement has been widely communicated and the team also monitors direct awards being added to the Contract Register, where they have not received prior approval – additional advice is given to the contract manager in question.
- 3.8 Contracts valued over £100,000: where a contract is valued over £100,000, a (digital) signed copy of that contract must be forwarded to the Procurement and Commercial Team for storage. Again, this requirement has been widely communicated and where contracts valued over £100,000 are added to the Contract Register without a copy being sent to the Team, a request for that copy contract is sent to the contract manager. Missing contracts are escalated to the Procurement Governance Board.
- 3.9 Procurement Pipeline: CLT approved the format of a procurement and commercial pipeline in September 2022. This pipeline is now available on the Council's website (<https://www.cambridgeshire.gov.uk/asset-library/March-2023-Procurement-Pipelines.xlsx>) and will be reviewed and updated quarterly. Additional budget and funding information for the pipeline is available internally to support the business planning process.
- 3.10 Contract extensions: when a contract is added to the Contract Register, there is the opportunity to define the number and length of any extension periods available. During the financial year covered by this report, 50 contracts were extended. The total value of the extension taken was £1.6m. Extensions are approved by the budget manager if the value of the contract is below

£100,000 and by a member of the Procurement and Commercial Team if the value of the contract is above £100,000.

4 Delivering the Sustainable Procurement Strategy

4.1 The Sustainable Procurement Strategy (<https://www.cambridgeshire.gov.uk/business/business-with-the-council/sustainable-procurement-strategy>) was agreed as part of the Strategic Business Plan in early 2023. The Strategy sets the overall direction for the procurement function over the next 2 years.

4.2 The key objectives of the Strategy are:

- Support the growth of local business and the third sector by making procurement spend more accessible.
- Increasing the levels of social value delivered by our suppliers
- Contributing to the Council's net zero targets.
- Delivering best value outcomes through procurement activity
- Ensuring that procurement processes are robust, transparent, non-discriminatory and compliant.

4.3 Key activity to deliver that strategy over the next 12 months will be:

- Improving market engagement for individual procurements and more widely.
- Continuing to increase the number of procurements where social value is included as an award criteria.
- Developing low carbon guidance for procurers and identifying current high carbon contracts for review.
- Improving the team's approach to the identification and management of savings.
- Continuing to support the guidance and training on offer for both officers and Members.
- Improving the understanding of risk across the Council's key contracts and suppliers and putting in place plans to mitigate those risks.

5 Key Risks for 2023/24

5.1 The Procurement and Commercial Team remains proactive and fully engaged across the organisation and is fully staffed, operating with no vacancies. During the year the Council created an additional fixed post to focus specifically on procurement systems and governance and continues to invest in apprenticeships with CIPS accreditation to develop the Council's procurement professionals alongside experienced staff.

5.2 It is anticipated that the Procurement Act 2023 will receive Royal Assent in the Spring/early Summer. This Act heralds the most significant change ever seen to procurement processes and transparency requirements. It will be important that both Officers and Members are supportive of the changes that will need to be made to governance structures and operational processes during the 6 month transition period.

- 5.3 It is also anticipated that the Provider Selection Regime will be introduced from July 2023, this applies to health related procurements only but removes the requirement to compete many health related contracts. Again governance structures and operational processes will need to be reviewed.

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