

CONTRACTS, PROCUREMENT, AND NEW LEGISLATION

Executive Summary

The Committee is invited to scrutinise the work that is underway to improve the processes that are in place for procurement/contract management and provide recommendations as it sees fit.

Recommendations

The Committee is requested to

RESOLVE That the report be noted.

The Committee has the authority to determine the recommendation set out above.

Background Papers: None.

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1.0 Introduction/Overview

- 1.1 The application of robust procurement and contract management is fundamental to the effective delivery of services across the Council. To ensure that arrangements within the Council are fit for purpose and reflect best practice, a full review and re-design of processes around commissioning, procurement, and contract management is being undertaken.
- 1.2 The review is timely not only because there is a need to deliver efficiencies across the Council, but also because of the impending legislation changes arising from The Procurement Act 2023 (PA23) that will come into force in October 2024. PA23 aims to simplify and modernise the procurement process for public sector organisations in England, Wales, and Northern Ireland. As per Government guidance, the PA23 “will introduce the most significant changes to the way public sector organisations buy goods and services for a generation”.
- 1.3 The changes outlined in the PA23 will create significant additional work not only in getting the Council ready for October 2024, but also in the undertaking of future procurement and day-to-day contract management.
- 1.4 Despite challenges around timescale, preparation for the Act does present an opportunity for the Council to have a renewed focus on procurement compliance and good practice. This will help to reset behaviour around procurement, hopefully leading to a positive culture change. A project team comprised of officers from procurement, legal, finance, ICT, and corporate strategy has now met and has started to identify a series of immediate changes that need to be implemented.

2.0 Areas of work

- 2.1 There are a number of immediate actions that are being undertaken to ensure that the Council is compliant when PA23 comes into force in October 2024 – five specific workstreams have been identified at this stage. An outline of each workstream is as follows:

2.2 Workstream 1 - Reviewing/Updating Policies/Procedures

- 2.3 The Council must make sure that current processes and procedures adhere to the Act and are robust in areas such as pre-market engagement and supplier evaluation/assessment. Initial assessment by legal and the commercial team has identified a raft of items that will need to be reviewed/updated. These include:

- Contract Standing Orders – redrafting to reflect best practice and ensure compliance.
- Tender documents – redrafting.
- Standard Terms and conditions – reviewing to ensure compliance.
- Procurement procedures and workflows - reviewing/updating.
- Identifying the raft of statutory notices required under the new regime.
- Creation of a Social Value Policy which is a key component of the Act.

2.4 Workstream 2 - Training

- 2.5 It is important that officers across the Council are equipped to procure and manage contracts effectively and with confidence in the context of PA23. Plans are therefore being developed to train/upskill colleagues in the procurement team and contract managers across the Council.
- 2.6 There is a centrally funded Learning and Development package provided by the Cabinet Office which is available to all councils across the UK. The e-learning packages range from an overview of the changes, through to more detailed and specific instruction on the new

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regime for practitioners in contracting authorities, and an intensive advanced course of 'deep dive' learning focussed on the behavioural and cultural changes required.

2.7 Workstream 3 - Internal/External Communication

2.8 An essential component of getting ready for PA23 will be a robust communication plan. A communication plan is in development to cover internal and external messaging, including:

- Updating information/guidance on the Council website and intranet.
- Targeted updates to contract managers to outline expectations and support required.
- Working with current suppliers to inform them of the upcoming changes; making sure that they are aware of the new legislation and signposting them to resources where needed.
- Identifying who the Council's key suppliers are and feed updates about the new regime through the supply chain.

2.9 Workstream 4 - Contract Register Improvements

2.10 A complete and up to date contract register will be fundamental in enabling effective reporting to ensure compliance to the PA23. A number of improvements around data integrity are currently being worked on, key areas include:

- Identifying any gaps on the contract register and gathering additional information.
- Working with senior officers to develop a 'pipeline' of planned procurement – planning up to 18-months ahead to ensure that savings can be made, and resources aligned.
- Developing a monitoring regime of all live contracts on the register.

2.11 Workstream 5 – Data/Systems

2.12 A review of current procurement and data reporting systems is underway to ensure that existing tools can deliver the new transparency requirements. This review will highlight where any constraints exist, and outline steps/costs needed to resolve any issues.

3.0 Supplier Spend Controls

3.1 In addition to the five specific workstreams above, work is also underway with to introduce greater monitoring of supplier/contract spend. A monitoring report is being developed which will provide the following:

- Showing spend to date per supplier summarised at cost centre level - it will cover the entire supplier base in integra.
- Spend to date as a value will be reported, as will spend shown as a % against the contract commitment which is held on the contract register.
- A RAG rating will be applied against the % of spend against commitment – the report will be adjusted to reflect RAG rules as required moving forward.
- The report will show if Purchase Orders are assigned to the spend, and if so, will detail what the commitment is.

4.0 Contract Segmentation

4.1 A key next step will be to review existing procurement thresholds to determine if the current parameters should remain or should be altered; Once agreed, the structure will allow:

- Each contract to be centrally assessed against value, complexity, and risk (using a matrix-based approach) and assigned a Gold, Silver, or Bronze status.

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- Gold, Silver, or Bronze status will frame a range of follow-on actions including assigning appropriate training to officers, determining the monitoring and governance arrangements to be applied, and outlining expectations for contract management.
- The approach will also enable a streamlined workflow to be developed for process around commissioning, procurement, and contract management to support officers.

5.0 Future Scrutiny / Procurement Audit

- 5.1 As evidenced in this report, a great deal of work is underway to improve the whole procurement and contract management landscape. Progress will be made prior to PA23 coming into force, with further improvements being delivered throughout the Autumn.
- 5.2 Procurement and contract management processes are scheduled to be reviewed by Internal Audit early next year in quarter 4 once key changes have been made, at which point additional scrutiny by this committee would be welcomed if required.

6.0 Corporate Strategy

- 6.1 The application of robust performance management underpins the effective delivery of the functions that the Council provides, which in turn supports the objectives listed in the Corporate Strategy.

7.0 Implications

Finance and Risk

- 7.1 None arising from this report.

Equalities and Human Resources

- 7.2 None arising from this report.

Legal

- 7.3 None arising from this report.

8.0 Engagement and Consultation

- 8.1 None arising from this report.

REPORT ENDS