

Committee Name and Date of Committee Meeting

Audit Committee – 23 March 2021

Report Title

Procurement Update

Is this a Key Decision and has it been included on the Forward Plan?

No

Strategic Director Approving Submission of the Report

Judith Badger, Strategic Director of Finance and Customer Services

Report Author(s)

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Ward(s) Affected

Borough-Wide

Report Summary

This report seeks to set out some of the more recent changes to processes and procedures implemented by the Corporate Procurement Team to improve governance and transparency in relation to the award of contracts.

Recommendations

1. Audit Committee is asked to note the contents of the report.

List of Appendices Included

None

Background Papers

[Financial and Procurement Procedure Rules](#)
[Local Government Transparency Code 2015](#)

Consideration by any other Council Committee, Scrutiny or Advisory Panel

No

Council Approval Required

No

Exempt from the Press and Public

No

Procurement Update

1. Background

- 1.1 The Council procures a wide range of goods, works and services ranging from direct front line service delivery through to back office support. The Council's annual spend with third parties through procurement and commissioned activity is in excess of £300m.
- 1.2 Given this, it is imperative that the Council has robust procurement practices in place to ensure compliance, that value for money is achieved and the contracts entered into are robust, deliver against the Council's key priorities and strategies and minimise risk wherever possible.
- 1.3 This report seeks to highlight some of the processes and procedures the Corporate Procurement Team have been implementing to achieve this.

2. Key Issues

- 2.1 The key aspects to be explored within this report include:
 - Exemptions from Financial and Procurement Procedure Rules
 - Procurement Business Case and Tender Evaluation Reports
 - Contracts Register
 - Category Plans / Forward Plans

2.2 *Exemptions from Financial and Procurement Procedure Rules*

Financial and Procurement Procedure Rules (FPPRs) include a mechanism for seeking an exemption to award a contract in a manner not prescribed in the rules – most normally through the award of a contract without any form of competition.

Exemptions of this nature do present a risk (financial and reputational) to the Council from potential aggrieved bidders who have not been given access to the opportunity. The probability and impact of the risk is dependent upon the circumstances surrounding the exemption, including market conditions, the value and length of the proposed arrangement.

For each exemption a report is required which details the justification from the Service Area regarding the circumstances which has resulted in an exemption from FPPRs being required, the risks to the Service if the exemption is not approved along with the procurement, legal, financial and ICT implications if it is. This allows for fully informed and effective decision making. All exemption reports require the support from the Council's s151 officer prior to formal approval being granted by the responsible Strategic Director for the service concerned.

Since July 2017, the Corporate Procurement Team has been formally tracking and monitoring the use of procurement exemptions across the Council and in November 2019 started to formally report this information to the Strategic Leadership Team (SLT). Since this initial report, directorate level detail is now being provided to Strategic Directors on a quarterly basis, with a Council-wide position being reported to SLT annually.

2.3 ***Procurement Business Case and Tender Evaluation Reports***

When the revised FPPRs were implemented through the Council's constitution, they included a requirement for Procurement Business Cases to be completed in respect of all procurement projects. However, in practice it was identified that this was not happening, predominantly because of a lack of understanding of the reasons for their completion and no formal template documentation.

The purpose of the Procurement Business Case is to allow project teams sufficient time and opportunity to consider and debate a range of issues and scenarios prior to the commencement of any tender and collectively agree on proposed solutions to be incorporated into the tender process or the resulting contractual agreement.

The Procurement Business Case is broken down into a number of key areas:

- Purpose
- Background (i.e. previous costs, contractual position, lessons learnt)
- Proposed New Contract (i.e. contract scope, contract term, contract value)
- Key Considerations (i.e. stakeholder engagement, risk management, governance arrangements)
- Analysis and Research (i.e. market position, opportunities for collaboration, ethical procurement including social value, information and data management, health and safety)
- Procurement Options (i.e. different routes to market, project timelines, evaluation criteria)
- Contract Management (i.e. nominated contract manager, frequency of review meeting, management information, performance measures, exit strategies)
- Implications (finance, HR, ICT, communications, legal).

At the SLT/Assistant Director (AD) meeting on 10 December 2019, it was agreed that Procurement Business Cases would be implemented for projects in excess of £100,000 from January 2020, so have therefore now been in operation for over 12 months. The Corporate Procurement Team are supporting Service Areas in the completion of these documents and they are formally approved by AD's before a procurement procedure commences to provide assurance that all key aspects have been appropriately considered.

To complement this suite of procurement documentation, Tender Evaluation Reports were also implemented at the same point in time, although the threshold for requiring a Tender Evaluation Report was set at £25,000.

The Tender Evaluation Report seeks to summarise the process undertaken, identifies key information from the evaluation process (i.e. scores achieved), the conclusion of any due diligence undertaken, details of outcomes achieved and any risks/issues the recommended award presents to the Council. This process ensures there are no surprises when contracts require signature.

2.4 **Contracts Register**

The Council has a duty under the [Local Government Transparency Code 2015](#) to publish details of the contracts it awards. The Corporate Procurement Team have invested significant effort in an attempt to form and publish 1 corporate position of the contracts the Council holds. Please see below the link to the Contracts Register:

[Contracts register - Search results \(due-north.com\)](#)

2.5 **Category Plans / Forward Plans**

To support the development of the contracts register, the Corporate Procurement Team have been collating data in the form of category plans. These category plans are working documents that capture a range of information (including but not limited to):

- **Category information** (project reference numbers, project titles, lead officers, directorate)
- **Contract information** (supplier name and contact details, contract award, start and end dates, extension options and termination notice periods)
- **Reporting information** (chosen routes to market, project status, whether the contract is a one of or a cyclical contract requiring re-procuring)
- **£ information** (estimated contract value, value of modifications)
- **Contract management information** (whether the Council holds a signed contract, and if so where this is stored)

Work is currently underway to use the detail contained in the category plans to engage with Directorates and Service Areas to produce prioritised forward procurement plans (pipeline opportunities). By developing these forward plans it will ensure appropriate consideration is given to all available options, which will flow through the Procurement Business Case referred to above and that these plans can be published on the Council's website to give organisations advance warning of potential opportunities to put them in a better place to bid, which supports some of the Council's direct plans and policies such as the Year Ahead Plan and the Social Value Policy.

3. **Options considered and recommended proposal**

- 3.1 No options were considered. The detail contained in this report ensures the Council is compliant with its own FPPRs and national best practice.

4. Consultation on proposal

4.1 Before implementing any of the above processes and procedures discussions have been held with SLT and views sought from key commissioning leads within Service Areas.

5. Timetable and Accountability for Implementing this Decision

5.1 This report is for Audit Committee information and noting, therefore it is not anticipated there will be a decision requiring implementation.

6. Financial and Procurement Advice and Implications (to be written by the relevant Head of Finance and the Head of Procurement on behalf of s151 Officer)

6.1 There are no direct financial implications as a result of this update report. All associated procurement implications are included in the main body of this report.

7. Legal Advice and Implications (to be written by Legal Officer on behalf of Assistant Director Legal Services)

7.1 The work undertaken by the Corporate Procurement Team and the measures implemented as set out in this report, are consistent with relevant procurement Regulations and best practice in relation to procurement. This in turn lessens the likelihood of legal challenge in respect of procurement activity and contract management.

8. Human Resources Advice and Implications

8.1 There are no direct implications arising from this report relating to HR.

9. Implications for Children and Young People and Vulnerable Adults

9.1 There are no direct implications arising from this report for Children and Young People or Vulnerable Adults.

10. Equalities and Human Rights Advice and Implications

10.1 There are no direct implications arising from this report relating to Equalities and Human Rights

11. Implications for Partners

11.1 There are no direct implications arising from this report for Partners.

12. Risks and Mitigation

12.1 Through the actions implemented as detailed in this report, risks and appropriate mitigation are continuously considered through all procurement procedures.

13. Accountable Officer(s)

Graham Saxton, Assistant Director – Financial Services

Karen Middlebrook, Head of Procurement

Approvals obtained on behalf of:-

	Named Officer	Date
Chief Executive		Click here to enter a date.
Strategic Director of Finance & Customer Services (S.151 Officer)	Rob Mahon	10/03/21
Assistant Director of Legal Services (Monitoring Officer)	Stuart Fletcher	11/03/21
Assistant Director of Human Resources (if appropriate)	Lee Mann	09/03/21
Head of Human Resources (if appropriate)	N/A	Click here to enter a date.

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