

**STROUD DISTRICT COUNCIL**  
**AUDIT AND STANDARDS COMMITTEE**

**TUESDAY, 30 NOVEMBER 2021**

<b>Report Title</b>	<b>PROCUREMENT UPDATE</b>			
<b>Purpose of Report</b>	To update the Committee on procurement activity across the Council.			
<b>Decision(s)</b>	<b>The Committee RESOLVES to note the report.</b>			
<b>Consultation and Feedback</b>	None.			
<b>Report Author</b>	Sarah Turner, Senior Policy & Governance Officer Email: <a href="mailto:sarah.turner@stroud.gov.uk">sarah.turner@stroud.gov.uk</a>			
<b>Options</b>	None			
<b>Background Papers</b>	Procurement and Contract Management Strategy – 2019 – 2023 <a href="https://www.stroud.gov.uk/media/1070402/final-sdc-procurement-strategy-2019.pdf">https://www.stroud.gov.uk/media/1070402/final-sdc-procurement-strategy-2019.pdf</a> Contract Management Framework			
<b>Appendices</b>	Appendix A – Contract Management Statement of Principals Appendix B – Contract Management Policy Appendix C – Contract Management Procedure Appendix C - Attachment 1 - Software Contract Guide Appendix C - Attachment 2 - Contract Management Plan Appendix C - Attachment 3 - Contract Variation from Template Appendix C - Attachment 4 - Contract Extension Template			
<b>Implications (further details at the end of the report)</b>	Financial	Legal	Equality	Environmental
	No	No	No	No

**1. INTRODUCTION / BACKGROUND**

- 1.1 The Audit & Standards Committee has been monitoring the Council's performance in relation to procurement and contract management over a number of years.
- 1.2 Previous reports and information sheets have provided updates on the progress with improving procurement processes at the same time as highlighting the governance requirements associated with procurement activity.
- 1.3 As members will be aware there are several matters for all officers to comply with when undertaking procurement activity, these being:
- Public Contract Regulations 2015
  - Our obligation to obtain Best Value for Money
  - The Council's Constitution, specifically relating to the Scheme of Delegation, Contract and Procurement Procedure Rules and Financial Regulations.

## 2. MAIN POINTS

### 2.1 Procurement Consultancy report

Colleagues in the ARA service undertook a consultancy review of procurement activity across the authority and produced a report with 5 recommendations, an action plan has been produced and a summary of the work to be undertaken to meet these recommendations is below:

No.	Audit Recommendation		P&G* Response / Solution	Actions and Timescale
	Recommendation	Risks		
1 (H)	<p>As part of the agreed management actions to address the recommendations emanating from the Electrical Works contract corporate procurement guidance and management and monitoring arrangements should be defined in line with the council's risk appetite, alongside the arrangements for the second line of defence to provide corporate oversight and challenge.</p> <p>The latter could be achieved by mapping roles and responsibilities against the three lines of defence assurance model, to enable all assurance needs to be met and ensure compliance with policy.</p>	<p>Non-compliance with the Council's CPPRs and Public Sector Contract Regulations 2015 resulting in inappropriate expenditure, the loss of commercial integrity, potential financial irregularities and reputational damage.</p> <p>Use of inappropriate suppliers as a result of non-compliance with the Council's CPPRs and / or potential fraudulent activity / nepotism.</p> <p>Non-achievement of value for money resulting in increased costs and a reduction in Council services.</p>	<p>Audit recommendation that P&amp;G team become the 2<sup>nd</sup> line of defence for all procurement and contract management activity by taking a percentage of procurement and contract management on a quarterly basis and checking compliance and reporting any non-compliance.</p> <p>Information, in the form of a dashboard will be provided to HoS and Managers on a quarterly basis to include:</p> <ul style="list-style-type: none"> <li>• Monthly spend by cc and supplier</li> <li>• Procurement Plan Forms received</li> <li>• Exemptions received</li> <li>• Transparency non-compliance</li> <li>• Procurement non-compliance</li> </ul> <p>HoS and managers will need to respond to confirm actions taken for non-compliance.</p> <p>Working on '2 strikes' of no response then this information will be added to SLT quarterly dashboard.</p>	<p>Finance can provide information from Unit 4 as reports produced from creditors info.</p> <p>Information dashboards were piloted with a couple of HoS May to August 2021</p> <p>From September to November additional HoS were sent their service information and any feedback has been incorporated.</p> <p>Dashboard reports for all HoS will be published in December 2021</p>
No.	Audit Recommendation		P&G Response / Solution	Actions and Timescale
	Recommendation	Risks		

No.	Audit Recommendation		P&G* Response / Solution	Actions and Timescale
	Recommendation	Risks		
2 (M)	<p>Maintain a central register of all goods, services or works that have been procured using one or more of the exceptional procurement measures detailed in PPN 01-20.</p> <p>The entry in the register should also be supported with appropriate evidence to demonstrate the decision making process, approval and achievement of the stated PPN 01-20 tests.</p>	<p>Challenge from alternative contractors who have not been offered the opportunity to submit a quotation / tender resulting in delays or suspension of the contract, financial penalties and / or reputation damage.</p>	<p>This recommendation was agreed. All procurement PPFs / exemptions are currently kept on a register. Procurement under these Covid-19 measures will also be added to a separate register.</p>	<p>A separate register of all procurement under Covid-19 measures – June 2021 is maintained.</p> <p>Use of this register ended on 21 June 2021 (end of any legal limitations of activity, i.e. we were out of lockdown)</p>
No.	Audit Recommendation		P&G* Response / Solution	Actions and Timescale
	Recommendation	Risks		
3 (H)	<p>A review should be undertaken to determine whether the current directive for all starters to receive procurement induction training remains appropriate or whether the induction training should be focused towards those with specific procurement roles and responsibilities, which should be formally determined.</p> <p>Once determined updates should be made to the appropriate staff induction templates and the Policy and Governance team should monitor monthly, and follow-up any employed, agency or temporary staff member that has not completed the procurement induction to ensure training is completed.</p>	<p>Non-compliance with the Council's CPPRs and Public Sector Contract Regulations 2015 resulting in inappropriate expenditure, the loss of commercial integrity, potential financial irregularities and reputational damage.</p> <p>Non-achievement of value for money resulting in increased costs and a reduction in Council services.</p>	<p>Introduction to procurement is a mandatory requirement as part of all staff induction / probation.</p> <p>A monthly list of new starters and leavers will be required from HR to enable P&amp;G to provide training and ensure training records are up to date.</p> <p>Plan procurement and contract management training / awareness raising for SDC staff.</p>	<p>Followed up with HR, still need list of monthly starters and leavers. Monthly list of starters of leavers to be provided by HR.</p> <p>Combine procurement training with the Unit 4 induction training.</p> <p>Procurement overview to be included in new starters quarterly induction</p> <p>LMT have been emailed to identify staff who need refresher training.</p> <p>P&amp;G Team are developing e-learning through the Council's online system. This will include Stroud-specific element relating to our procedures</p>

No.	Audit Recommendation		P&G* Response / Solution	Actions and Timescale
	Recommendation	Risks		
4 (H)	<p>Utilise the ProContract Contracts Register facility to ensure all Council contracts over £5,000 are published in accordance with the Local Government Transparency Code.</p> <p>Procurement exemption and framework agreement contracts should then be manually updated to this register.</p> <p>If the use of the ProContract Contracts Register facility is not considered appropriate then the Policy and Governance team should, at least quarterly, undertake appropriate checks to ensure the corporate Contracts Register has been fully and promptly updated by Service areas. Where omissions are identified corrections to the corporate Contracts Register should be undertaken and Heads of Service / Service area Managers formally advised to enable them to introduce appropriate officer training and procedural awareness.</p> <p>Depending on which option is selected an exercise should be undertaken to identify contracts that are not currently on the agreed contracts register and update as appropriate.</p>	<p>Non-compliance with the Local Government Transparency Code 2015.</p> <p>Inefficient use of resources.</p>	<p>Decision for S151 and MO as to use of contracts register.</p> <p>Of the 48 procurement opportunities in the last 12 months, 26 were done through the procurement portal, 22 through frameworks or exemptions.</p> <p>Where P&amp;G are aware of non-compliance with Transparency code for contracts over £5,000, service areas are contacted and asked to enter contract details</p>	<p>Produce pros and cons of each register and decision to be made.</p> <p>P&amp;G to continue to contact services where contracts are not on the register – ongoing</p> <p>Information Governance Officer work to inform the current level of compliance to the Transparency Code and information to be reported to MO / and P&amp;G team to recommend appropriate action – This has been completed</p> <p>Awareness raising / training for all staff – ongoing</p> <p>See manager's dashboard actions under recommendation 1 (2 strikes of no response to SLT dashboard)</p>

No.	Audit Recommendation		P&G* Response / Solution	Actions and Timescale
	Recommendation	Risks		
5 (H)	<p>Within the contract management framework, introduce an appropriate and robust process that supports timely collection of outstanding exemption and framework agreement procurement information from Service areas to ensure prompt reporting to the Government Contracts Finder.</p> <p>At least monthly, review the SDC Contracts Finder register to ensure that the agreed follow-up process is being followed and the Government Contracts Finder promptly updated.</p>	<p>Non-compliance with the Public Contract Regulations 2015, Sections 108 and 112.</p>	<p>Requirement to add details of contracts awarded that are valued over £25,000 to Contracts Finder within 90 days of contract award.</p> <p>P&amp;G regularly check that this is being carried out and will continue to do this, only able to do this when we have received PPF or procurement is advertised through portal.</p>	<p>P&amp;G will continue to contact services to ensure compliance with this requirement</p> <p>See manager's dashboard actions under recommendation 1 (2 strikes of no response to SLT dashboard)</p>

**\*refers to the Council's Policy and Governance Team**

## 2.2 Out of Hours Contract – Audit recommendations

ARA colleagues have carried out an audit on the out of hours contract. Five of the recommendations within the ARA report relate to the corporate guidance on procurement and contract management and the Policy & Governance Team are updating the guidance and ensure that staff receive training.

## 2.3 Contract Management

A new contract management framework has been developed to provide a clear and standardised approach to manage contracts for goods, works and services, see Appendices A - G. Our Leadership and Management Team have been consulted on this framework, and the Policy and Governance Team will now role out this new framework across the council with training and awareness raising sessions for all staff.

Contract management enables us and our suppliers to meet our contractual obligations at an agreed cost and quality by monitoring the contract throughout its lifecycle.

The effective management of contracts with suppliers is essential to maximise benefits and achieve corporate objectives, the benefits can be summarised as follows:

## **Business Benefits**

- Maximises outcomes to the Council and our customers (i.e. the Council “gets what it is paying for”) by managing supplier performance, maintaining quality, improving productivity and identifying opportunities for improvement and innovation.

## **Value for Money**

- Enables savings and benefits opportunities identified during the procurement or contract management process to be realised, whilst also ensuring the achievement of expected procurement outcomes.
- Enables further benefits through ongoing performance reviews, service improvements, supply chain improvements, innovation.

## **Risk Management**

- Reduces contractual risks through the robust contract management practices.
- Ensures the Council is also aware of, and complies with, its own contractual and legislated obligations.

The new framework consists of the following documents, and a link to these has been provided in the background papers:

- Contract Management Statement of Principles
- Contract Management Policy
- Contract Management Procedure
- Various templates to support the new framework

## **3. IMPLICATIONS**

### **3.1 Financial Implications**

There are no financial implications from this update.

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### **3.2 Legal Implications**

There are no direct legal implications arising from the recommendation.

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### **3.3 Equality Implications**

There are not any specific changes to service delivery proposed within this decision.

### **3.4 Environmental Implications**

There are no significant implications within this category.