

Procurement Assurance Report 20/21

Date: 30th July 2021

Report of: Head of Procurement and Commercial Services

Report to: Corporate Governance and Audit Committee

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?

Including how it contributes to the city's and council's ambitions

- This is the annual report of the Head of Procurement and Commercial Services to the Committee, concerning the Council's procurement function, and provides assurances that the Council's arrangements are up to date, fit for purpose, effectively communicated and routinely complied with.
- Members are asked to consider the ongoing work to review the Council's entire "procure to payment" (the **P2P Review**) processes in order maintain effective procurement support, including appropriate training and guidance, and efficient systems and processes.

Recommendations

Members are requested to:

- a) consider and note the assurances provided in this report from the review, assessment and on-going monitoring carried out;
- b) note that the Head of Procurement and Commercial Services has reached the opinion that procurement policies and practices are up to date, fit for purpose, and effectively communicated; and
- c) note the ongoing P2P review, the ongoing analysis of progress toward achieving the Procurement Strategy KPIs and the anticipated proposal from the LGA Peer Review to focus resource on delivering greater strategic value from procurement activity, and that a further report will be provided to the Committee with detail in this regard.

Why is the proposal being put forward?

- 1 This is the annual report to the Committee concerning the Council's procurement function.

What impact will this proposal have?

Wards affected:

Have ward members been consulted? Yes No

- 2 The report provides assurance as to the effectiveness of the Council's procurement arrangements. Of particular note:
 - a) Each Directorate is accountable for the procurements that they need in order to secure the outcomes they are responsible for. Procurement and Commercial Services is accountable for provision of professional support to complex procurement activity.
 - b) External spend in 2020/21 was £992,465,919 (increased on typical spend levels as a consequence of Covid-related grant funding).
 - c) A refresh of the Council's Contract Procedure Rules (**CPRs**) was implemented in 2020/21, further strengthening procurement controls, incorporating Social Value requirements and changing the evaluation emphasis to provide greater focus on price. CPR training for Council staff continues, including an online interactive tool and guidance document on Insite.
 - d) Regarding compliance:
 - i. There have been no formal procurement challenges in the period to which this report relates;
 - ii. On-contract spend remains strong and there is general compliance with procurement policies, with on-contract and compliant expenditure standing at 96.42% for the 2020/21 financial year (up from 95.6% in the previous year); and
 - iii. The number of waivers of CPRs in 2020/21 was 60 (down from 79 in the previous year).
 - e) In addition, amongst other things, a "peer review" facilitated by the Local Government (the **LGA Peer Review**) is expected to confirm that the levels of the Council's procurement compliance represent an "an outstanding achievement that demonstrates efforts by the council to ensure good governance outstanding achievement" (the final report is yet to be received). This is generally supported by the findings of the recent Survey of Internal Control in relation to procurement aspects.
 - f) A framework for delivering Social Value in all the Council's procurements is now established, with a Social Value Board, Social Value Guidance for Commissioners, and Social Value support from PACS and Social Value Portal. Work is underway to embed Social Value in all the Council's procurement activity, and expenditure with local suppliers and SME's equated to 65.88% of total expenditure in 2020/21 (up from 64.64% in the previous year).
- 3 However, the ongoing P2P Review (including the ongoing analysis of progress toward achieving the Procurement Strategy KPIs) will look to further improve the efficiency and effectiveness of the Council's procurement. In addition, the LGA Peer Review is anticipated to propose that resource should focus on delivering greater strategic value from procurement

activity. A further report will be provided to the Committee in Autumn 2021 with detail in respect of each of these areas.

What consultation and engagement has taken place?

- 4 A second annual report in relation to Social Value was provided to Strategy and Resources Scrutiny Board in January 2021.
- 5 The annual Contracts Procedure Rules review involves wider consultation involving commissioners, Internal Audit and Corporate Governance. Third sector representatives are periodically asked whether any barriers exist to small/third sector organisations, and any comments are fed into the document reviews. Third sector representatives and the People's Commissioning Strategic Group also continue to be consulted in respect of Social Value. The Survey of Internal Control received 101 responses from across the Council in relation to procurement controls.
- 6 The P2P review is the subject of Council-wide consultation as part of the Core Business Transformation Programme, and a recent "peer review" has been facilitated by the LGA.
- 7 Seeking opportunities for procurement savings is subject of oversight by BCT: Financial Challenge.

What are the resource implications?

- 8 The systems and processes anticipated by the Procurement Strategy (and the documented KPIs) 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.
- 9 Opportunities to add further value from the Council's procurement activity are currently under consideration.

What are the legal implications?

- 10 The arrangements put in place through the Procurement Strategy, CPRs and procurement tools and documentation meet all legal requirements.
- 11 This report is not eligible for call-in.

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

- 12 The systems and processes that form part of the Council's procurement framework are currently functioning well. One of the Resources risks relates to risk of procurement challenge. As set out above 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.

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

Inclusive Growth Health and Wellbeing Climate Emergency

- 13 The Council's procurement function (including in relation to delivering additional Social Value through procurement) ensure that the Council is able to deliver the council's three Key Pillars.
- 14 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. The Procurement Strategy is currently being reviewed and will be refreshed to reflect further developments in Council priorities.

Options, timescales and measuring success

What other options were considered?

- 15 This report is a valuable source of assurance for the Committee and enables democratic oversight of the Council's procurement arrangements.
- 16 Options for improving effectiveness and efficiency of the Council's procurement arrangements are currently under consideration as part of the P2P Review and LGA Review.

How will success be measured?

- 17 Opportunities for improvement will be measured against "best practice", and the Procurement Strategy KPIs.

What is the timetable for implementation?

- 18 The LGA Review report is anticipated to be received imminently, and an action plan will be developed by September 2021. It is anticipated that the P2P Review and action plan responding to the LGA Review will include some actions capable of immediate implementation. These will be reported to the Committee in Autumn 2021.
- 19 Other opportunities for improving efficiency and effectiveness depend on improving P2P systems. It is anticipated that procurement of a new system will take 12 months, to September 2022 with a further period of 18 months to adopt and embed the new system. Further detail as to this programme will be reported to the Committee in Autumn 2021.

Appendices

- 20 A – Procurement Statement

Background papers

- 21 None.