

## STRATEGY &amp; RESOURCES

22 JULY 2021

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<b>Report Title</b>	<b>PROCUREMENT UPDATE REPORT</b>			
<b>Purpose of Report</b>	To update the Committee on procurement activity across the Council in line with the aims of the Council's Procurement Strategy.			
<b>Decision(s)</b>	<b>The Committee RESOLVES to note the report</b>			
<b>Consultation and Feedback</b>	LMT on the new Contract Management Framework			
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<b>Options</b>	N/A			
<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> Government Green Paper – Transforming Public Procurement – December 2020			
<b>Appendices</b>	Appendix A - Contract Management Policy Appendix A – Attachment 1 – Software Contract Guidance Appendix A – Attachment 2 – Contract Management Plan Appendix A – Attachment 3 – Contract Variation Form Template Appendix A – Attachment 4 – Contract Extension Template Appendix B – Contract Management Procedure Appendix C – Contract Management Statement of Principles			
<b>Implications (further details at the end of the report)</b>	Financial	Legal	Equality	Environmental
	No	No	No	No

**1. BACKGROUND**

- 1.1 Members of the S&R Committee have received updates on procurement activity across the Council that support the aims of the Council's Procurement Strategy. The Strategy was adopted by Council in 2019, the actions plan in the strategy reflects the National Procurement Strategy recommendations as detailed below; and also includes our Social Value Policy and Modern Slavery Charter.
- 1.2 The Strategy defines our vision to 'demonstrate value for money through the effective procurement of goods, services and works on a whole life basis in terms of generating benefits to the community and the organisation, whilst minimising impacts to the environment'.
- 1.3 The purpose of the strategy, see link above, is to ensure that the Council's procurement activities are undertaken to a high standard, efficiently and effectively to achieve best value, and to support social, economic and environmental benefits. The strategy has 3 procurement aims as follows:
- **Showing Leadership** - With local government third party expenditure totalling around £60 billion a year in revenue alone, procurement clearly has a major contribution to make. A more strategic approach to procurement should be at the heart of thinking for our councillors and decisions makers because procurement is not merely about ensuring compliance. There is an ever-growing need to engage with service heads and procurement teams on high value, high risk procurements to drive innovation, generate savings and identify opportunities for income generation.

- **Behaving Commercially** - We need to improve public sector commissioning and procurement to increase the effectiveness and efficiency of government. This means improving the skills of our leaders, both members and officers so their teams can design service provision, influence external parties, and shape and manage markets to get the best outcomes. This can be done by creating commercial opportunities, managing contracts and supplier relationships and risk management.
- **Achieving Community Benefits** - We can use procurement to achieve wider financial and non-financial outcomes, including improving wellbeing of individuals and communities, social value and improved environment.

1.4 A comprehensive procurement framework is provided on the Hub providing guidance and templates for officers this also includes details of recent motions adopted by the Council such as Single Use Plastics and the Unite Construction Charter.

## 2. MAIN POINTS

### 2.1 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. Our Leadership and Management Team have been consulted on this framework, and the Policy and Governance Team will now roll 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

## 2.2 Spend analysis

The Policy and Governance Team produce a spend analysis each year based on the creditor payments of the previous financial year. The Council has agreed the definition of a local supplier is any supplier who has a 'GL' postcode.

The 2020/21 spend analysis information is as follows, financial figures have been rounded up, the figures in brackets show the 2019/20 figures for comparison:

Total spend (all invoices)	£29m	(£29m)
Total spend on local invoices (GL postcode)	£12m*	(15m)
Total spend on other invoices (not GL)	£17m	(£14m)
Total number of invoices	9220	(10,245)
Total number of suppliers	1209	(1,548)
GL suppliers	647	(749)
Non GL suppliers	562	(799)

\* There has been a reduction in our local spend due to the insourcing of housing repairs, where previously this had been under a contract with a supplier within our local area.

## 2.3 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, these will be reported to the Audit and Standards Committee, an action plan has been produced and a summary of the work to be undertaken to meet these recommendations is below:

- Review training needs relating to procurement and contract management for all staff; previous corporate training was carried out over 5 years ago, so it is an appropriate time to review this and training will be provided in the late summer/early autumn. The Policy & Governance team will also work with Finance to ensure that mandatory induction training on procurement is taking place.
- To produce a manager's dashboard report on a quarterly basis identifying what procurement and spend has taken place for each service over the previous quarter, identifying any non-compliance with procedure rules. Any non-compliance will be reported to the Strategic Leadership Team on a quarterly basis.
- The manager's dashboard will also highlight where mandatory contract award notices have not been published as a requirement of the Transparency Code obligations.
- Create and maintain a register of all procurement undertaken under PPN 01-20, which lightened the legislative requirements of public contract regulations due to Covid-19. This will no longer apply once all restrictions are removed.
- Consider the use of the e-procurement system (ProContract) for a contracts register, instead of the stand-alone system currently used.
- An update on the implementation of these actions will be presented to the Audit and Standards Committee later in the year.

## 2.4 New regulations

The Government produced a Green Paper in December 2020 – Transforming Public Procurement, to review public contract regulations following the Brexit transition period, these are still under review however the aims are to speed up and simplify procurement processes, the main points are covered below:

- The new regulations will state the principles of public procurement: value for money, the public good, transparency, integrity, efficiency, fair treatment of suppliers and non-discrimination.
- Replace existing procurement procedures with 3 simple and modern procedures:
  - Flexible procedure that enables negotiation and innovation.
  - Open procedure.

- Limited tendering procedure for use in crisis or extreme urgency.
- Embedding transparency throughout the commercial lifecycle – planning, contract award, performance and completion.
- Requirement to publish contract amendment notices.
- Establishing a single digital platform for supplier registration that ensures suppliers only have to submit their data once to see any public sector procurement opportunities.
- Buyers to take account of bidder's past performance and exclude them if they do not have the capability to deliver.

If the new regulations are adopted, Members will be provided with a summary and, if necessary the Procurement Strategy will be reviewed and updated and presented to Committee for Approval.

## **2.5 Aim for 2021/22**

- To increase local spending and to ensure that Council procurement brings economic, social and environmental benefits; we will be reviewing how we further can embed social value into our procurement processes. In particular, the need for climate and ecologically minded business practices must be included, as set out in the Council's 2030 Strategy.
- Incorporate any new actions identified in the Council Plan into our 2021/22 aims, along with actions from the 2030 strategy.
- We intend to carry out a more in depth review of our suppliers and to identify our key suppliers, local and SMEs.
- Review and provide corporate training needs relating to procurement and contract management as identified by managers.
- Identify any actions resulting from the new Corporate Plan and implement accordingly.
- Ensure all new starters are undertaking procurement training as part of their induction.
- Produce quarterly manager's dashboard relating to spend and procurement activity, identifying any non-compliance.
- Implement any changes to procedures as a result of revised public contract regulations, and provide appropriate training relating to this.

## **3. IMPLICATIONS**

### **3.1 Financial Implications**

There are no financial implications arising directly from this report.

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### **3.2 Legal Implications**

There are no specific legal implications arising from this report.

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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; however, all procurement must incorporate environmental and sustainability requirements.