

**Procurement and Commercial Team Annual
Report
2023/24**

1 Workload Overview

1.1 Procurement Teams

- 1.1.1 During 2023/24, the team initiated 80 new revenue and capital procurements valued at £636,780,329. That is 68% of the Council's gross spend excluding schools. The highest value being Round 15 of the DPS for home and community support.
- 1.1.2 28 of these procurements were in the Corporate and IT teams, 28 in People and 24 in Place.
- 1.1.3 24 of these procurements were classed as low complexity (8 days work, for example a simple framework call off), 44 were classed as medium complexity (24 days work, for example a straightforward above threshold procurement) and 12 were classed as high complexity (50-65 days work).
- 1.1.4 During the same period, 56 contracts were awarded – valued at £257,285,835. 21 of these were in the Corporate/IT team, 18 in People and 17 in Place.
- 1.1.5 In November 2024, a Market Engagement event was delivered to over 80 SMEs. Since then, the team has put in a schedule of quarterly Webinars to support local suppliers access the Council's Procurement Activity through our e tendering system.
- 1.1.6 The team now runs monthly drop in sessions to support those running procurements valued under £100,000 access and use to the Council's e tendering system.
- 1.1.7 The Provider Selection Regime went live in January 2024, for more information see section 5 below.
- 1.1.8 A large focus has also been placed on preparing for the readiness and implementation of the Procurement Act 2023.
- 1.1.9 The team continues to provide bespoke training sessions to service areas as needed and the Head of Procurement and Commercial has attended all DMTs with the Monitoring Officer and Head of Internal Audit to brief and update attendees on compliance with Contract Procedure Rules.
- 1.1.10 Information on waivers and social value delivery can be found in section 4.1 below.

1.2 Commercial Team

- 1.2.1 Contract Management: Delivery has started on the Contract Management Action Plan, one of the key elements of the Commercial, Commissioning and Procurement Framework. The action plan is partially based on results from the first ever commercial skills survey of contract managers that was also carried out in the last 12 months, and contains actions on risk assessments, guidance and the establishment of a contract management network.
- 1.2.2 Business Planning: the team have continued to work across services on business planning supporting the generation of a range of savings. A review of block bed capacity has resulted in a saving of £379,274 and a 2% increase in capacity. Various projects have been undertaken on Learning Disability provision, an example of the savings resulting from this work is the £138,000 annual saving on low-cost provision.
- 1.2.3 The Commercial Team continue to support procurement activity including Adults and Children's Commissioning Business Case reviews, support for the delivery of social value and various contracts in Place and Sustainability. The Commercial Manager leads on the Commercial workstream of the Waste PFI project, supporting the implementation of changes that will significantly reduce the cost of the existing interim arrangements.

2 Audit Overview

- 2.1 Internal Audit: The Procurement Compliance Audit for 2023/24, found moderate compliance because in most cases evidence of compliance was in place but some areas of non-compliance were detected. The organisational impact of these findings was found to be minor as increased levels of assurance were detected for higher value and therefore higher risk procurements. The only action from this report was for Internal Audit to write to those Responsible Officers where non-compliance had been detected.
- 2.2 The Procurement Governance Audit for 2023/24 found that the adequacy of the procurement governance system was good. Moderate assurance was given as some cases of non-compliance were detected particularly for lower value procurements. The organisational impact of the findings was also found to be moderate as the Council was left open to moderate risk due to areas such as low

take up of procurement training. Actions to address the areas detected by the Audit will be overseen by the Procurement Governance Board.

- 2.3 Final Internal Audit reports on waivers/direct awards and consultancy are currently outstanding.
- 2.4 External Audit: In November and December 2021, the Council received a modified use of resources opinion from the external auditor for the financial year 2017-18. The auditor's opinion was formulated as the Council having appropriate arrangements for value for money and use of resources, "except for" a significant weakness in relation to procurement. This followed detection by external audit in sampling of procurement breaches for contracts where payments were being made in 2017-18. The Audit and Accounts Committee considered the auditor's opinion and brought this to the attention of Full Council. The Committee has subsequently received progress updates on the recommendations made by the auditors in 2021 and the Council has implemented a range of initiatives to improve procurement compliance since the report was received. Subsequent audit opinions for the years ending 2019 and 2020 were also modified to reflect ongoing procurement weaknesses.
- 2.5 In April 2024, the Council received the external audit reports on the equivalent use of resources position for the years ending in 2021 and 2022. Further to the governance improvements the Council has implemented and been able to showcase to the auditor, and following sample testing, the auditor has concluded that there are no longer weaknesses in procurement arrangements that require a modification of the audit opinion. The [auditor concluded that](#) in 2020-21 and 2021-22, based on the work performed, the Council had proper arrangements in place in to enable it to use information about its costs and performance to improve the way it manages and delivers services. This is a pleasing outcome for the Council and reflects progress made across the Council at improving procurement compliance and enhanced governance.

3 Procurement Governance Board Activity

- 3.1 The Procurement Governance Board (PGB) is now fully operational, meeting bi-monthly with representatives from each Directorate. The chair is the Service Director of Finance and Procurement.
- 3.2 This year the PGB has considered ways to improve compliance on:
- Waiver submissions
 - Direct award approvals
 - Training; and

- Submission of contracts valued over £100,000.

3.3 In addition, they have agreed:

- The change in approach from the Sustainable Procurement Strategy to the Commercial, Commissioning and Procurement Framework.
- A new Evaluation Protocol for the Council to ensure that all procurement activities achieves the best possible value for money.
- A renewed approach to managing the risks associated with the Council's procurement activity.
- Low Carbon Procurement Guidance has been approved and is in use.
- Handbooks for various parts of the team's delivery have been approved and are in use.
- Overseen implementation of the PSR (see below)
- The change management programme for the implementation of the Procurement Act 2023.
- Approved the new Breach Process that sits within the Contract Procedure Rules.

3.4 It is likely that in 2024/25, the majority of the PGB's time will be taken in ensuring that the Procurement Act 2023 implementation proceeds smoothly.

4 Update on Performance

4.1 The team is responsible for 3 of the Council's KPIs. Outturn performance against these KPIs is summarised below:

- **KPI169** (% of waivers submitted within 5 days of their start date): Quarter 4 = 28.6%. This is above the target of 20% but is a significant improvement on the 50% figure for Quarter 1 and the average for 2022/23 (55%) and shows the benefits of the work that CLT and PGB have been engaged upon this year to tighten compliance in this area.
- **KPI205** (amount of social value delivered): total for the year = £8,956 with £49,000 pending validation.
- **KPI206** (% of annual spend with local suppliers): The baseline data for this KPI was set using 2023/24 data which was 43%. Quarter 4 = 58% more than meeting the 45% target.

4.2 In addition to the KPIs listed above, the team had a number of activities to be delivered within the Sustainable Procurement Strategy and Service Plan. Please find below a summary of that activity:

- A large SME market engagement event was delivered to over 80 SMEs and since then a programme of smaller webinars has been put in place. A Guide to Market Engagement is expected shortly now that Procurement Act 2023 guidance is available.
- Guidance has been issued on contract payment terms alongside guidance on how to manage supplier financial distress.
- The Council continues to use the Social Value Portal for its higher value procurement activity (where appropriate) and a review of the approach to social value in procurement is underway to ensure that all social value delivered through contracts can be logged and to ensure that our approach is SME friendly.
- An Environmentally Conscious Guide to Procurement has been approved and is now available for Responsible Officers to use.
- The team's and the organisation's use of the contract and spend data in ERP has been much improved enabling the earlier identification of potential compliance and other issues with existing contracts.
- An induction has been produced and is available to all new Managers on the Managers Portal on Camweb.
- A Commercial, Commissioning and Procurement Framework has been approved and alongside this, a rolling programme of contract risk assessments is being carried out. 60 contract risk assessments have been returned, covering the highest value and/or highest risk contracts. All have confirmed that either the market could step in should the contract fail or that the contract itself is well managed with robust contingency arrangements.
- Contract management training has been made available to contract managers across the organisation as the team has been successful in securing free places on Government Commercial Function practitioner training. 10 have completed the Foundation Training and a further 60 are registered to start.
- The Climate Change Charter has been introduced and is now a mandatory requirement for all contracts valued over £100,000.

5 Implementation of Provider Selection Regime

- 5.1 In November 2023, the government confirmed the Provider Selection Regime (PSR) would go live in January 2024. The PSR is the new procurement regime for health care services and has no threshold test.
- 5.2 Implementation of the PSR was extremely challenging, firstly there was very little time to do the necessary work and secondly, very little support was provided to Local Authorities by the NHS.
- 5.3 The team successfully engaged with colleagues from Public Health and the PGB to agree a plan for implementation. The Contract Procedure Rules were updated and a PSR Guide with decision making templates were produced. This work was done so that the Council was ready for go live on 1st January 2024.
- 5.4 So far, the team have delivered 67 GP contracts through Direct Award Process B and another 2 Direct Award Process B procurements are being worked on. Further PSR procurements are in the pipeline for later in 2024/25.

6 Procurement Act 2023

- 6.1 The Procurement Act 2023 received Royal Assent in October 2023 with the formal transition period starting in April 2024 and due to end on 28th October 2024.
- 6.2 The key piece of secondary legislation has received approval, The Procurement Regulations 2024. Further pieces of secondary legislation were expected and it is anticipated that these will now be delayed due to the General Election, however we have been informed by Cabinet Office that the Act itself will still go live on 28th October 2024.
- 6.3 The Procurement and Commercial Team developed a change management action plan which was agreed by PGB in April 2024. This plan covers commercial, communications, people and systems workstreams with each workstream being led by a senior member of the Procurement and Commercial Team.
- 6.4 The Procurement Act 2023 is the biggest change that public sector procurement regulation has seen since 2006 and its implementation will be the key challenge for the team and the Council during 2024/25. It's likely that capacity within the

Procurement and Commercial Team will be affected during the implementation phase as team members undertake training and develop their understanding of the new requirements.

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