

 <b>EXECUTIVE 5<sup>TH</sup> NOVEMBER 2014</b>		<b>Agenda Item No.</b> <b>7</b>
<b>Title</b>	Procurement Action Plan Update.	
<b>For further information about this report please contact</b>	Mike Snow (01926) 456800	
<b>Wards of the District directly affected</b>	N/A	
<b>Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?</b>	No	
<b>Date and meeting when issue was last considered and relevant minute number</b>	March 2014 Executive	
<b>Background Papers</b>		

<b>Contrary to the policy framework:</b>	No
<b>Contrary to the budgetary framework:</b>	No
<b>Key Decision?</b>	No
<b>Included within the Forward Plan? (If yes include reference number)</b>	Yes
<b>Equality Impact Assessment Undertaken</b>	No

<b>Officer/Councillor Approval</b>		
<b>Officer Approval</b>	<b>Date</b>	<b>Name</b>
Chief Executive/Deputy Chief Executive		
Head of Service		
CMT		
Section 151 Officer		
Monitoring Officer		
Finance		
Portfolio Holder(s)		
<b>Consultation &amp; Community Engagement</b>		
Insert details of any consultation undertaken or proposed to be undertaken with regard to this report.		
<b>Final Decision?</b>		Yes/No
<b>Suggested next steps (if not final decision please set out below)</b>		

## 1. **Summary**

- 1.1 This report provides an update to inform members on the actions that have been taken in response to the Procurement issues raised in a report to the Executive in March 2014.

## 2. **Recommendations**

- 2.1 That the Executive note the report and the progress on addressing the actions within the action plan (Appendix 1).
- 2.2 That a further update report is brought to members in 6 months to consider further progress on the action plan.

## 3. **Reasons for the Recommendation**

- 3.1 In March 2014 the Executive entitled "Housing and Property Services: Contracts Update". This report highlighted failings in the procurement processes within that Service and across the Council. The report included an action plan bringing together the recommendations from investigations on which the report was based. It was agreed that an interim report would be submitted to Executive in November on progress on the actions.
- 3.2 The Head of Finance has lead on the co-ordination of progressing the actions within the Plan. Whilst some of the issues were specific to Housing and Property Services, many of the actions need to be addressed by the Procurement Team or by officers across the Council.
- 3.3 Whilst much progress have been made on most of the actions, as detailed in Section 8, further work is still required to progress some of the actions.

## 4. **Policy Framework**

### 4.1 **Policy Framework**

The Code of Procurement Practice is a fundamental element of the Council's policy framework. Its purpose is to ensure that appropriate contracts are procured to meet service requirements and are subsequently properly managed. The Code of Procurement Practice also supports the ability of the Council to demonstrate that it is achieving value for money from its expenditure and that its contracts and services are being managed in an open and transparent manner, in line with the Council's Core Values.

### 4.2 **Fit for the Future**

As part of the Council's policy framework, the Code of Procurement Practice undermines how the Council acts in securing and managing its supplies and services to meet its aspirations as part of Fit For the Future.

## 5. **Budgetary Framework**

- 5.1 Following Procurement best practice should ensure that the Council obtains value for money in procuring goods and services. This is more vital than ever with the current financial climate facing local authorities.
- 5.2 The work progressed within the action plan has all been undertaken within existing budgets.

## **6. Risks**

- 6.1 It is important that all procurement across the Council complies with the relevant procurement regulations and directives and also the Council's Code of Procurement Practice. By following this approach the Council will reduce the risk of challenge. Also it should ensure that the Council obtains Value for Money.
- 6.2 The actions taken to date should have reduced the risks that were uncovered and reported upon within the March 2014 report. However, further work is still required to complete all the actions outstanding where required.

## **7. Alternative Option(s) considered**

- 7.1 In line with the Council's values of being open and transparent, the decision was made to bring the original report to members. Similarly this interim report on the action plan is being brought to members' attention.
- 7.2 It is not considered that there are any alternative options than to progress the actions raised in the original report.

## **8. Background**

- 8.1 The reports and investigations within the March 2014 Executive report revealed many short-comings with procurement practices within the Council. The report concentrated on Housing and Property Services which is the one of the largest departments of the Council in terms of spend and procuring supplies and services. The report also covered where improvements in procurement practices were required across the Council.
- 8.2 The Head of Finance, to whom the Council's Procurement Team reports, has taken the lead in progressing the actions within the report. Whilst many of the actions specifically rest with Housing and Property Services, others identified areas needed to be co-ordinated and lead by the Procurement Team. Many of the issues raised will also require actions to be addressed Council-wide.
- 8.3 The progress on the Action Plan can be seen in Appendix 1. The main actions taken are discussed further below.
- 8.4 Contracts Register

The Procurement Team have held detailed meetings with each Head of Service endeavouring to ensure that the Contracts Register is up to date. This has been a time consuming process and has revealed many contractual arrangements that are in place that had not been notified to the Procurement Team for inclusion with the Contracts Register. The latest version is back with Heads of Service for confirmation that the details now included, are still current and to complete any gaps that still remain.

The approach used to update the Contracts Register has been "top-down". Further work, "bottom-up", is now underway considering all supplier payments to ensure that these are fall within an existing contract. Whilst many small value payments will be below tender requirements, it is expected that the exercise will highlight where payments to certain suppliers should be under contractual arrangements.

## 8.5 Procurement Training

The discussions with Heads of Service by the Procurement Team enabled consideration of the procurement training needs of officers. These needs now centre on contract management and tender processing, with specific reference to drawing up specifications. The Procurement Manager has been working with Learning and Development Officer to source training to be rolled out from January 2015. A training session on Contract Management was provided by WCC Legal for Property Services and Procurement Teams.

## 8.6 Procurement Awareness

Following the consideration of the March 2014 Executive report by members the opportunity was taken to use the report as a Case Study for the Senior Management Team (SMT). This served to highlight the importance of good procurement practice across the organisation and the need for Heads of Service to ensure correct processes were followed within their services. This session built upon the January SMT report (Appendix 1), and was further supplemented by a report in May (Appendix 3). These reports emphasised the needs for Heads of Service to take a lead to ensure that the Code of Procurement Practice is complied with in their service areas. A further SMT Away Day in October will again be considering how far good procurement practices have become embedded across the Council.

## 8.7 Orders

The March reports highlighted where the correct order process was not being followed by officers. Specifically this included orders not being raised promptly for goods and services with suppliers and cases of orders being amended.

A programme of intensive "Order Training" has been rolled out across the Council, to be attended by all officers involved in the order process, whether arranging goods and services, entering or authorising an order on the creditors system, authorising payment to suppliers, or having responsibility for officers who are directly involved in the process. Most officers have now attended the training, with others booked on to future courses. This training is supported an on-line training module, and further training sessions are scheduled for any staff newly involved in the process.

Details are regularly provided to Head of Service of details where orders are being raised retrospectively, ie after invoices have been raised. Officers within Finance are actively working with other officers to ensure proper practices are being followed.

## 8.8 Code of Procurement Practice

The Code is currently being updated to be presented to December Executive. The changes will reflect the change in approach that is now being followed across the Council for procurement. The previous Code was based around the principle of 'devolved procurement', with individual budget/contract managers taking the lead on procuring goods and services, with appropriate support from the Procurement Team. A far tighter regime is now being followed, with the Procurement Team actively involved in all tenders, and required to sign off all "three quotes" (£5k-£20k). There is now central co-ordination of all

procurement activity and a greater emphasis on the team having an integral role in ensuring compliance with the Code.

The updated Code will also reflect the requirements of the Social Value Act and the Transparency requirements. Following on from the update to the Code of Procurement Practice, the Procurement Strategy will also be updated, along with standard contracts and supporting documentation for use by officers.

#### 8.9 Agency Staff

The review of the control and processes for the appointment of agency staff has been undertaken by HR. The HR support team are currently being trained, and narrative is being prepared for SMT regarding how they plan to administer this by end of November 14.

#### 8.10 Signing of Contracts

13 Contracts were awarded as part of the 2013 procurement exercise for property repairs and maintenance. The contracts have been split into higher and lower risk categories based on value to enable officers to focus their time on completing tasks on a risk/priority basis, 6 contracts are considered to be higher risk.

Of the 6 higher risk contracts 4 have fully signed contract documents. The Asset Manager is now working with his team to produce the contract documents for the remaining 2 which are due to be signed by the 28th November 2014.

Contract documents are due to be produced and signed for the 7 lower risk contracts by the 22nd December 2014.

Principally delays resulted from the embargo placed on the arrangements between the former Head of Service and Impart Links, who were producing the contract documents on behalf of the council. The current Asset Manager was appointed in April 2014 and it was agreed that the production and execution of contract documents should be a priority, alongside several other key priorities in a 12 month period, for example the Asset Management Team Re-design. The post holder is now managing his time across each priority and steady progress is being made.

#### 8.11 Procurement Team resources

The resources of the Procurement Team are still being considered alongside the future demands upon them. The updated Contracts Register is specifically helping to inform this review, highlighting tender requirements in the short, medium and longer term. A work plan has been created, with this due to be reviewed once the Contracts Registers have been confirmed as accurate by the Heads of service. The greater "hands on" approach of the team, with them greatly involved in all tenders to support officers in all departments will also impact upon this.