

AUDIT & GOVERNANCE COMMITTEE

10 MAY 2023

Update on the Procurement Hub and the Implementation of the Social Value Policy

Report by Lorna Baxter, Director of Finance

RECOMMENDATION

1. **The Audit & Governance Committee is RECOMMENDED to**

Note the development of the Procurement Hub as a service.

Executive Summary

2. This report provides an update to the Committee on the development of the Procurement Hub since the last report to Audit & Governance Committee in January 2021. It also reports on the implementation and progress of the Social Value Policy, which was approved and implemented in February 2022.

Development of the Procurement Hub

3. A report last came to Audit & Governance Committee in January 2021. The purpose was to update members on the progress and changes made to the function over the last 18m since the changes identified as a result of the Marston procurement. There were no outstanding actions after this report.
4. Since January 2021, there have been no legal challenges to any of the Council's procurements, whether formal or at preliminary stages.
5. Since January 2021, further changes have been made to the operational activity of the Procurement Hub function to ensure it accurately reflects current working practices.
6. In consultation with the Monitoring Officer and the Chief Finance Officer, the Contract Procedure rules were refreshed in October 2022, to ensure that they reflected current operational practice in the function.
7. The Procurement Handbook, which contains details around the operational ways of working for Procurement, including relevant templates has been formally reviewed in March 2023, again to ensure that it reflects current ways of working. It is updated on a more regular basis to ensure that it remains operational and relevant as and when best practice is updated, however this formal annual review will remain to ensure all aspects are reviewed for relevance.

8. In summer 2022, PWC carried out a review into the ways of working between the Procurement Hub and the Health, Education and Social Care (HESC) spoke function, to ensure the benefits and improvements expected as a result of the implementation of the Provision Cycle functionality in the organisation in 2021 had been achieved. Furthermore, as the functions have evolved and responded to the market demand and changing nature of services across Oxfordshire, there was an opportunity to strengthen the relationship between the Hub and HESC and work together to clarify roles, responsibilities and key processes and unlock further strategic opportunities.
9. As a result of this review, some changes have been made, in particular the implementation of the Strategic Provision Board involving senior members of both HESC and the Procurement Hub. This Board is a route through which all HESC contract renewals should pass in good time before tendering activity, and to confirm contract award, to ensure any synergies or best practice can be identified cross-Council, and to challenge any assumptions.
10. In addition, all contracts owned by the Council have been reviewed in terms of their segmentation, and classification as to whether they are Platinum, Gold, Silver or Bronze. This uses a standard calculation to consider factors such as risk, spend, competition in the market etc to identify the level of contract management needed, and where this should sit within the Council. Contracts are reviewed as part of the tendering process to ensure that suitable support is identified prior to the contract commencement.
11. As a result of this segmentation exercise, Officers are able to prioritise resource accordingly, in both HESC and in the support services to ensure Platinum contracts get the resource and support needed. Platinum contracts are managed via the Hub. Annex 1 shows details of the classification of all contracts.
12. The Procurement Regulations 2022 Bill, which replaces EU regulations, is still going through due process, and details have not yet emerged. Indications are that it will be in place in the autumn with appropriate training sessions run by Central Government to ensure all parties are aware of the content and the detail.
13. Likewise, the implementation of the Provider Selection Regime, a more flexible approach for procuring Social Care services, has been delayed and currently there is no confirmed time by when it will be in place.
14. A Procurement Strategy is in development and will be in place by the summer. Given potential changes arising as a result of the new Procurement Regulations 2022, it would be appropriate to delay this until such time as more detail is available.

Update on the Social Value Policy

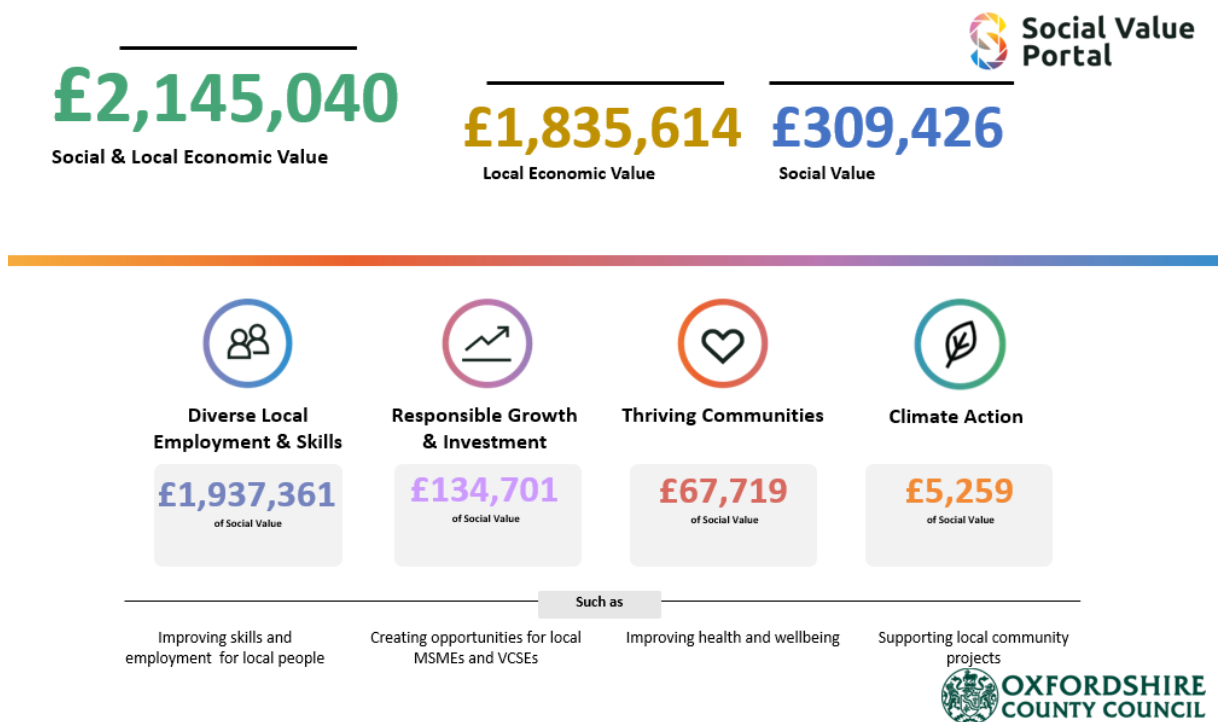
15. The Social Value Policy was agreed by Cabinet in February 2022. It was to include a 12% weighting for all appropriate tenders valued over £100k but below

PCR2015 thresholds (total contract value) allocated to Social Value, to emphasise to the supplier market the importance of this to the Council.

- It was recommended for the first year that this was set at 12% for tenders valued between £100k and the threshold above which the Public Contract Regulations 2015 apply, and for 16% for those tenders valued above the PCR2015 thresholds (with the additional % specifically allocated to Climate Change initiatives) to allow the supplier market time and officers time to adapt, and to ensure that tender submissions were the most appropriate for their subject matter.

Results from the First Year of Implementation

- The Policy has now been running for 1 year in total, and here are the stats based on this first year:



- The most common choice by suppliers has been in Diverse Local Employment & Skills, with detail of the breakdown below:

Social Value Targets by KPI

*Figures rounded to nearest decimal place



19. It should be noted that not all of the procurements carried out by the Council are suitable for the Social Value Policy to be included in the documentation; some will be from frameworks which are very specific as to the scoring mechanisms used.
20. Given the time taken to run procurements and implement new contracts (and only at this point does social value begin to be tracked), more time is needed to get a full and complete picture of the nature of the social value the Council's suppliers are offering to support their tender bids.
21. The full report from the Social Value Portal (the third-party supplier OCC use to track and monitor social value through the tendering and delivery process) is Annex 2.

Financial Implications

22. There are no financial implications to this report.

Comments checked by: Lorna Baxter, Director of Finance

Legal Implications

23. There are no legal implications to this report.

Comments checked by: Paul Grant, Head of Legal

Lorna Baxter
Director of Finance

Melissa Sage
Head of Procurement

Annex: Annex 1 – Contract Segmentation
 Annex 2 – OCC Annual Report April 2022 – April 2023

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April 2023