

Resources and Equality Scrutiny Panel Meeting

Thursday, 13 October 2022

Dear Councillor

RESOURCES AND EQUALITY SCRUTINY PANEL - THURSDAY, 13TH OCTOBER, 2022

I am now able to enclose, for consideration at next Thursday, 13th October, 2022 meeting of the Resources and Equality Scrutiny Panel, the following reports that were unavailable when the agenda was printed.

Agenda No	Item
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9	<u>Contract Management and Procurement Update</u> - supplement(Pages 3 - 52)
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[John Thompson, Head of Procurement ,and Parvinder Uppal, Head of Commercial,to present report]

If you have any queries about this meeting, please contact the Scrutiny team:

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Contract Management and Procurement Update

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13 October 2022

Agenda Item No: 9

Presenters:

John Thompson
Head of Procurement

Parvinder Uppal
Head of Commercial

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Contents

- Current Legislative position
- Update on our key workstreams
 - Wolverhampton Pound
 - Contract management project
 - Benchmarking
 - Systems improvements

Procurement Bill Background

- The government released the Procurement Bill 2022 into Parliament on 12 May 2022.
- The Bill sets out the government's vision for a more effective public procurement regime following on from the Green Paper on procurement reform and the consultation response issued in December 2021.
- The Bill will now pass through the Parliamentary process before its expected implementation in early 2023, there will be a 6 month transition period.

Procurement Bill What Is Changing?

- Far more discretion in the design of processes, this will allow for greater flexibility on how we run tenders.
- The Bill enhances the requirement to deliver value for money, maximise public benefit, sharing information and acting with integrity.
- Enhances the requirement for better contract management, officer skills and reporting of supplier performance. The legislation is reinforcing the need for good contract management, skilled officers and clearer reporting.

Procurement Bill What Is Changing?

- Provides a discretionary ground to exclude suppliers for serious poor performance where this has led to early termination, payment of damages or similar.
- Pipeline Notice – the Council is required to publish an annual notice no later than 56 days following the first day of the relevant financial year. This is discussed further under the Wolverhampton Pound.

Procurement Bill Resources

- The new Bill supports a number of key workstreams that are already being developed, however these changes will require significant resource to implement which will include:
 - Review of the Bill by the Head of Procurement supported by senior members of the Procurement team and where applicable Audit and Legal Teams
 - Making required changes to the internal governance process within the constitution
 - Making required changes to the operational processes within the Procurement team
 - Training Procurement team on new legislative requirements.
 - Training internal stakeholders on new processes
- The will require an interim resource ask for a project team to support the Head of Procurement

Wolverhampton Pound

- Recommendations already completed:
 - Application of market forces for Procurement Business partner roles and successfully recruited to 2 vacancies
 - Repayment of fees for professional qualifications – 2 Procurement managers will be starting courses shortly
 - Development of a landing site for Procurement roles (<https://www.wolverhampton.gov.uk/jobs-and-careers/recruitment-procurement>)
 - Publication and ongoing updates for the procurement pipeline – the Council came first in our cohort on the CCIAF evaluation for pipeline planning which will be discussed further in the slide deck
 - Now moving away from utilising framework agreements where possible to offer opportunities in open competition to support the local supply chain.
 - All quotes between £10,000 and £75,000 are now sent to at least 2 local suppliers, if available within Wolverhampton if not the wider combined authority.

Wolverhampton Pound

- Recommendations requiring further work:
 - Collaboration with the University on engaging students around careers in Procurement and if there is an opportunity for the University to provide professional training for the Chartered Institute of Procurement and Supply.
 - Ongoing work to look at how balancing risk more evenly between the Council and suppliers, being facilitated by internal audit.
 - Ongoing work to look at how we can reduce bureaucracy in the Procurement processes
 - A job description for the Head of Wolverhampton Pound has now been created and will be advertised in October

Wolverhampton Pound

- Anchor Network
 - Further meeting setup with the Head of Procurement at the University to look at collaboration
 - Discussions are continuing to align our ways of working and explore with relevant officers across the anchor network to support a more collaborative approach.

Wolverhampton Pound

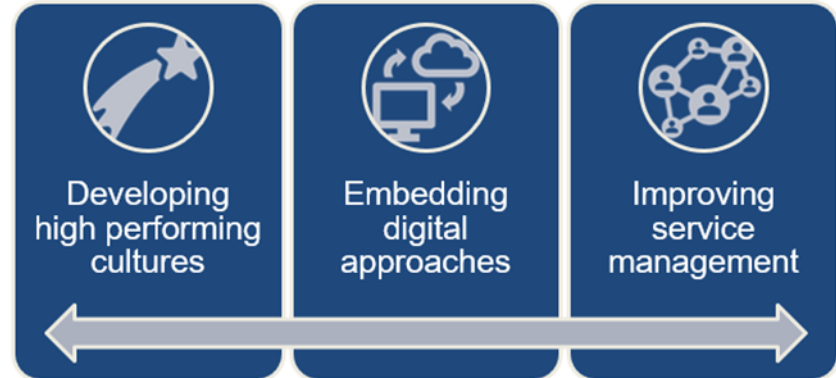
- Procurement Recruitment
 - 2 Procurement Buyer posts have just been filled as part of our grow our own approach one was previously a graduate trainee, previous buyer has now been promoted to Procurement Manager
 - 2 out of the 3 Procurement Business Partner vacancies (IT and Social Care) have been filled, one is an internal and one is an external candidate
 - Procurement Business Partner Construction remains a significant challenge to fill even with the market forces supplement, we are currently investigating new approaches to this.
 - A number of Procurement manager vacancies will be advertised shortly along with an apprentice role which will be initially reserved for care leavers as part of our corporate parenting approach.

Wolverhampton Pound

- Training
 - All team members have the opportunity to obtain the relevant Procurement professional qualifications if they so desire and this is directly linked to opportunities for promotion within the team. The Council came third in our cohort for our procurement training offer on the CCIAF assessment.
 - Both newly appointed buyers are now starting a level 4 Procurement qualification
 - 2 Procurement managers will be shortly commencing level 5 and 6 Procurement qualification.

Contract Management Project objectives

- Legal Framework:
 - New Procurement Bill
- Strategic level:
 - Council Plan
 - Wolverhampton Pound
 - MTFS
 - Social Value Strategy
 - Sustainability Framework
 - Equalities Framework
- Officer level:
 - Improving capability through skills and knowledge



Project areas

- **Training**
 - Mandatory Foundation Training
 - 176 officers for their role
 - 69% completed training (end of September)
 - Practitioner Level
 - 10 places funded through DLUC and CCS
- **Framework and Toolkit**
 - Developing templates

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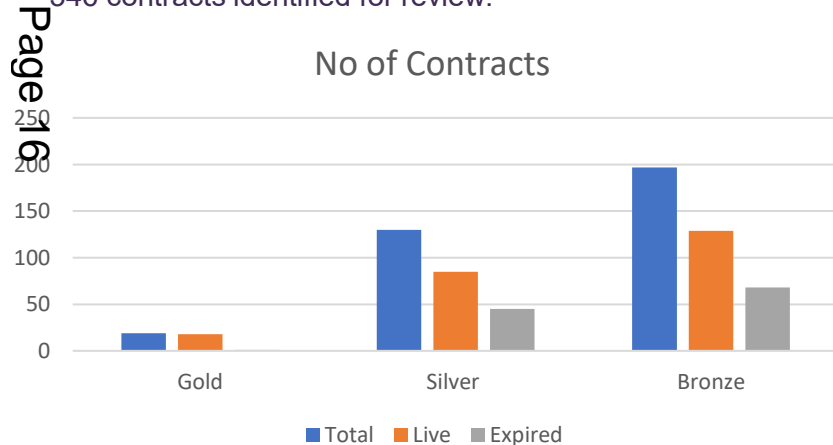


Contracts Review – Contract Lifecycle Management Review

Current Status

- Commenced with contracts identified as Live in the contracts database.

- 346 contracts identified for review.



- Categorisation - Gold / Silver / Bronze categories currently determined by value only.
- Deeper Dive Contract Review and discussions with Contract Managers underway

Initial Findings

- Mixed approach
- bespoke and targeted training
- System will improve visibility, data, contribute to performance management
- Clearer contract structure
- Need to add greater focus & performance management around Social Value & Modern Slavery, climate change and Equalities

Legal Update

- Reviewing terms and conditions (legal documents) as they need to be clearer.

HR Update

- Job Descriptions are being updated to reflect contract management responsibility.

Key synergies

- Procurement Bill
- Social Value Framework
- Equalities monitoring
- Sustainability Framework
- Commercial Continuous Improvement Assessment Framework (CCIAF)

Systems Update

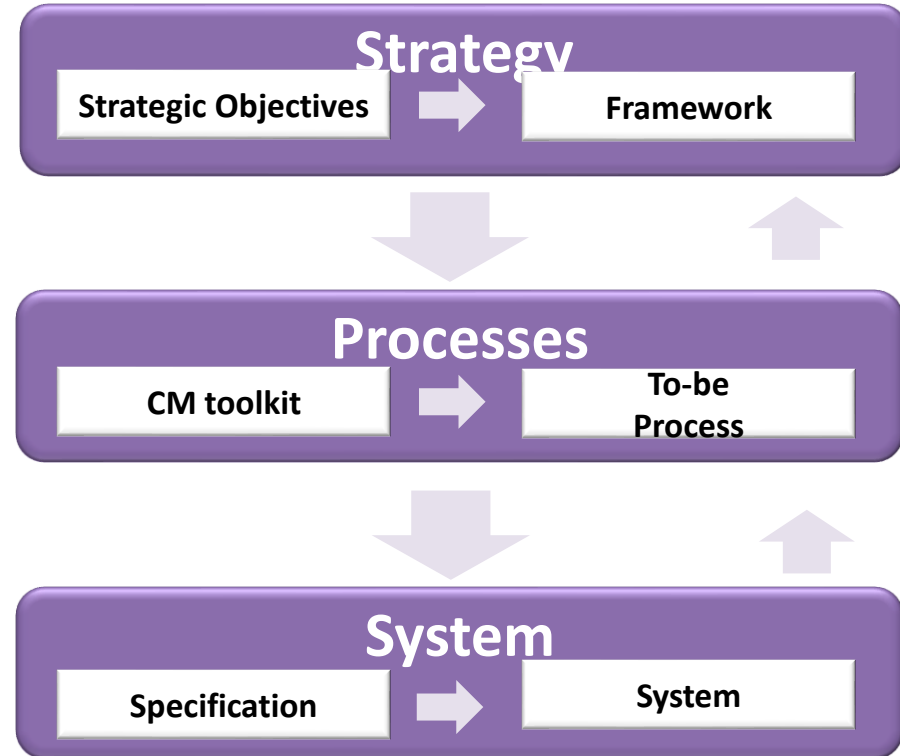
- System procurement process is ongoing
- Developing “To-Be” / Future state
- Collating functionality requirements and prioritising

Which will help to:

- Page 18
- Inform To-Be
 - Ensure system alignment to needs / benefits
 - Conduct gap analysis when product selected
 - Inform the implementation approach
 - Configuration approach
 - Test plan / Success criteria
 - Roles and responsibilities

Next Steps

- Procurement Bill



Background to Commercial Standards and Continuous Improvement Framework (CCIAF)

- A new co-designed Public Sector CCIAF adopting an agreed common standard and benchmarking framework.
- Enhanced peer review offer to share best practice and compare cross public sector performance to inform targeted investment decision making.
- Delivery of best in class Masterclasses accessible free of charge to the whole public sector procurement community.
- Increased capability, capacity and uplifting the Procurement Profession.

What is CCIAF?

Contracting authorities self assess against 9 themes on a defined four level maturity scale ('Developing', 'Good', 'Better' and 'Best') and are then peer reviewed

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Themes

- Functional strategy, planning and governance
- Capability and Resourcing
- Pre-procurement
- Procurement and contracting
- Contract management
- Managing categories and supplier relations
- Commercial systems and information
- Policy

Findings

	Overall Rating	Overall Score	Average
Theme 1 - Commercial Strategy, Planning and Governance	Better	82%	65%
Theme 2: Commercial Capability and Resourcing	Better	78%	65%
Theme 3 -Commercial Lifecycle Define: pre-procurement	Good	53%	65%
Theme 4 - Commercial Lifecycle Procure: procurement and contracting	Good	66%	65%
Theme 5 - Commercial Lifecycle Manage: contract management	Good	65%	65%
Theme 6 - Managing Categories, Markets and Supplier Relations	Good	40%	65%
Theme 7 - Commercial systems, reporting and information	Better	70%	65%
Theme 8 - Policy	Good	51%	65%
Overall Average:	Good	65%	

Theme 8 - Policy

- Social Value Strategy and Framework are currently being developed.
- New procurement strategy and sustainability framework have been developed.
- These documents will be brought forward for approval.

Next Steps

- We are currently identifying measures that will support the uplift of Theme 3 and 6.

Planning Cycle

- Ongoing continuous improvement until 2027
- 2 opportunities to re-baseline following rounds of continuous improvement

Systems procurement

- Identified need for holistic E Procurement and Contract Management system
- Went to open market – no suitable bids were received
- Currently reviewing options open to the Council and will take appropriate action once the review is complete

Further systems in development

- Forms and Dashboards
 - New electronic exemption form live and in use
 - New starting a procurement form currently being developed
 - Procurement dashboard ongoing development

Team Update Systems



Procurement Dashboard

Last Refreshed:
03/10/2022 03:31:10

Click to view page:

- Select Report Filter(s)
- Transaction Breakdown
- Spend by Directorate/Service/Supplier
- Spend Summary
- Trend
- Contracted / Non-contracted Spend
- Local Spend Summary
- Local Spend Detail
- Contracts Register
- Spend by Contract Code
- All Requisitions *TEST*
- Rejected Requisition Reasons *TEST*
- CWC Non-compliance *TEST*
- Requisitions Summary *TEST*

Supporting EDI

- EDI Framework
 - New approach to how EDI is assessed for Procurement activity, with a framework to support commissioners to develop their EDI ask in contracts.
 - Monitored through the contract management process.
 - Working closely with various provider forums to support with procurement activity.

Procurement Bill – Supplementary information

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Procurement Bill What Is Changing?

- Amendments to ongoing tender processes will require a modification notice to be published explaining the reasons for the amendment
- The Council will need to notify the Government of any suppliers that are excluded from tender processes within 30 days

Procurement Bill Notices

- Preliminary Market Engagement Notice - This need only set out that the Council intends to conduct preliminary market engagement.
- Procurement Termination Notice - Procurement Termination Notice if it decides not to award the contract; but only if it has previously published either a Tender Notice or a Transparency Notice (see below) beforehand

Procurement Bill Frameworks

- A framework term may not exceed 4 years however the Bill does state this can be extended to 8 years however further guidance is required.

Procurement Bill Dynamic Markets

- The Dynamic Purchasing Systems (DPS) which exist under the current regime are fully electronic systems which can be used for commonly used, commodity type purchases.
- Under the Bill, DPSs have been expanded into “Dynamic Markets” which can be used for all procurements.

Procurement Bill Modifications

- For modifications required due to the materialisation of a “known risk”
- For modifications to allow the contract to be awarded directly (due to urgency and the need to protect life).
- Substantial modifications are now defined:
 - increase or decrease of the term by more than 10% of the maximum term provided
 - for at award; and/or
 - changes overall nature or scope; and/or
 - materially changes the economic balance in favour of the supplier.

Procurement Bill Direct Awards

- The Direct Award current covered in Regulation 32 and now in Chapter 3 and Schedule 5, and include:
- Direct award in special cases
- Direct award to protect life, etc
- Switching to direct award

Procurement Bill Below-threshold Contracts

- The thresholds to publish notices are increased slightly to £30,000 for the Council (currently £25,000).
- A new concept of a “below-threshold tender notice” is introduced, and it is not clear whether this will continue to be published to Contracts Finder or whether instead to FTS.

Procurement Bill Open Data Contracting Standard (ODCS)

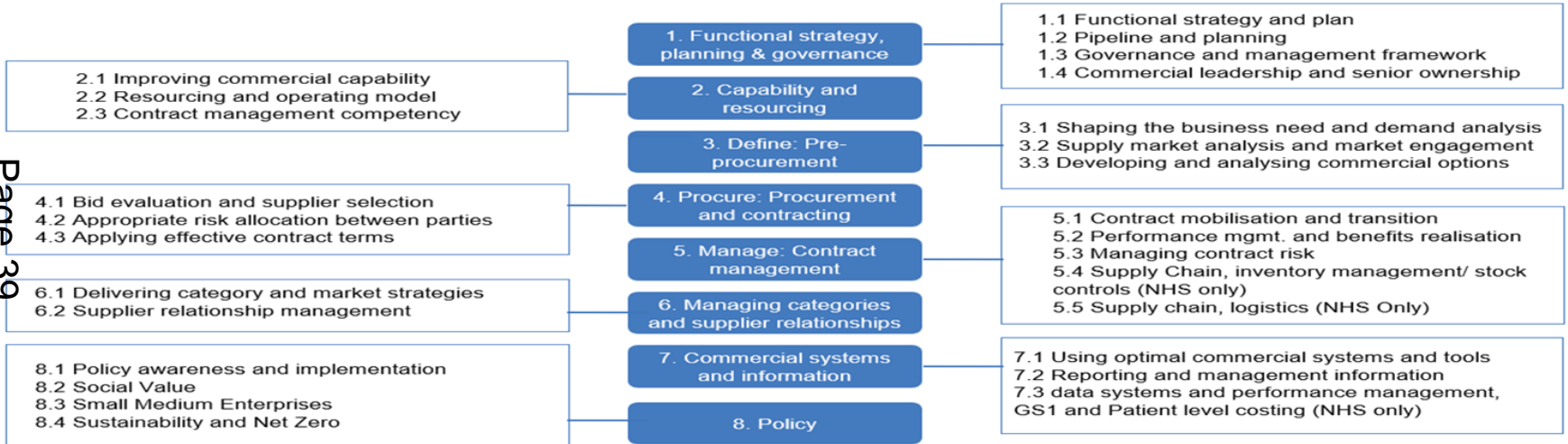
- Explanatory notes recognise the challenge of information being published in multiple locations and suggests that the Bill may try to address this. It is not clear whether adoption of the ODCS has been dropped for the moment.

CCIAF – Supplementary information

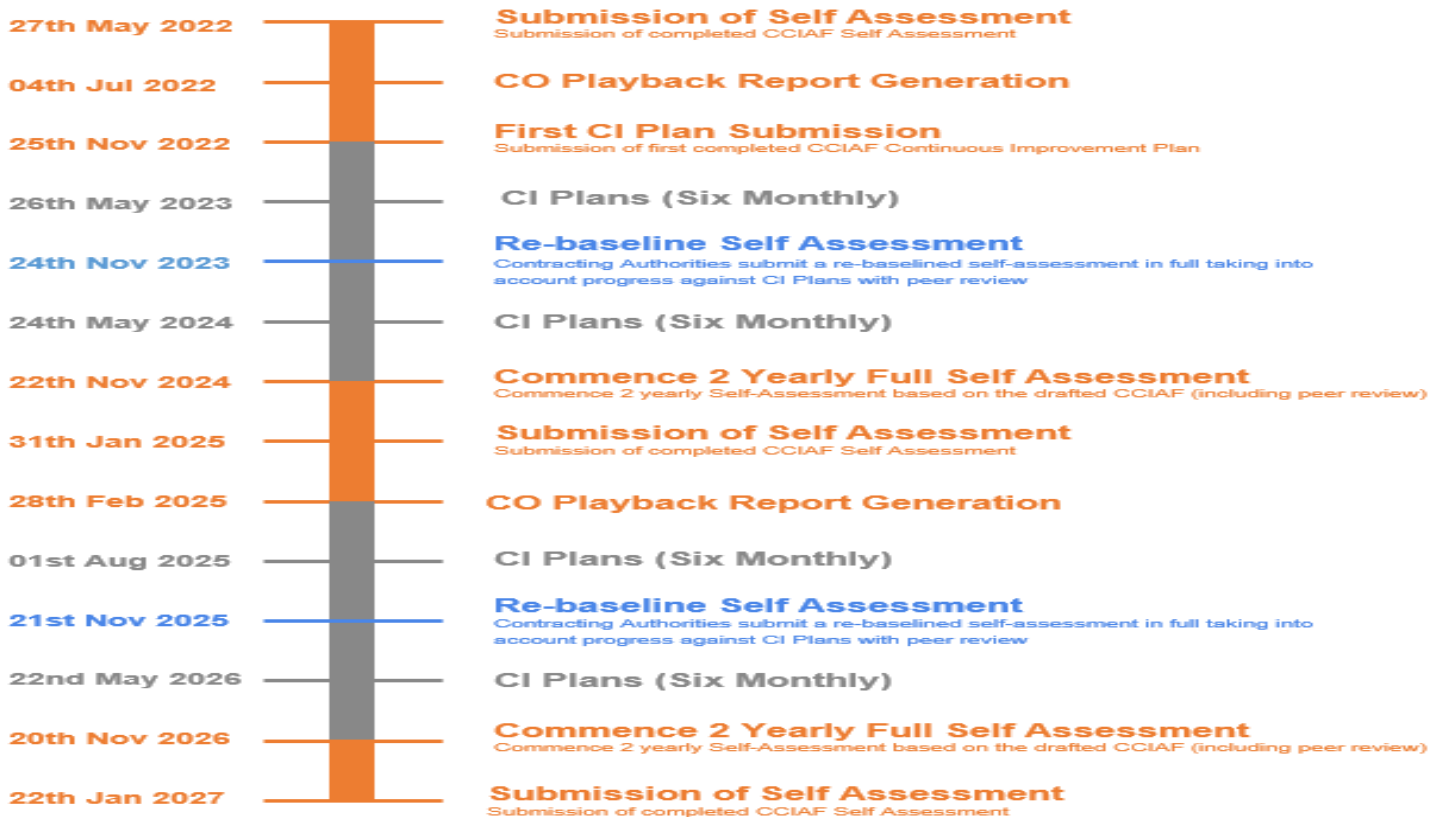
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CCIAF – further detail

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Planning Cycle



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Select committee Recommendations and Actions:

October 2022

No	Recommendation	Responsible Officer	Progress update	End Date	Status
1	That the Council enter dialogue with the University in relation to identifying any students nearing the end of their studies who may be interested in a role in procurement.	Head of Procurement	Initial priority has been given to recommendation 3, following which discussions will be held regarding future cohorts of students.	January 2023	
2	That opportunities be considered in relation to engaging with partners to utilise their skills and resources in areas such as procurement to help deliver major capital schemes.	Director of Regeneration / Head of Procurement	Conversations have been held with Procurement leads in Wolverhampton anchor network (WAN). Discussions have also been held with regional Procurement Leads. Synergies across the organisations have been discussed seeking to identify potential opportunities.	Ongoing	
3	That the Council enter dialogue with the University, College and other local providers, in relation to providing the Chartered Institute of Procurement and Supply Diploma qualification	Head of Procurement	Discussions have been held with the University and the University is having discussions about the potential of offering CIPS training. A follow up meeting will be arranged with the University.	November	
4	That the Council investigate using market forces supplements in the short term to recruit to the more senior posts whilst at the same time ensuring that clear succession planning is in place by continuing to develop our own	Head of Procurement	Market forces have been signed off by the Pay Strategy Board and were implemented in recent recruitment.	Delivered	

Select committee Recommendations and Actions:

October 2022

	staff through the apprentice and procurement buyers posts and the Diploma.				
5	That a clause be added when a qualification is undertaken and funded by the Council, that should the employee leave within a certain amount of time after studying, that all or part of the fee for the course be reimbursed.	Head of Procurement	A process has been signed off for compliance with Legal Services and HR.	Delivered	
6	That when advertising for procurement roles, the Council go beyond the normal compensation package. This should also include highlighting the less tangible elements that make working for the City of Wolverhampton Council special and using the website to highlight and promote this.	Head of Procurement	A landing site has been developed. The landing site can be found here: www.wolverhampton.gov.uk/jobs-and-careers/recruitment-procurement	Delivered	

Select committee Recommendations and Actions:

October 2022

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7	<p>That to provide coordination and consistency of approach across all departments, that a new post be created to lead on the implementation of the Wolverhampton Pound initiative and to ensure that the operational objectives of the Wolverhampton Pound are fully recognised and embedded in the day-to-day work of the Council moving forwards.</p>	<p>Director of Finance</p>	<p>A job description has been developed for the Head of Wolverhampton Pound and recruitment will commence in October.</p> <p>The ongoing review of the Procurement Pipeline and contract reviews being undertaken through the Contract Management Project are helping to embed the Wolverhampton Pound Approach. It can be seen, through recent procurement reports, that progress has been made to embed the approach.</p> <p>This work has informed thinking about how the new resource can best add value to the organisation.</p> <p>Once person has been appointed a work plan will be developed with the officer to implement the objectives to further drive and embed Wolverhampton Pound in the Council and with the Anchor Network.</p> <p>The Anchor Network have agreed to co-fund a co-ordinator post for the network to help to ensure that we continue to make progress on all three workstreams of procurement, workforce and assets.</p>	<p>January 2023</p>	
8	<p>That the Procurement Pipeline be kept under review and monitored on a regular basis through the relevant scrutiny panels.</p>	<p>Head of Procurement</p>	<p>A mechanism has been developed with Strategic finance to imbed the procurement pipeline in financial monitoring practices Attendance at leadership teams is now established.</p> <p>The Procurement Team are monitoring Starting Procurement Forms to ensure they align with the procurement pipeline.</p> <p>The procurement pipeline is now being utilised to inform budget and MTFS planning.</p>	<p>Ongoing</p>	

Select committee Recommendations and Actions:

October 2022

			<p>The pipeline will be brought to Scrutiny Panels as part of the combined performance and budget reports. The team will continue to monitor the pipeline and work with service areas.</p> <p>New practices will be continually reviewed to ensure that they are having the required outcomes.</p>		
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 46 9</p>	<p>That when the Pipeline is published, at least three upcoming contracts be identified to be used as pilots for the new approaches to procurement and the Wolverhampton Pound and that a report in relation to these and the ongoing management of the contracts be monitored through the scrutiny process.</p>	<p>Head of Procurement and Head of Commercial</p>	<p>This recommendation has been aligned with the contract management project, i.e. contract reviews and upcoming procurements.</p> <p>Contracts will be identified, and Key Performance Indicators will be developed for monitoring and reporting.</p> <p>Processes will be continued to be further develop and reviewed.</p>	<p>September 2023</p>	
<p>10</p>	<p>That any social value and ethical priorities relating to procurement link to the Our City: Our Plan and that there be a refresh of the Council social value strategy.</p>	<p>Head of Procurement and Head of Commercial</p>	<p>The Strategy and Framework are in development which links in with the Sustainability Framework and Procurement Strategy which have also been updated.</p> <p>Once finalised, approval will be obtained through the governance process.</p>	<p>December 2022</p>	

Select committee Recommendations and Actions:

October 2022

11	<p>The Committee suggest that a working group be set up to investigate and balance areas of risk in relation to the procurement process and where processes might be streamlined and areas such as liability insurance reduced. The working group should include representatives from legal, procurement, audit and risk and governance.</p>	<p>Head of Procurement / Head of Audit</p>	<p>Representatives from the organisation have been identified, these are Internal Audit Business Partner, Head of Procurement, Lead Lawyer, Head of Governance, Head of Commercial. Representatives from various teams will be asked to participate when required.</p> <p>The process is being led by Internal Audit.</p> <p>An initial review will be undertaken however it is recognised that a further review may be required when the outcome of legislative changes are understood.</p>	<p>December 2022 for the initial review to be completed</p>	
12	<p>That a structured and consistent approach is developed in relation to pre procurement supplier engagement.</p>	<p>Head of Procurement</p>	<p>The Pipeline has been published in accordance with the requirements.</p> <p>In order to improve consistency and a structured approach electronic documentation is in development for engagement, soft market tests and Prior Information Notices (PINs).</p> <p>The new documents will be launched with training and advice being given to users.</p>	<p>Awaiting final Procurement Bill circa January 23, as a number of changes are expected relating to pre-procurement activity</p>	
13	<p>That there be mandatory training for all contract managers included as part of their induction process.</p>	<p>Head of Commercial</p>	<p>Contract management training is now mandatory. The training identified through the Government Commercial College has been rolled out.</p> <p>Feedback is being gathered to inform future tailored training.</p>	<p>April 2023</p>	

Select committee Recommendations and Actions:

October 2022

			Training uptake statistics are being shared with the organisation. Conversations are being held with Organisational Development to discuss how appropriate training can be incorporated in the induction process for relevant officers.		
14 Page 48	That moving forward, training is developed in-house in relation to procurement and contract management and includes references to the Our City: Our Plan, Vision 2030, the Wolverhampton Pound, Relighting our City and the Social Value Framework.	Head of Commercial	Currently collating contract management topics following contract reviews and feedback from training undertaken. Several officers are undertaking Practitioner Level training, these officers will be contract management champions to support services. Future training topics and formats will be developed in conjunction with Organisational Development to support strategies.	September 2023	
15	That regular reports be provided to the Our Council Scrutiny Panel to include: <ul style="list-style-type: none"> • how and where social value is being achieved and measured, • figures in relation to how we are retaining increased economic wealth • information on new job creation • how we are ensuring value for money throughout the procurement and contract management process 	Director of Finance	It was anticipated that the new systems for E-tendering and contract management would provide a mechanism to record and report on all aspects of contract performance including social value. However, the initial tender exercise was unsuccessful. Until such time as a new contract management system is in place it is necessary to establish an interim solution to bring several different data sources together to enable corporate reporting. The Digital and Data and Analytics Teams are supporting the system procurement and will also help to develop an interim solution.	End of 2023	

Select committee Recommendations and Actions:

October 2022

	<ul style="list-style-type: none"> • updates on training for contract and service managers • successes to be celebrated 		<p>Processes will be developed to capture data to enable the organisation to report on the identified areas.</p>		
	<p>That a single point of contact for the procurement processes and contract management processes be identified.</p>	<p>Head of Procurement and Head of Commercial</p>	<p>The Procurement and Commercial teams are continuing with the various business engagement forums.</p> <p>The Head of Procurement is investigating resources required to allocate a single point contact, looking at a one Council approach to support local business in conjunction with the Regeneration team. Procurement do have multiple channels for contact including our dedicated webpage on the Councils main website: www.wolverhampton.gov.uk/business/opportunities</p> <p>The Tendering portal www.wolverhamptontenders.com and Twitter page twitter.com/buywolves</p> <p>The procurement pipeline can be found www.wolverhampton.gov.uk/business/opportunities/procurement-</p>	<p>March 2023</p>	

Select committee Recommendations and Actions:

October 2022

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			<p>pipeline and contact details of how to contact Procurement are also available there.</p> <p>The Procurement team have recently supported the meet the supplier event as part of Wolverhampton Business week.</p> <p>The Head of Commercial is investigating resources required to support a single point contact for Contract Management this will be picked up as part of the Contract Management Project.</p> <p>Processes and single point to be agreed once the Head of Wolverhampton Pound is appointed.</p>		
17	That existing application and bureaucratic processes be assessed and where possible, streamlined.	Head of Procurement	Refer to recommendation 11.	December 2022 for the initial review to be completed	
18	That visible leadership be used to promote the Wolverhampton Pound at both councillor level and officer level and that a champion from both areas be appointed to raise awareness and champion the work being done. These champions will provide visible leadership at the highest levels and help to raise the profile of the Wolverhampton Pound to	Director of Finance	This is being incorporated with recommendation 7	January 2023	

Select committee Recommendations and Actions:

October 2022

	<p>local businesses, the VCS and our communities.</p>				
<p>Page 19</p>	<p>That regular reports in relation to the work of the VCS be provided to Scrutiny Board or the All-Councillor briefings to help to raise awareness and support for the organisations.</p>	<p>Deputy Chief Executive</p>	<ul style="list-style-type: none"> SEB will be updated in October regarding the VCS landscape and changes within the sector, following this Scrutiny Board will be updated 	<p>January 2023</p>	
<p>20</p>	<p>That consideration be given as to whether the VCS might have a place on the Anchor Network and that if this is not possible, that processes be put in place to ensure that the VCS is regularly and routinely consulted by the Network.</p>	<p>Deputy Chief Executive</p>	<ul style="list-style-type: none"> A two-year full-time Co-Ordinator role has been established and co-funded by the 5 anchor institutions Ongoing discussions will continue with the VCS including through the Inclusion Board to identify how the VCS will engage and be represented on the Anchor network. 	<p>March 2023</p>	

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