

Report of the Deputy Chief Executive

## **Local Government Association Corporate Procurement Peer Review**

### **Purpose of Report**

1. To present the feedback from the Local Government Association (LGA) external peer review of corporate procurement within the Council, along with an update of the action that has already been taken, actions ongoing and consideration of any future actions following the recommendations to ensure the full benefits are realised from the peer review process.

### **Recommendation**

2. Members are asked to note the contents and recommendations of the peer review feedback report.

Reason: To update the Committee on the feedback from the LGA procurement peer review and keep regularly informed of any future actions taken.

### **Background**

3. In May 2017 the Chief Executive, with the agreement of the Leader & Deputy Leader, commissioned a peer review by the LGA. This was an opportunity to undertake a full root and branch external review of this area of the Council, and also gain independent advice as to progress of improvement made in this area and any further learning to be considered. The scope of the review is set out in section 3 of the attached report.
4. During June the LGA peer team visited West Office and spoke to a range of officers, elected members and external stakeholders. Along with these face to face meetings the team conducted additional research and reading to ensure they were familiar with the Council, the challenges faced and to allow comparison with other councils.
5. The outcome is a written feedback report which is attached as Annex 1 to this report. A member of the peer review team will present their report.

6. The feedback report identifies many positives for the Council and has identified some areas for further consideration. It has concluded the Council has a good corporate procurement function and that the compliance issues are being addressed. Recognition was also given to the work underway to continually improve. The peer review team was impressed with the procurement team, recognising a willingness and desire to improve further and focus on high value, high risk strategic procurements. They also stated with a high degree of confidence that the team is valued across the Council with positive relationships at all levels, adding that the team is well led with knowledgeable and competent staff with a good understanding of business needs.
7. Recent developments introduced by the Chief Executive, such as the Corporate Cost Control Board, were also recognised as being positive steps forward in ensuring the Council continues to focus on business efficiencies, spend management and procurement compliance across the Council along with a greater focus on organisational productivity and efficiency.

### **Key Recommendations**

8. The report identifies a number of key recommendations and these are explored further in the following paragraphs.

#### Roll out of the Yortender e-procurement system

9. The Council welcomes the endorsement of the peer review that the planned roll out of access to the Yortender e-procurement portal for all officers is an important means of addressing compliance and assisting with record keeping. Members will be aware from previous reports that the Council currently uses this regional e-procurement system and that the procurement team use and manage this system on behalf of the Council and run individual procurement exercises on behalf of services. It was planned that we would roll out access to the system across the Council so that officers can run their own procurements and requests for quotes exercises, with support and guidance from the procurement team as necessary.
10. However, due to a recent software upgrade, we are still experiencing some stability and process issues and therefore the roll out has been temporarily suspended pending the resolution of these issues. At the regional strategic procurement group, officers from all councils across the region have been discussing the current problems and working with the software provider to

identify solutions. This will be escalated to ensure these problems are resolved as soon as possible so that the roll out can continue as planned.

### Council wide commissioning and procurement network

11. It is suggested that the Council develops a cross-council commissioning and procurement network to own and oversee the implementation of the procurement strategy. The Council welcomes the peer review team acknowledgement of the recent work done in this area through the development of a task and finish group that has been established to drive forward the recently approved procurement strategy. The group is co-chaired by the head of finance & procurement and the Assistant Director of Commissioning of Adults and Social Care, has cross directorate representation at a senior level and meets on a regular basis. It has agreed terms of reference, which includes the development of a corporate commissioning strategy and a SMART action plan that is aligned to both strategies. The group has also begun to research strategies in other councils to identify best practice. The focus over the coming months will be to create a commissioning strategy, develop and prioritise the action plan, produce a forward procurement plan and continue the work to strengthen corporate knowledge, market intelligence and market management.

### Structure and capacity

12. The peer review has also suggested that the Council consider the creation of a dedicated head of commissioning and procurement role. The Council has recently strengthened the procurement team as part of the 2017/18 financial strategy. Further investment in management capacity is an area that the senior management team will consider further and action.

13. The review agreed with the Council that there is currently no advantage to consider appraisal options for the future location of Adult Social Care procurement. The Council recognises that the integration of health and social care provides a major challenge and changes to the way these services are currently configured would potentially disrupt progress. It will therefore ensure that the current arrangements are kept under review to ensure opportunities are taken to enhance and strengthen this when appropriate to do so.

## Process and Contract Procedure Rules

14. The Council agrees with the peer review team that there is merit in putting greater effort and resources into the pre and post tender activities. Work has already begun to streamline processes to ensure that effort is put into those activities but the Council also recognises that there is further work to be done in this area. Guidance and training has been provided to officers and some elected members, and this will continue to be rolled out across the organisation.
15. Further work is being done on reviewing the Contract Procedure Rules to ensure proportionate arrangements are in place for lower value, lower risk procurement activity and cross council contract management procedures are being developed to ensure a consistent approach is taken to supplier management and engagement. Recent developments include the creation of a feedback form to be completed at the end of every procurement exercise completed through the Yortender system which will ensure the learning is captured and best practice shared more widely. The revised contract procedure rules will now be brought to the December Audit & Governance Committee to allow time to ensure all aspects of the rules are reviewed in light of the feedback received.
16. Under the current rules, the procurement team already have sight of any procurement exercises for expenditure over £100k and this will continue to be reviewed both to ensure compliance and to ensure the Council obtains value for money and the appropriate outcomes for residents.

## Regional engagement

17. The review highlights that the Council could benefit from increasing its presence and engagement with neighbouring councils. The Council agrees that this is of benefit and will continue to attend the regional Strategic Procurement Group, although it recognises that it is not always possible to attend every meeting. The group includes representatives from all Yorkshire and Humber councils and meets on a monthly basis. In order to make best use of officer time, we will continue to monitor the agendas and attend where appropriate to do so. In recent months the Council has made a number of suggestions as to how the group can work more efficiently and effectively, which has led to the development of an online portal that members of the group can use to share ideas and current procurement exercises to ensure that attendance at a face to face meeting is not the only way that ideas can be shared.

## Social Value

18. The Council welcomes the recommendation from the feedback that the council should consider a Social Value policy. This gives a very clear opportunity to strengthen the social value aspect of the One Planet Council policy and further consideration will be given to explore options.

## Wider Organisation Issues - External Perception

19. The feedback report identifies that there are currently negative external perceptions of the Council's procurement processes as well as wider corporate governance. The Chief Executive is already considering options as to how this can be addressed.

20. In the body of the report there was also recognition of training which had been undertaken for members and suggested developing further guidance and training for all members and including it in the council member development programme.

## **Consultation**

21. The LGA team interviewed a range of members, officers and external stakeholders in order to complete the peer review.

## **Corporate Priorities**

22. The peer review provides a summary of the good progress already made and makes some suggestions for further improvement. This focus on procurement will enable the Council to make the right procurement decisions in a challenging financial environment.

## **Implications**

23. There are no financial, HR, equalities, legal, crime and disorder, IT or property implications arising from this report.

## **Risk Management**

24. Areas of risk are identified and reported as part of the ongoing risk management process. There are no new risks identified specifically from this report.

<b>Author:</b>	<b>Chief Officer responsible for the report:</b>		
Debbie Mitchell Finance & Procurement Manager Ext 4161	Ian Floyd Deputy Chief Executive / Director of Customer & Corporate Services		
	<b>Report Approved</b>	✓	<b>Date</b> 12 <sup>th</sup> September 2017
<b>Wards Affected:</b> All			
<b>For further information please contact the author of the report</b>			

Annex 1 – LGA Procurement Peer Challenge Feedback Report June 2017