

REPORT TO: Audit and Governance Board

DATE: 28 September 2022

REPORTING OFFICER: Operational Director - Finance

SUBJECT: Procurement – Update Report

PORTFOLIO: Leader

WARD(S): Borough-wide

1.0 PURPOSE OF REPORT

The Audit and Governance Board is responsible for overseeing the Council's procurement arrangements. This report provides members with an update on:

- Procurement activity in 2021/22;
- The progress achieved in delivering the Council's Procurement Strategy;
- An update on the Procurement Bill.

2.0 RECOMMENDATION:

That the report be noted.

3.0 SUPPORTING INFORMATION

Procurement Activity 2021/22

3.1 This report provides a high level overview of the support that the Procurement team provided to the Council and partner organisations across 2021/22.

3.2 During 2021/22, procurement activity returned to more normal levels as the economy started to emerge from the pandemic. Key highlights to note from the year include:

- The Procurement team supported a total of 116 contract awards during 2021/22. Further details of the contracts awarded can be found in Appendix A. Whenever possible the Council utilised national, sectoral, local or regional collaborative contracts and frameworks. This helps to leverage the value of aggregate spend to obtain more favourable pricing and to reduce risk in terms of contract and supplier management. In addition, this approach also serves to reduce the number of resource-intensive tenders that the Procurement team needs to support. This is important as the capacity of the team has reduced significantly since its creation in 2010.
- The Procurement team also supported client departments in taking up 78 pre-approved contract extensions. These apply where a contract is let for a fixed number of years but there is a contractual option to extend the

contract for a further period (or periods). Further details of the contract extensions supported can be found in Appendix B.

- Support was provided to client departments in respect of six direct contract awards over £100k in value where the competition requirements of Procurement Standing Orders were waived by Executive Board.
- Support was also provided in respect of lower value waivers of Procurement Standing Orders where direct awards of contracts were evidenced to be in the best interest of the Council.
- All procurement activity undertaken during 2021/22 was compliant with applicable legislation and the Council's own procurement rules. No challenges to the outcome of any contract awards were received during the year.
- In total, the Council spent over £114m with 1,668 suppliers.
- 85.6% of the suppliers used by the Council were small and medium-sized enterprises (SMEs).
- Over £19m of total expenditure was retained in the borough with 233 Halton-based suppliers. 225 of the local suppliers used were SMEs.

Procurement Strategy

- 3.3 The Council's current Procurement Strategy covers the period 2020-2023. The strategy contains objectives and local goals and builds upon the progress made with the delivery of the previous strategies. Delivery of the strategy supports the continuous improvement and development of the Council's procurement function and therefore assists the achievement of the Council's corporate goals and objectives.
- 3.4 The strategy was developed with reference to The National Procurement Strategy for Local Government in England 2018, and is focused around four themes:
- Showing leadership
 - Behaving commercially
 - Achieving community benefits
 - Governance
- 3.5 The Procurement Team has been working to deliver the action plan and support the aspirations of the strategy. Appendix A provides an update on progress against the planned actions and demonstrates strong progress against all four themes of the strategy.
- 3.6 Key developments to note include:
- The Procurement Team is represented on the Council's Climate Change Group, which is led by the Executive Board member with responsibility for the Climate Change portfolio. The group is exploring how the Council's

procurement activity can play a key role in reducing carbon emissions and achieving net-zero by 2040.

- Training on the Council's procurement arrangements is now being delivered to managers across the Council through the managers training programme. This will help to raise awareness and reinforce compliance with the Council's procurement rules.
- Halton continues to play a lead role across LCR and has led on collaborative procurements such as the agency contract and the framework for the provision of childrens residential and foster care placements. The Council is also providing support to the LCR workstream that is looking to agree and implement a capped collaborative rate for Children's Social Workers across the region.
- Collaboration through the LCR Procurement workstream is continuing with St Helens Council taking over the role of Chair for 2022/23. Terms of reference for the group are to be updated and a new forward plan is being agreed for the year.
- Procurement Standing Orders were recently updated to provide greater flexibility in regard to low value spend. The requirement to advertise opportunities less than £25k in value on The Chest has been removed. This provides the opportunity for spending departments to seek quotations from businesses that may not be registered on The Chest. It will make doing business with the Council easier and should help to increase spend with local businesses, which will bring wider benefits to the borough.
- Further development of the Council's bespoke procurement system has taken place. The system provides automated workflow and full visibility for all waiver and extension requests and assists contract management by ensuring that evidence is held to confirm that suppliers are complying with contractual requirements in terms of insurance, safeguarding and information governance. The system also provides visibility of future pipeline opportunities that will require pre-procurement support to assist spending departments identify the best route to market.
- The Council continues to generate an income from its procurement and associated invoice payment processes. In 2021/22, approximately £50k was generated through the Council's Early Payment Scheme and a further £76k from the Council's corporate card programme, which generates a rebate income calculated on the value of payments made using corporate credit and procurement cards. Further growth in income is anticipated in 2022/23.
- A restructure of the Procurement team is now in its final stages with the new structure being implemented on 1 October 2022. This will then present the opportunity to restore some capacity to the team through making appointments to vacant posts.

Procurement Bill

- 3.7 On 25 May 2022 the Procurement Bill (the "Bill") had its second reading in the House of Lords. The Bill follows on from the December 2020 Green Paper on Transforming Public Procurement and the response to the consultation on the Green Paper, published in December 2021.
- 3.8 The purpose of the Bill is to reform the UK's public procurement regime following its exit from the European Union. It will enshrine the objectives of public procurement in law, including delivering value for money, maximising public benefit, and acting, and being seen to act, with integrity. The Bill will also require public sector buyers to have regard to the Government's strategic priorities for public procurement, as set out in the National Procurement Policy Statement.
- 3.9 The Bill is a lengthy and technical document but some of the key points to note are summarised below:
- The Bill aims to establish a single legal framework for the award of public contracts, utilities contracts, concession contracts, and defence and security contracts by contracting authorities.
 - Many of the features of the new regime will be substantially the same as the current regime, but a number of significant changes are proposed.
 - Contracting authorities will be subject to broader transparency obligations under the new regime, which should mean that it will be easier to find out information about planned and completed procurements.
 - Contracting authorities will also have enhanced powers to exclude suppliers from procurements with key changes including: the introduction of a central list of debarred suppliers and broader rights to exclude suppliers for prior poor performance (including failure to meet KPIs).
 - A single digital platform for suppliers is to be established which will allow them to register their details that can be used for all bids and will allow them to see all opportunities in once place. This is intended to make it easier to do business with the public sector and to help accelerate spending with SMEs.
- 3.10 The Bill is currently at the Committee Stage in the House of Lords and some refinement of its key provisions are expected.
- 3.11 It is estimated the Bill will come into force during 2023 and there will be a six month notice period before the Bill is implemented. Until this point, the Council's procurement arrangements will continue to be governed by existing procurement regime remains in place, i.e. the Public Contracts Regulations 2015.
- 3.12 It is important to note that the new legal framework will only apply to the Council's procurement which is above the following thresholds:

| Contract Type | Threshold from 1 January 2022 |
|-------------------------------|--------------------------------------|
| Public Works Contract | £5,336,937 |
| Supplies and Services | £213,477 |
| 'Light Touch Regime' Services | £663,540 |

3.13 The majority of the Council's procurement activity falls below these thresholds. As such it will be unaffected by the forthcoming changes and will continue to be governed by the Council's Procurement Standing Orders.

4.0 POLICY, FINANCIAL AND OTHER IMPLICATIONS

4.1 Effective procurement practice helps to reduce the costs associated with undertaking procurement. It can also help to realise financial savings from more robust procurement activity. As such, effective procurement forms a key element of the Council's Medium Term Financial Strategy.

4.2 There are no other financial or policy implications arising directly from this report.

5.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

5.1 Children and Young People in Halton

Effective procurement practice helps to deliver a better use of resources and thereby contributes to the delivery of all the Council's priorities.

5.2 Employment, Learning and Skills in Halton

See 5.1 above

5.3 A Healthy Halton

See 5.1 above

5.4 A Safer Halton

See 5.1 above

5.5 Halton's Urban Renewal

See 5.1 above

6.0 RISK ANALYSIS

6.1 There are no risks resulting directly from this report. However, the adoption of robust procurement practice protects the Council from challenges to its procurement activities and helps to secure value for money.

7.0 EQUALITY AND DIVERSITY ISSUES

7.1 None

8.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

There are no background papers under the meaning of the Act.