

Name of meeting: Corporate Governance & Audit Committee
Date: 9 March 2018
Title of report: Procurement Update

Purpose of the report

To report on procurement compliance activity in 2017/18

The report is for information and comment

Key Decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	Not applicable
Key Decision - Is it in the Council's Forward Plan (key decisions and private reports?)	Not applicable
The Decision - Is it eligible for call in by Scrutiny?	Not applicable
Date signed off by <u>Strategic Director</u> & name	Julie Muscroft
Is it also signed off by the Service Director for Finance IT and Transactional Services?	N/A
Is it also signed off by the Service Director for Governance and Commissioning Support?	Yes
Cabinet member portfolio	Cllr Graham Turner

Electoral wards affected: N/A
Ward councillors consulted: N/A
Public or private: Public

1. Summary

The Contract Procedure Rules cover the procurement of all supplies (goods, works and services) and Income Contracts. The Contract Procedure Rules aim to promote the highest standard of probity, integrity and impartiality in making a clear, understandable and fair selection of suppliers and supplies to the Council.

EU Procurement Rules also apply to the procurement of all works, goods and services exceeding the EU Threshold.

The Annual Governance Statement for 2016/17 noted that procurement rule compliance needs strengthening to protect the Council from legal challenge and ensure value for money.

2. Key Points

This report seeks to give an overview of headline activities undertaken to strengthen procurement rule compliance over this financial year, actions include;

Training and Guidance

- Guidance and reminders about the Contract Procedure Rules have been sent to all managers
- Bespoke training sessions on procurement compliance and on evaluation of bids have been provided to teams upon request
- Training on procurement compliance has been delivered to Council Management Group on two separate occasions
- An initial review and refresh of the content on the procurement intranet page has been undertaken

Procurement Transformation Project

- The procurement transformation project focus has been on three key strands of work; improving data visibility, developing future ways of working and delivering procurement savings in specific categories of spend
- Procurement at Kirklees is currently devolved across the organisation, with a high level of procurement resource and effort sitting outside out the corporate procurement team
- A new, more joined-up model for Procurement, supported by sufficient resource, remit, training and enabling tools, is essential for effectively managing risk and realising ongoing efficiencies in third party spend
- As part of the procurement transformation project, the team have considered a range of options and ultimately selected a model that is believed will deliver the greatest positive lasting impact
- The proposed model has been tested with internal stakeholders, assessed against an indicative high level mapping, and benchmarked with a range of other authorities.
- Key stakeholder feedback highlighted the following themes;
 - recognition that the current arrangement is not satisfactory
 - the need to have a balance of technical procurement expertise versus specialist service and/or market-based knowledge
 - visibility and control over contracts, supplier relationships, requisitioning and third party spend, access to reliable contracts and spend data
 - better visibility and management of risk
 - clarity on roles and responsibilities between commissioning, procurement, transactions and contract management
 - ability to be proactive and to develop procurement forward plans
- A change in operating model for procurement has now been approved by the Transformation Portfolio Board
- Work is now commencing on the detailed design and implementation plan to move the council to a category led procurement model
- The model seeks to create procurement expertise and excellence focused on core strategic categories, working hand in hand with service-based commissioners and operational contract managers

Strengthening procurement rule compliance

Implementing and embedding the new category led approach to procurement offers a number of wider benefits;

- Consistent approach and standard for procurement activity across the Council
- Clarity of roles and responsibilities, with defined areas of accountability
- Procurement experts dedicated to key categories – with access to wider pool of expertise and experience
- A less reactive and more strategic and proactive approach to procurement
- Greater collaboration; internally, regionally and with the supply market
- Early engagement by procurement in the commissioning process

- Will provide a council view of contracts, suppliers and procurement activity
- Opportunity to focus on key priorities such as social value and management of risk through procurement activity

3. Implications for the Council

EU Regulations and an increasingly litigious commercial culture present financial and reputational risks for the council of failing to comply with due process in its major procurements.

4. Consultees and their opinions

5. Next steps

A key priority will now be to progress the design and implementation of the new procurement operating model to strengthen compliance and value for money.

6. Officer recommendations and reasons

That Corporate Governance and Audit Committee note the actions taken and progress made

7. Cabinet portfolio holder's recommendations

Not applicable

8. Contact officer

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