

AUDIT COMMITTEE	AGENDA ITEM No. 7
20 MARCH 2023	PUBLIC REPORT

Report of:	Cecilie Booth, Executive Director of Corporate Services and S.151 Officer	
Cabinet Member(s) responsible:	Cllr Andy Coles, Cabinet Member for Finance and Corporate Governance	
Contact Officer(s):	George Wallace Head of Procurement Richard McCarthy Procurement Operations Manager	Tel. 07773576077 01733 384606

UPDATE – PROCUREMENT BOARD ACTIVITY

RECOMMENDATIONS	
FROM: Executive Director of Corporate Services and S.151 Officer	Deadline date: Update 15 February 2023
<p>It is recommended that the Audit Committee:</p> <p>1. Note the report setting out the actions of the Procurement Activity Board since October 2022.</p>	

1. ORIGIN OF REPORT

- 1.1 This report is submitted to Audit Committee following *a request from the Audit Committee at their meeting on [30 January 2023]to provide an update on progress on delivering on the required actions since October 2022.*

2. PURPOSE AND REASON FOR REPORT

- 2.1 The purpose of this report is to set out progress on Procurement Activity since October 2022 and provides more detailed information requested by the Committee at its meeting on 30th January 2023.

- 2.2 This report is for Audit Committee to consider under its Terms of Reference No. 2.2.2.15

To monitor the effective development and operation of risk management and corporate governance in the Council.

- 2.3

The specific detail relating to Appendix 4 is NOT FOR PUBLICATION in accordance with paragraph (s) 3 of Schedule 12A of Part 1 of the Local Government Act 1972 in that it contains information relating to the financial and business affairs of individuals. The public interest test has been applied to the information contained within the exempt annex and it is considered that the need to retain the information as exempt outweighs the public interest in disclosing it as it is commercially sensitive.

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	
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4. BACKGROUND AND KEY ISSUES

- 4.1 At the previous Audit Committee Meeting on 30th January 2023 the Procurement Team submitted an update in terms of three broad areas:
- Contract Values and Spend Under Management (App 3)
 - The Governance Process and details of Exemptions to Contract Rules (App 2)
 - Management of the Delivery of Procurement (App 1)
 - Development of the ERP system (App 4) EXEMPT
 - Climate Change and Social Value (App 5)
- 4.2 Audit Committee were encouraged regarding progress made but stated that more detailed information needed to be provided evidencing this. This report provides evidence as indicated at 4.1 above.
- 4.3 The Procurement Board, chaired by Cecilie Booth, Executive Director of Corporate Services and S151 Officer, has received updated reports from the Procurement Team regarding the Annual Plan for 2023/24 for Procurement. The team has pivoted and is now aligned to the 3 Corporate Directorates and a Senior Category Manager has been assigned to meet with relevant Department Management Teams to agree priorities and assign resource. Several meetings have taken place with Place and Economy, Corporate Services and separate meetings with ICT colleagues. Procurements are being categorised by their complexity and priority and value. The lower the value and complexity the lower level of resource required and the speedier the procured solution is delivered. In summary there are 4 levels assigned to procurements, Complex, High, Medium and Low. Appendix 1 shows the elapsed time and procurement resource for each level. Currently the team are in the process in aggregating as many pieces as possible to maximise the efficiency of the process.
- 4.4 Further work has been undertaken to review instances of non-compliance and a draft report included at Appendix 2. It is hoped that this will be a regular agenda item at Corporate Leadership Team (CLT). With the changes in exemption thresholds and the prospect of exemptions being rejected, Procurement colleagues are being approached more proactively to undertake compliant processes rather than submit exemptions. Procurement solutions are planned or are live currently to ensure these key areas of noncompliance do not recur. In addition up to date information and analysis has been included on exemptions raised since 1st September 2022 to date.
- 4.5 A further amendment to the current procedure for processing exemptions has now been agreed by Procurement and Legal colleagues and is being considered by Social Care Commissioners. If approved this will allow Adults and Children’s care placements to be a valid exception to the Contract Rules provided that a valid attempt has been made to procure those services via an existing compliant route first. The Governance will be achieved via a Cabinet Member Decision Notice and all placements made outside existing compliant routes will be recorded and evidence provided as why this was necessary. Approval will be made via the relevant director. The process will be shared once signed off at the next scheduled Procurement Board.
- 4.6 A query was raised by Audit Committee regarding measuring spend under management, i.e. the amount of third party spend the Council makes that is Governed by a current contract. Appendix 3 shows the walk between the MTFs stated budget and spend under management allowing for obvious items that wouldn’t be contracted such as pensions, grants to Parish Councils and so on. In summary the Council has 62% of its spend under management. Developments to the ERP system will allow the Council to achieve best practice levels of 80%.

4.7 A project is well under way to delivering the Council's Enterprise Resource Planning (ERP) system that will be procured in compliance with the Council's Contract Rules. The project group has now developed its vision for the "to be" state and has developed a functional specification honed by several demonstrations of market solutions and will be ready to procure in a matter of weeks. Efficiencies regarding the way in which suppliers share and update their details will reduce the time taken to verify these details and the new system will link the raising of requisitions to current contracts. If a contract is not available a workflow will send the requisition request to the Procurement team to plan the delivery of a compliant route to market. Appendix 4 shows the draft functional specification.

4.8 The outline of a plan based on the work undertaken by Suffolk County Council has been developed in order to embed Climate Change at the heart of the procurement process. Please refer to Appendix 5 for details of the planned Peterborough Climate Commercial Ask of suppliers and associated templates and guidance. Please refer to the Suffolk County Council website for a view of how Peterborough might approach this [here](#).

5. CORPORATE PRIORITIES

- 5.1 The recommendation to receive the update on procurement activity has a positive effect on the Sustainable Future City Council policy in the following ways:
- How we work – the decision taken to bring the Procurement service back in house from Serco has unlocked opportunities to review processes and tasks that don't add value and remove them to deliver efficiencies of process and to ensure the maximum level of resource targets direct procurement activities.
 - How we Serve – re-establishing the forward planning process will make the service proactive and less reactive, and provide leadership for commissioners of services, emphasising the need to deliver outcomes that are essential rather than desirable when specifying goods and services required to operate Council functions.
 - How we enable – in re-engineering systems and processes the procurement team will be better able to establish and minimise rogue spend and non-compliance. Improvement in ERP systems will enable better benchmarking (market insights to other Local Authorities spend and supplier base) and also provide economies of scale by planning 18 months of procurement priorities at a time – enabling decisions to be made earlier and increasing leverage with suppliers.

6. CONSULTATION

- 6.1 The development of the work around procurement has been presented to the ERP development Group, CLT and Procurement Board.
- 6.2 CLT will receive and consider this update in due course.

7. ANTICIPATED OUTCOMES OR IMPACT

- 7.1 There will need to be further amendments to the Constitution regarding the Contract Rules to further increase efficiency of process and to ensure focus on services that would legitimately require exposure to competition.

A greater transparency of procurement activity will need to be provided for CLT.

The formal re-launch of the No PO No Pay Policy will affect suppliers and colleagues placing orders for goods and services.

Greater training and support will need to be provided by the Procurement Team to help increase compliance.

8. REASON FOR THE RECOMMENDATION

- 8.1 It is recommended that the Audit Committee receive this report as an update on progress to improve compliance with the Council's Contract Rules, Public Contract Regulations 2015 and the Procurement Bill when implemented.

Fuller details will be delivered at the meeting to be held in March 2023

9. ALTERNATIVE OPTIONS CONSIDERED

- 9.1 There is no alternative option as the requests from the October Audit Committee will need more time to be delivered and implemented.

10. IMPLICATIONS

Financial Implications

- 10.1 None

Legal Implications

- 10.2 There are no legal implications in respect of what is proposed.

Equalities Implications

- 10.3 None

11. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

- 11.1 None

12. APPENDICES

- 12.1

- Management of the Delivery of Procurement (App 1)
- The Governance Process and details of Exemptions to Contract Rules (App 2 Category Analysis, Analysis Retrospective, Analysis exemptions Sept 22 – Mar 23)
- Contract Values and Spend Under Management (App 3, Calcs, Data, Notes)
- Development of the ERP system (App 4) EXEMPT
- Climate Change and Social Value (App 5, Presentation, Draft Project Plan)