

Divisions Affected - All

AUDIT and GOVERNANCE COMMITTEE

5 January 2022

Update on Procurement Hub

Report by the Director for Law & Governance

RECOMMENDATION

1. **The Committee is RECOMMENDED to:**
 - (a) **note the update and improvements made to the Procurement Hub in the last year since the restructure, and**
 - (b) **endorse and confirm completion of the Action Plan as detailed in Annex 1.**

Executive Summary

2. The purpose of this report is to update the Committee on the progress of the Procurement Hub since the recent transformation activities. It seeks to confirm to the Committee that any outstanding actions which have been identified as requiring change or improvement since then, have happened, and provides more information on the structural changes which have happened in the procurement function since this point.

Programme Background

3. After the successful High Court action by Marston Holdings regarding the 2019 procurement for Parking Enforcement Services, various actions were identified by both external Legal support and by a previous report for the Committee, to prevent similar situations from happening again in the future.
4. The Action Plan identified various areas of concern in the procurement team which needed to be addressed, specifically:
 - No clear structure and training across both Councils
 - No clear templates / guidelines / best practice existed to ensure standard working practices across Procurement as a whole
 - No category specialisation, leading to 'starting from scratch' each time a procurement commenced in any Directorate
 - No fixed team structure or officers, contributing to a general state of flux and lack of certainty in procurement direction

5. It was also identified that following on from the lack of category specialisation, there was no wider opportunity to develop knowledge or skills through more in depth reviews of the relevant markets and other Councils to ensure best practices and learnings are taken from the wider procurement communities / other Councils, and used to support the development of the Procurement team at OCC / CDC.
6. A clear structure for the procurement team was created through the involvement of PWC in the redesign of the team. A new Head of Procurement and Contract Management was recruited, with the team split along category lines, with Heads of Category as overall leads. Category Managers in various specialisms support them, with more junior officers available for support on larger tenders and to act as lead on lower risk tenders. Recruitment to all senior positions is now complete.
7. The Procurement Handbook was created to support the team through use of standardised templates and processes where appropriate. This is a living document, and although PWC designed this initially, it continues to evolve as the team identify additional templates and processes which would help to support their work. This Handbook gives the established structure and consistency to the procurement workload.
8. Training has been delivered to all members of the team as to how to use the Handbook. Particular focus has been given to the tender evaluation and moderation elements, as these are where the highest risk in a tender process sits.
9. The new structure, using specialist Category Managers acting as Business Partners to the various Directorates, ensures deep category knowledge and expertise is present in the team, and they are best able to advise as to market direction and best practice, including contracts and structures sitting in other local authorities.
10. As the Director of Law & Governance advised at the last meeting of the Committee on 17 November, there have been no successful challenges since 2019. There have however been several tenders which have involved the exchange of letters with suppliers, notably the Living Well At Home Tender. These were resolved successfully for the Council due to the structure and rigour of the tendering process, which was managed successfully by Procurement.
11. It should be noted that these exchanges of letters will become more prevalent in the future, as tender values increase and the consequences of loss of business increase for the suppliers.

Future Changes and Development for Procurement

12. Following Brexit, there has been an opportunity for the Procurement Contract Regulations (2015) to be reviewed to ensure that they are still relevant for a post Brexit UK. Whilst the events of the last few years have delayed the finalisation of these recommendations, it is anticipated that the revised regulations will be issued in Spring 2023. Once these are issued, the Procurement team will be trained in any changes to ensure that they are able to run tenders compliantly and with minimal risk to the Council.
13. The Social Value Policy has been developed by Procurement to ensure compliance with the law in 2022. This will be presented at Cabinet in February for review by members before it is implemented across all relevant tenders from April 2022.

Financial Implications

14. Now that the transformation process is complete, there are no further financial implications for the Procurement Hub. As permanent officers are recruited to replace agency staff, the budget has become more stable.

Legal Implications

15. There are no immediate legal implications arising from this report.
16. With the additional measures developed by the Procurement Hub as a result of the transformation, future tenders should be compliant with the Procurement Contract Regulations 2016 (and future post Brexit legislation) and should minimise the risk of future additional legal costs through procurement challenge.

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Background papers: Annex 1 – Procurement Action Plan

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