

Joint report of the Interim Deputy Chief Executive and the Chief Audit and Control Officer**PROCUREMENT AND CONTRACT MANAGEMENT UPDATE****1. Purpose of the report**

To inform the Committee of the management progress made in respect of procurement and contract management.

2. Detail

The Council's procurement arrangements, including the adequacy of its contracts register, have been separately identified by Internal Audit and the Council's external auditors as being in need of improvement following a prolonged period of officer vacancy. Members requested an update on the progress made since the completion of the earlier audit work.

An Interim Procurement and Contracts Officer was appointed and their key priorities include:

- Updating and expanding the contracts register
- Assisting officers in meeting their procurement and tendering obligations
- Assisting with the review of the Council's Constitution (Financial Regulations – Contract Standing Orders)
- Refreshing the Procurement and Commissioning Strategy
- Establishing a robust framework for contract management
- Developing e-procurement and contract management systems.

A summary of the progress made is considered in the appendix. This summary shows that progress continues to be made to bring the Council back towards a fully compliant position. Management will continue to monitor the progress through regular updates reports on procurement activity to the general Management Team (GMT).

Going forward, the Council will be reviewing its needs and considering the most effective way of providing suitable procurement expertise. This work will include benchmarking procurement arrangements with other authorities across the region and considering the adequacy of the current established Procurement and Contracts Officer post in terms of its job description, person specification and salary grade.

Recommendation

The Committee is asked to NOTE the report.

Background papers

Nil

APPENDIX**PROCUREMENT UPDATE**Background

The Council's procurement arrangements and the adequacy of its contracts register were identified separately by Internal Audit and its external auditors as being in need of improvement following a prolonged period of officer vacancy from June 2017 to May 2018.

Internal Audit provided only a limited assurance opinion following a procurement audit in which it identified the need for management to comprehensively review and update the Council's procurement activity. Similarly, the external auditors recommended that the Council should ensure that it has robust contract monitoring arrangements in place to retrospectively review contracts that expired in 2017/18 and for those contracts due to expire to be able to proactively initiate competitive tenders where applicable.

Key Tasks and Priorities – Interim Procurement and Contracts Officer

In order to mitigate the risks, the Council appointed an Interim Procurement and Contracts Officer in May 2018 with significant knowledge and expertise. The post-holder was assigned a number of responsibilities and key priorities were agreed by the General Management Team, as follows:

1. Procurement – Contracts Register

Working with senior management and in conjunction with Legal Services to ensure that there is a transparent register of contracts and a robust retendering work schedule covering all significant value transactions (and strategically important) for all Council activities.

- Review the Contracts Register with focus upon expired/soon to expire contracts
- Consider opportunities for efficient and effective procurement
- Identify suitable procurement frameworks and collaborative contract arrangements (where appropriate) to enable contracts to be reviewed, retendered and awarded at the earliest opportunity.
- Identify further opportunities through procurement routes to deliver savings, maximise income and deliver continued improvement.
- Ensure compliance with the law in relation to its procurement activity.
- Ensure that the Contracts Register is comprehensive.
- Further investigation and analysis of management information to evaluate potential efficiencies/savings and identify areas of spend which should be awarded under contract following a competitive tendering exercise.

2. Refresh the Commissioning and Procurement Strategy

Develop and advise on procurement, commissioning and contract management strategies. Identify opportunities for better procurement and develop modern procurement and contract management practices.

- Update the existing strategy to ensure compliance with the Public Contracts Regulations (PCR) 2015 and current corporate requirements.
- Refresh the associated guidance documents on the Intranet and website.

3. Review of Constitution – Financial Regulations/Contract Standings Orders

Support the current review of the Constitution and undertake a wider 'root and branch' review of Contract Standing Orders to ensure that these remain fit for purpose and effectively support the Council's procurement activity and incorporating the requirements of the PCR.

4. Contracts Management

Ensure and develop corporate adherence to best practice contract monitoring procedures to ensure that contractors are achieving and evidencing key tasks, outcomes and performance targets set by the Council and have the appropriate work programmes to support them.

- Establish a suitable framework for contract management.
- Liaise with Heads of Service to identify key contracts over £25,000 and consider how monitoring of them and operational performance management could be improved.
- Create a template for providing periodic reports to GMT outlining contract, procurement and monitoring activity, including financial and contractual performance aspects.
- Develop strategic contract management processes for key contracts.

5. System Development

Promote the most efficient means of procurement activity and develop the e-procurement systems/processes and contract management systems, including testing and implementation, liaising with commissioners/suppliers resolving queries and providing user training.

Progress Report

A summary of progress made has been provided by the Interim Procurement and Contracts Officer as follows:

1. The **Contracts Register** continues to be subject to ongoing review and update and the work programme has been prioritised to meet need.

The updated Contracts Register, which shows details of existing contracts and future opportunities, is published on the Council's website each quarter. A more definitive version of the Register is being published on the Intranet for internal reference. Stakeholders are being chased for updates on the status of current and new categories.

The focus has been on developing and ensuring that robust and compliant processes are in place to ensure value-for-money.

Previously, some small procurement exercises were carried out by stakeholders, without expert knowledge or experience. On occasion this has led to multiple contracts for the same category but using different suppliers (e.g. having two separate contracts for lone worker devices and three separate arrangements for Legionella testing).

Stakeholders have been encouraged to come to the Procurement and Contracts Officer for support and advice with drafting tender and contract documentation, developing a performance driven specification, appropriate terms and conditions, suitable assessment criteria/methodology and a robust auditable process using the Proactis (formerly Due North) e-tendering system. This engagement with stakeholders has also allowed the Procurement and Contracts Officer to identify other stakeholders with similar requirements which could be aggregated.

All tender exercises are now conducted using the Proactis e-tendering portal ensuring a robust process and using predetermined evaluation methodology.

The Contracts Register current lists 116 contracts, which are being systematically reviewed and developed. The Procurement and Contracts Officer is currently engaged on eight projects, including Temporary and Agency Staff and Beeston Square Phase 2. Two more procurement exercises are imminent, with 32 further procurement exercises to be conducted in the short-term (3 to 6 months) and 35 contract opportunities listed for consideration in the medium-term (6 to 12 months). The remaining balance of contracts on the list (39) is scheduled more than 12 months away.

Active steps are being taken to aggregate some of the 23 expired or soon to expire contracts with a combined value of around £800,000 with a view to achieving better value for money through procurement. It is anticipated that ten of these will be obtained from EEM (Efficiency East Midlands) and/or other consortia Framework Agreements. Two contract opportunities will be formally tendered and five others are software solutions which are being reviewed. The remaining contracts are considered as being low value/low risk and will be considered in due course.

Five of the expired/soon to expire contracts relate to stores materials, valued at around £250,000 per annum. The Council is working with EEM who are conducting a benchmarking exercise. The EEM Framework Agreements will allow the Council to obtain the same materials from largely the same providers via their Frameworks, whilst making some financial savings.

2. An updated **Commissioning and Procurement Strategy** is being produced to incorporate procurement legislation, national strategies, current best practice and internal governance requirements. This work includes refreshing associated guidance documents on the intranet and website. The updated Commissioning and Procurement Strategy is programmed to be considered by the Policy and Performance Committee on 6 February 2019.

Work is ongoing with reviewing the **Council's Constitution** and aligning this with the above strategy. This work involves cross-reference to the Public Contracts Regulations 2015, developing e-Tendering systems and tender opening processes and reviewing value thresholds to determine the prescribed procurement process. A map of the procurement process has been requested and is being developed.

The **Purchase Order Terms and Conditions** (T&Cs) have been updated for both the Council and Liberty Leisure. The revisions have been agreed with Legal Services and the updated T&Cs will be published on the respective websites.

The '**Guide to Doing Business with Broxtowe Borough Council**' document has been revised in line with current legislation and best practice, for publication on the Council's website.

The Interim Procurement and Contracts Officer has also supported the Commercial Manager with procurement related advice in developing the Commercial Awareness Workshop that is due to take place later this month.

3. The Contracts Register is updated on a quarterly basis and published on the Council's website as part of **Government Transparency** requirements for the publication of all procurement exercises over £5,000. This also provides data to encourage local businesses to seek contract opportunities with the Council.

Summary and the Future

The progress made over the past six-months has been considerable in terms of bringing the Council towards achieving a robust, compliant and cost-effective procurement and contract management solution. Management continues to monitor progress through regular updates reports on procurement activity to GMT.

Going forward, the Council will be reviewing its needs and considering the most effective way of providing suitable procurement expertise. This work will include benchmarking procurement arrangements with other authorities across the region and considering the adequacy of the current established Procurement and Contracts Officer post in terms of its job description, person specification and salary grade.