

Procurement update report: Contracts, Terms & Conditions and Contract Monitoring

Date: 20th February 2023

Report of: Director of Resources

Report to: Scrutiny Board (Strategy and Resources)

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

What is this report about?

- The Council's procurement function helps to ensure that the Council is able to deliver the 3 pillars of the Council's Best City Ambition. The goods, works and services we choose to buy and commission, the suppliers we select, the influential relationships we maintain with those suppliers, and the commercial opportunities we offer can help deliver inclusive growth, improve the health and wellbeing of local people, and support the push toward zero carbon.
- As reported previously, as part of the Core Business Transformation programme work is ongoing to review the Council's entire "procure to payment" processes in order to:
 - maintain effective procurement support, including sufficient capacity/capability and appropriate training and guidance; and
 - maintain efficient systems and processes in order to deliver value for money in relation to external spend

(the **P2P Review**).

- A key element of the P2P review was an LGA facilitated peer review of the Council's procurement function in June 2021 and consequent recommendations (the **LGA Peer Review**).
- This report provides an update on progress in implementing the actions developed in response to issues identified during the P2P Review and in response to recommendations arising from the LGA Peer Review (the **P2P Action Plan**).
- This report particularly focuses on:
 - progress in relation to developing a Council-wide best practice approach to contract management,
 - proposals to further develop opportunities for delivery of additional social value in procurement, and
 - savings/avoided costs in relation to external spend, and future opportunities.

Recommendations

Members are recommended to:

1. note the contents of this report; and
2. endorse the work underway to develop a Council-wide best practice approach to contract management.

Why is the proposal being put forward?

- 1 This report provides an update as to progress made in relation to the P2P Review and delivering the P2P Action Plan. A copy of the P2P Action Plan and summary of progress to date in relation to all elements is attached at Appendix 1.
- 2 Members' attention is brought particularly to the work underway to develop a Council-wide best practice approach to contract management, proposals to further develop opportunities for delivery of additional social value in procurement and examples of savings/avoided costs in relation to external spend.

Contract Management

- 3 Contract management and procurement work hand in hand throughout the lifecycle of a contract. Contract management arrangements should be considered during the procurement of a contract to ensure that the Council's requirements are clear and deliverable.
- 4 Good contract management can provide many benefits, including:
 - the identification and realisation of financial savings, continually ensuring that contracts respond to the Council's changing requirements;
 - the delivery of desired outputs including the provision of quality services to the Council and community;
 - the development of service specifications by identifying and encouraging innovation and industry best practice;
 - the avoidance of costs and other issues which might otherwise have arisen;
 - ensuring that actual spend accords with budgets, or any over/underspend is monitored and managed.
- 5 On the other hand, research by the International Association for Contract and Commercial Management shows that poor contract management can cost as much as 9% p.a. In short - without appropriate contract management the Council may not get what is being paid for, and opportunities to realise greater efficiencies/outputs are being missed.
- 6 The Contract Procedure Rules (**CPRs**) provide that the relevant Director is responsible for ensuring that the Contract is managed appropriately. A recent review indicates that there are over 400 Council employees whose roles involve contract management. However, typically individuals responsible for managing the Council's contracts are subject matter/technical experts and contract management is inconsistent across the Council.
- 7 In order to support implementation of a Council-wide best practice approach to contract management, both Corporate Governance and Audit Committee and this Scrutiny Board have previously endorsed a proposal to amend the Director of Resources scheme of delegation (with sub-delegation to Head of PACS) to include: "Setting, supporting and monitoring the council's policies and procedures for: ... c) procurement, purchasing, contract management and commercialisation;...". This amendment is in the process of being actioned, however in the meantime a number of initiatives have commenced:
 - a) Contract Management Module: A contract management module has been developed and launched on YORTender to:
 - i. ensure contract management is considered during the procurement phase,
 - ii. to support basic contract management during the operational phase of a contract; and
 - iii. to provide high-level management reporting information.

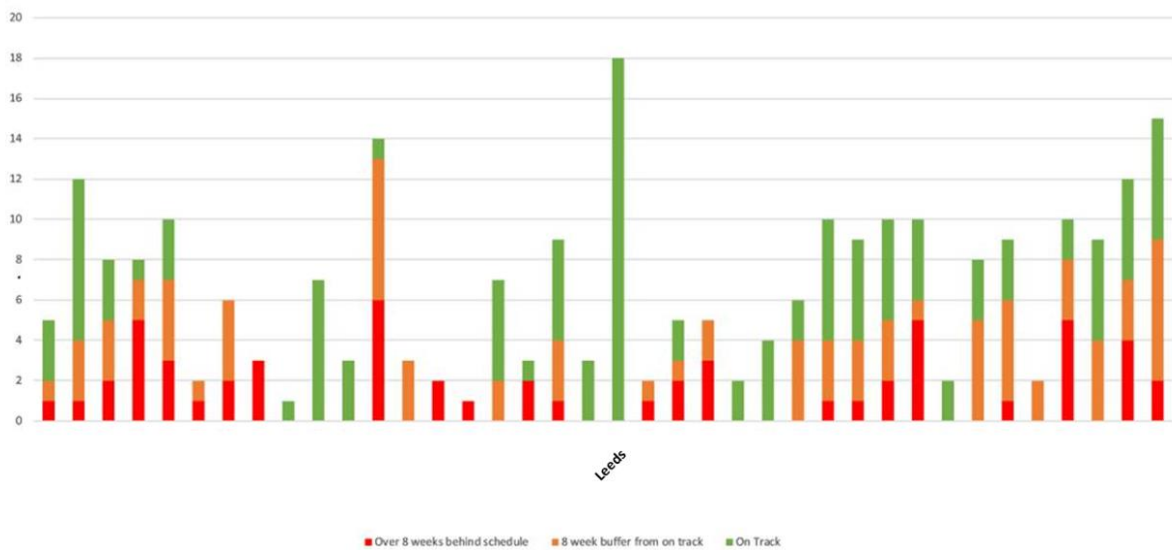
Since 4th October 2022, it is a requirement that the Contract Management Module shall be completed for all contracts registered on YORTender (i.e. those valued above £10k) and in

addition all contracts above £100k must have a Contract Management Plan in place (though it is permissible for a single Contract Management Plan to cover more than one contract, and the contents of the plan should be scaled and proportionate to the value and risks of the contract).

Completion of the Contract Management Module should typically take 15-30 minutes. Guidance as to how to complete the module is provided (see Appendix 2) and further support is available from PACS.

While completion of the Contract Management Module prior to award of contracts was low in the first 3 months (at only c25%), liaison with and support to directorates has meant that completion now stands at c50%. Further, feedback from officers is that the module is intuitive and can be completed within the anticipated timeframes.

- b) **Business Change Delivery Lead (Contract Management):** In July 2022 the Core Business Transformation programme team (in conjunction with PACS) recruited a Business Change Delivery Lead to work across CBT and PACS to deliver change and improvement in contract management. The post holder has been undertaking work to identify existing contract management best practice (both internally and in other organisations), develop and embed new and improved processes, investigate and utilise new technology and to develop a “best practice” approach to contract management.
- c) **Contract Managers:** Contract managers across the Council have been consulted to better understand the current challenges with contract management and where processes, training and systems might be improved to support them to deliver effective contract management. A recent review and data enhancement exercise identified that there are more than 400 employees who are responsible for managing contracts on behalf of the Council. This group now receives regular communication on contract management and has been invited to provide feedback and ideas on how we might deliver positive change.
- d) **Newsletter:** The first issue of a contract management newsletter was circulated to contract managers and senior officers in December 2022 (see Appendix 3). Further editions will be issued each quarter. The intent behind the newsletter is to share contract management information, to highlight news and best practice, to identify resources and training opportunities, and with a view to developing a contract manager “community”;
- e) **Training:** An internal training and guidance package is under development. In the meantime, training resource via the Government Commercial College has been identified. This includes an online foundation-level contract management training course which is available to all contract managers. The foundation training consists of 6 modules that take approximately 1 hour each and can be completed whenever is convenient. More advanced training has been sourced for free from the Government Commercial College as part of the Contract Management Pioneer Programme (**CMPP**), with the objective that learning and best practice should be further disseminated within the participating organisations. This is available for staff for whom contract management is a core part of their role and to date 18 members of staff have signed up to practitioner/expert level contract management training (with further opportunities for staff to participate in the coming months). Comparison against other local authorities is in the table below. Reference to the names of other authorities have been removed, but as can be seen Leeds is the highest cohort of learners from any authority and the only authority where all the cohort are currently “on track” (coloured green).



- f) Good Practice: There are examples of good contract management practice.
- i. Adults and Health Commissioning are responsible for large, high value contracts for home and residential care. The team has developed processes and tools to manage over 100 providers with aggregate spend of c£30m, gathering intelligence and adopting a risk-based approach with a detailed risk matrix, with typical savings of c.10% p.a.

Examples of these processes and tools:

- Intelligence is gathered on residential homes via multiple sources (health and social care staff, family, inspections) and not just through general contract management work/data;
 - Processes are in place to collect and record information and log risks/issues with RAG ratings used to identify any homes with issues, and to alert the contract manager who can contact them as a priority. The matrix also collates information on market pressures, recruitment, staff interactions/hours;
 - Staffing of care providers is a major issue so it is monitored closely;
 - Regular supplier events and meetings are held – not just contract management meetings but sessions where suppliers can share concerns and discuss current staffing/economic challenges. This has created a supplier “community” where those engaged with the contract can interact and share best practice;
 - Strong governance and stakeholder engagement, and a clear chain for escalation, includes monthly board meetings held and data shared with senior staff to discuss risks, quality of service delivery, any struggling providers.
- ii. The Council has PFI assets with a capital value of over £1bn. Contract Management is delivered by a corporate team of contract managers (schools, independent living and leisure) and by contract managers within services (waste, street lighting and housing). Additional resource is procured externally on an ad hoc basis (e.g. legal, technical and financial).

Examples of benefits of good contract management:

- Income Generation – negotiation of default interest rate increase for an advance payment in relation to the street lighting LED installation programme resulting in £225k payment to the Council;
- Variation – Technical changes to allow for off-take and purchase of heat from the waste facility to use as a low-carbon heat source for the Council’s district heat network, supporting residents in multi-story flats in fuel poverty, generating income

- from sale to commercial business customers and reducing energy costs for public sector customers. Mothballing of equipment at the waste facility for extracting materials no longer viable for recycling, saving £2m p.a. by way of compensation;
- FM Benchmarking – applying contractual benchmarking provisions on Swarcliffe housing PFI resulting in £63k p.a. reduction in price since 2017;
- Insurance benchmarking – applying contractual insurance benchmarking provisions has resulted in £4.6m savings in aggregate since 2017;
- Contractual remedies – application of remedies for underperformance resulting in c£828k deductions across all contracts in the current year to date.

As the PFI contracts approach expiry, Government recommends that authorities commence preparations for expiry and future maintenance at least 7 years before the actual expiry date. The Council's first contract expiry is in 2025, with a further 11 contracts expiring between 2030 and 2038, and the final contract expiring in 2041 (though with an option to extend to 2043). The need to augment existing resource and skills has been identified in order to efficiently deal with the expiry, ensure that the assets are handed back in the appropriate state (i.e. effectively "good as new"), to adopt appropriate continuing facilities management arrangement and to provide assurance that the Council is not paying twice for the same service. Resource proposals have been developed in such regard and are currently being progressed.

- g) External support: We are currently in the process of seeking to appoint an external partner to help undertake an in-depth review of contract management in relation to 5-10 contracts, with a view to identifying opportunities for savings and improving contract management practice. In addition, as part of the CMPP the Council will receive support from Local Partnerships for 1 week in February to focus on the following 3 critical areas:
- i. Developing a formal process to measure or assess the effectiveness of Contract Management as a practice across the Council;
 - ii. Developing a formal framework to identify, share and embed good practice across the Council;
 - iii. Developing a process to support the capability of contract managers across the Council.

Social Value

- 8 The Social Value Act (2012) requires the Council to have regard to Economic, Social and Environmental well-being (**Social Value**) in connection with our contracts. Social Value involves looking beyond the price of each individual contract and looking at what the collective benefit to a community can be when a public body chooses to award a contract. It refers to wider financial and non-financial impacts of projects and programmes including the wellbeing of individuals and communities, social capital, and the environment.
- 9 The Council has been delivering additional Social Value through its contracting activity for many years and in 2016 signed up to the 'Leeds Social Value Charter'. Since 2020 it has been a requirement of CPRs that Social Value opportunities are considered in respect of all contracts, and in terms of those tendered contracts a minimum of 10% the evaluation criteria must be allocated to Social Value elements of bids.
- 10 Social Value in High Value Contract: To facilitate and embed consideration of Social Value opportunities in procurement activity Social Value Guidance for Commissioners was developed, a Social Value Board of officers from services across the Council was established, and an external consultancy (Social Value Portal) was procured to help deliver, record and monitor Social Value in relation to contracts valued over £100,000.
- a) The contract with Social Value Portal expires on 31st March 2023, and this has provided the opportunity to review arrangements for delivery of Social Value through Council contracts.
 - b) As part of this review, the feedback from the Survey of Internal Control was considered:

- i. over 70% of responses considered Social Value to be well embedded or fairly embedded. Consequently, it is considered that the Council no longer need rely on external consultancy support to deliver Social Value through procurement and is able to evaluate and monitor delivery of Social Value in-house. Resource proposals have been developed in such regard and are currently being progressed;
 - ii. However, issues noted were a lack of understanding that Social Value is a reference to additional value being provided above the core subject matter of the contract (particularly in the context of “peoples” services) and that work is needed to improve handover of contract management of Social Value commitments. It is considered that the additional support that will be provided through the above-mentioned resource proposals will help respond to such issues (i.e. providing further support to services to understand the benefits and opportunities of Social Value, and providing support in relation to monitoring delivery).
 - c) A further concern articulated by commissioners was in relation to the Social Value Portal costs passed through to suppliers. This was considered particularly problematic in the context of Social Value, given that these were monies flowing to a London-based company. While bringing these services in-house will still result in costs of administration being passed on to suppliers, it is anticipated that such costs will be less than 50% of the current fees charged by Social Value Portal.
 - d) In order to evaluate, monitor and report on Social Value in respect of the high value contracts (i.e. £100k plus), the Council has liaised with other authorities across the region to refine an evaluation and reporting system developed by East Riding Council (the Social Value Engine). Following a trial of the system over recent months, it is considered to be user friendly and fit for purpose. The Council will procure licences to access Social Value Engine, but (as noted elsewhere) will provide resource and support internally to use the new system for evaluation and reporting purposes. In terms of reporting functionality, as well as reporting on proxy-values of Social Value delivered, the Social Value Engine dashboard can report on actual outcomes (i.e. numbers of jobs, volume of CO2 avoided etc), can report on a per-contract basis or across the whole portfolio and can also report on a locality basis. An example of a dashboard report is at Appendix 4 (note that the values in the Appendix 4 report are not real and are formulated for dashboard demonstration purposes only). It is understood that Scrutiny Board wishes to receive regular updates as to Social Value performance indicators and (along with the annual corporate KPI regarding % of local vendors), updates of this dashboard could be made available to Scrutiny Board.
 - e) In terms of evaluation of Social Value proposals in tenders, in accordance with the LGA Peer Review recommendation to “consider increasing the level of ambition on social value to drive a stronger focus on achieving social value objectives through procurement”, a review of the current minimum evaluation requirement of 10% for Social Value is underway, with a view to increasing these weightings where practicable (e.g. procurements where quality is of lesser importance).
- 11 Social Value in all Contracts – At present, while Social Value must be considered in respect of all the Council’s contracting activity, in practice it is primarily focused on high value contracts (i.e. £100k plus) as it is not currently practical to measure and monitor Social Value delivered through lower value contracts. Furthermore, a survey undertaken of all Council suppliers (i.e. not just larger contracts) in relation to Social Value, received only 13 responses out of over 2,000 survey recipients, suggesting disconnect between the Council’s supply chain and a commitment to deliver social and economic value in Leeds.

The Social Value Fund has been developed in order to facilitate delivery of Social Value across all the Council’s contracts. Any organisation (other than those that risk bringing the Council’s reputation into disrepute) are able to contribute a modest annual fee to the Social Value Fund in exchange for a listing for their business on the Council’s Social Value Fund Contributors webpage

(providing contributors with access to a “backlink” of significant digital value). All current suppliers of the Council will be invited to contribute (this will be optional).

For future procurements, bidders will be entitled to a Social Value evaluation benefit if they have made a Social Value Fund contribution and the Council’s standard Ts&Cs will require all contractors to make an annual Social Value Fund contribution. Social Value Fund contributions will then be utilised in proportion toward local and community initiatives supporting the Council’s Best City Ambition and relating to the subject matter of contracts to which contributors are counterparties.

Commencement of the Social Value Fund will coincide with the refresh of the Council’s high-value contract Social Value requirements, and will be administered in-house by the same team.

- 12 Social Value in “Tail Spend” – Tail Spend refers to products that are low value, and typically (but not always) low volume and not subject to existing contracting arrangements. Tail Spend purchases are often not visible until it appears in end of year accounts and can cause budget pressures if not controlled. These purchases are usually made by members of staff outside of formal procurement practices, and typically goes unmanaged. Examples of Tail Spend can include schools buying stationery for a specific, short term need, social workers buying urgent goods for families, or the purchase by a service of equipment and accessories that they are unlikely to buy again or in the near future.

The Council will shortly commence a trial using the CCS Tail Spend framework - a digital buying platform which:

- allows the purchaser to filter by social value criteria such as SME vendors, Carbon Net Zero and buying locally;
- provides a simple user experience;
- allows for the Council to propose suppliers (i.e Leeds-based suppliers);
- allows the Council to put controls in place in relation to spend and to decide what level of approval a buyer has;
- provides accurate and contemporaneous spend and management information to help reporting.

- 13 Support to Leeds Suppliers – We are currently developing proposals to provide direct, free, support to local SME’s/VCSE’s. In particular, this will include:
- a) engaging with potential local suppliers via a new comms and marketing plan;
 - b) providing potential suppliers with training, support and guidance regarding bidding for public contracts;
 - c) understanding barriers to bidding for Council contracts.

Savings/Avoided Costs

- 14 Inflationary pressures over the past 12 months have adversely impacted the ability to achieve savings in relation to the Council’s external spend. The Council’s policy over recent years has been to put in place fixed term contracts which are subject to a firm fixed price. However, some suppliers have sought to challenge this by asking for price increases during the term or in the more extreme cases intimating they will terminate their service. Consequently, guidance has been developed to support contract managers if faced with a request from a supplier for support (including increasing the contract price). The guidance is attached at CONFIDENTIAL APPENDIX 5 of this report. It may harm the Council’s commercial position if shared with suppliers.
- 15 Despite these inflationary pressures, there do remain opportunities to make savings/mitigate cost increases in relation to external spend during both the procurement and operational phases of contracts. Recent examples include:
- a) Rescheduling delivery of cleaning products to a single point for receipt - £100k p.a. saving;

- b) Purchase of non-branded equivalent car parts - £30k p.a. saving;
- c) Review of fleet sub contact expenditure and amalgamation, insourcing tyre contract, reducing long term hire, savings on labour and parts on Electric Vehicles, insourcing of training – c£300k p.a. saving;
- d) Establishment of a Task and Finish group to provide a joined-up approach between Childrens and Families and other services to identify and progress mitigating action plans to reduce budget pressures. Key actions identified and being progressed include:
 - i. A review of young people ready to move from the Council’s semi-independent living contract (OWL) into independent living and matching these to suitable Council tenancies;
 - ii. Using the capacity created across OWL for young people previously on external placements;
 - iii. Reviewing children’s transport provision.

Savings of £990k directly attributed to the actions identified and progressed within the Task and Finish group.

- e) Analysis of adult’s placement data to challenge provider pricing including over provision of support, potential charging for the same support workers across different care packages, and excessive profit margins – c10% p.a. savings;
- f) Application of contractual PFI performance mechanisms - c£828k savings in year to date.

16 In order to facilitate future opportunities for further savings/avoided costs/income generation:

- a) training as to “should cost” modelling was provided to procurement and commissioners on 2nd February 2023. “Should cost” models provide a forecast of what a service, project or programme “should” cost over its whole life allowing for a better understanding of the costs associated with different delivery model options to provide insight into the potential delivery models. They also help protect against ‘low-cost bid bias’ (the tendency to favour the lowest cost bid as the preferred option) and provide further assurance in respect of the Council’s spending decisions;
- b) In the current year to date PACS has contributed to savings, avoided costs, investment funding and income generation for the Council and regionally of over £32m. Given the value of the Council’s external spend and the breadth of commercial activity that the Council/regional partners are involved in, there is scope for even greater contribution and a continuing need to ensure we have sufficient capacity and capability in relation to commercial matters. As referred to variously elsewhere in this report and the appendices, proposals are currently under consultation in relation to providing additional corporate resource to:
 - i. support the implementation of a Council-wide best practice approach to contract management;
 - ii. facilitate handback to the Council/public sector partners of over £1bn of PFI assets in accordance with the required standards, and with a view to efficiencies in respect of future service delivery;
 - iii. develop a supplier management strategy (focused on delivering further value/opportunities and managing risks in relation the 162 suppliers with whom the Council spends over £1m p.a.);
 - iv. increase pro-active market engagement/market management in relation to procurement activity;
 - v. maximise additional social value through procurement activity;

- vi. support effective and efficient delivery of commercial activities within services, and increase income generation opportunities;
- vii. support delivery of further capital investment in Leeds and the wider region (and identify opportunities for income generation in respect of the same); and
- viii. review and develop proportionate, user-friendly systems and processes (including harnessing digital tools and capabilities) in relation to procurement and contract management activity in order to ensure efficient delivery and to help inform decision making.

Fair Payment of Tax

- 17 It is understood that Scrutiny Board is interested in ensuring fair payment of corporation tax by the Council's suppliers.
- 18 Unfortunately evaluating whether a bidding organisation has the Fair Tax Mark is not something that we feel we can properly do at the moment. Indeed, the Fair Tax Mark organisation recognise that this form of Social Value (i.e. the payment of national taxes) would necessarily not be linked to the subject matter of the contract and therefore is not permitted under the current legislation. Further, it appears that there are some parties who may be interested in contracting with the Council but who would be unable to get Fair Tax Mark accredited because they do not pay corporation tax (e.g. sole traders, partnerships), and there are relatively few organisations who are actually accredited at the moment. This may cause issues in relation to fair treatment of tenderers.
- 19 Nevertheless, noting concerns of Scrutiny Board, CGAC and the Executive Board Member/Leader in this regard we will continue to pursue opportunities for ensuring fair payment of tax by the Council's suppliers and will look to engage nationally on this matter (including through DLUHC and LGA).

What impact will this proposal have?

Wards affected:

Have ward members been consulted? Yes No

- 20 The P2P Review seeks to further improve the efficiency and effectiveness of the Council's procurement, contract management and invoice processing function, in order deliver the key areas of the Council's Procurement Strategy:
- a) Value for money, and efficiency
 - b) Governance – legal compliance and managing risk
 - c) Social Value and the Real Living Wage
 - d) Commercial opportunities
 - e) Supplier engagement and contract management.

What consultation and engagement has taken place?

- 21 Together with senior officers from across the Council, both the Leader and the Chair of Scrutiny Board participated in the LGA Peer Review.
- 22 The P2P Review is the subject of Council-wide consultation as part of the Core Business Transformation Programme.

- 23 Seeking opportunities for procurement savings is subject of oversight by BCT: Financial Challenge, and feeds into the overall Council budget-setting process.
- 24 Regular consultation and engagement with the Executive Member takes place, and an annual procurement assurance report is provided to Corporate Governance and Audit Committee.

What are the resource implications?

- 25 The procurement systems and processes in place, along with the adoption of appropriate terms and conditions and robust contract management activity represent an appropriate use of resources and achieve good value for money. However, the CBT programme presents an opportunity to consider more efficient use of technology and to ensure processes are also efficient. As regards contract management, additional corporate resource will be required to support directorates and ensure that best practice is being applied across the Council, however this will be subject to provision of a business case in such regard in due course.
- 26 The systems and processes anticipated by the Procurement Strategy represent an appropriate use of resources and are good value for money. Additionally, the procurement activity supported enables both cashable and non-cashable savings to be made in the commissioning lifecycle. The Procurement Strategy however recognises that resource constraints mean that we are currently not able to concentrate on all procurement categories as much as we would like, and that may have an adverse impact on the Council's ability to obtain value for money in terms of both costs and in respect of fully delivering the wider outcomes that could be achieved through increased social value. This was further recognised as part of the recommendations from the LGA Peer Review.
- 27 The P2P Review presents opportunities to draw further value from the Council's procurement activity, while adopting more efficient processes. In addition, investing in further commercial resource will help maximise value and ensure delivery of anticipated outputs from the Council's commercial activity (i.e. "invest to save").
- 28 Note comments at paragraph 16(b) and variously in this report regarding resource proposals that have been developed and are currently under consultation with Trade Unions with a view to approval and recruitment in early 2023/24.

What are the legal implications?

- 29 While the P2P Review will seek to deliver improved efficiency and greater strategic value from procurement activity the current Procurement Strategy, CPRs and procurement tools and documentation meet all legal requirements.
- 30 The review and refresh of the Council's procurement processes will ensure that they continue to be fit for purpose with a view to improving compliance as well as efficiency. Similarly, improving contract management arrangements across the Council will also deliver benefits from a governance and compliance perspective. Finally, improving P2P systems and processes will facilitate compliance by the Council with requirements of the new procurement regulations (now anticipated in 2024).
- 31 Appendix 5 is CONFIDENTIAL. In accordance with Access to Information Rule 10.4(3), it contains information relating to the financial or business affairs of the Council, and the public interest in maintaining exemption from disclosure of this information outweighs the public interest in disclosing the information at this time.
- 32 This report is not eligible for call-in.

What are the key risks and how are they being managed?

- 33 The systems and processes that form part of the Council's procurement framework are currently functioning well, however they include significant levels of manual processing and are inefficient. One of the aims of the P2P Review is to improve this.
- 34 One of the Resources directorate risks relates to risk of procurement challenge, and it is anticipated that improving processes and systems will further reduce the risk of challenge. One of the actions identified as part of the P2P Action Plan was development of a procurement risk register, which is now in place. Risks in relation to the procurement and operation of specific contracts are reported monthly to the City Solicitor, and are also subject to escalation within relevant directorates. There have been no formal challenges to procurement activity in the year to date, and work is continually undertaken to ensure the tender evaluation guidance is embedded through training and monitoring.
- 35 The major current risk is in relation to price inflation. The Council's policy is for the vast majority of fixed term contracts to be subject to a firm fixed price. Some suppliers have sought to challenge this by asking for price increases during the term or in the more extreme cases intimating they will terminate their service. Consequently, guidance has been developed to support contract managers if faced with a request from a supplier for support (including increasing the contract price). The guidance is attached at CONFIDENTIAL APPENDIX 5 of this report. It may harm the Council's commercial position if shared with suppliers.
- 36 The Council will need to stay alert to new legislation introduced by the Government (the **Procurement Bill**) to implement a reformed public procurement regime that is anticipated to come into effect in 2024. The procurement law reform outlined in the Procurement Bill will apply to all public bodies, including local authorities. While aspects of the Procurement Bill seek to provide greater procurement flexibility, the Procurement Bill also looks to introduce significant additional obligations on many aspects of public procurement, including enhanced transparency requirements. The Council will need to manage this risk by ensuring it has adequate resources to fulfil the new transparency requirements, and training and upskilling officers responsible for procurement.

Does this proposal support the council's three Key Pillars?

Inclusive Growth Health and Wellbeing Climate Emergency

- 37 The Council's procurement function ensures that the Council is able to deliver the council's three Key Pillars.
- 38 Effective procurement activity supports the Council's ambitions of a strong economy and a compassionate city, and the Procurement Strategy is specifically drafted in response to the Best Council Plan. Individual procurements support most/all of the Council's priorities and breakthrough projects.

Options, timescales and measuring success

What other options were considered?

- 39 A "do nothing" option was considered and discounted. Options for developing P2P systems will be the subject of a business case and competitive procurement process. Developing contract management best practice is the subject of ongoing research and consultation.

How will success be measured?

- 40 Success will be measured against “best practice”, the number of procurement challenges and contract disputes received, and the Procurement Strategy KPIs. In addition, the new Contract Management module will for the first time allow for monitoring of key aspects of contract performance across all contracts valued above £10,000, and improving contract management processes will contribute to the Council’s financial challenge savings.
- 41 The Social Value Engine dashboard and the Tail Spend platform will provide contemporaneous reporting and data.

What is the timetable for implementation?

- 42 The P2P Action Plan is split into 3 phases, which align to the phases of the Core Business Transformation programme. The Phase 1 immediate actions having already commenced with most having already been completed. The medium-term actions relate either to the procurement of a new financial management technology/system and delivery partner which is in progress or will be impacted by the detail of the Government’s new procurement regulations (anticipated to be in place in 2024). The final phase are outputs from the new technology/systems to be delivered and will follow completion of the procurement exercise. See Appendix 1 for further detail.
- 43 Resource proposals have been developed as anticipated by the P2P Action Plan and are currently under consultation with Trade Unions with a view to approval and recruitment in early 2023/24.

Appendices

- 44 Appendix 1 – P2P Review Update
- 45 Appendix 2 – Contract Management Module Guidance
- 46 Appendix 3 – Contract Management Newsletter
- 47 Appendix 4 – Example Social Value Dashboard Report
- 48 CONFIDENTIAL Appendix 5 – Guidance Relating to Current Supplier Pressures - In accordance with Access to Information Rule 10.4(3).

Background papers

- 49 None