

## **Finance Sub-Committee**

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<b>Date of Meeting:</b>	1 <sup>st</sup> September 2021
<b>Report Title:</b>	Procurement Pipeline
<b>Report of:</b>	Alex Thompson: Director of Finance and Customer Services
<b>Report Reference No:</b>	FSC/06/21-22
<b>Ward(s) Affected:</b>	All

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### **1. Executive Summary**

- 1.1.** The purpose of this report is to provide an update to the Finance Sub Committee of the pipeline of procurement activity up to April 2024, (for all known re-procurements), provide an update on the Contract Management System (Atamis), confirm the contracts awarded by the Council since April 2021 and to review the future reporting of contract Waivers to the Committee.
- 1.2.** This report supports the Council being open and working transparently with its residents, businesses and partners
  - 1.2.1.** **Ensuring that there is transparency in all aspects of Council decision making** (page 3 and 13 Corporate Plan 2021 to 2025) by publishing a pipeline of procurement activity and contracts awarded on the Councils Open Data.
  - 1.2.2.** **Ensuring that there is transparency in all aspects of Council decision making** (page 3 and 13 Corporate Plan 2021 to 2025) by implementing a contract management system to provide greater governance and transparency in the way the council manages its contracts.
  - 1.2.3.** **Support a sustainable financial future for the council, through service development, improvement and transformation** (page 3 and 13 Corporate Plan 2021 to 2025) by improving the visibility of contracts ensuring that outcomes are met or exceeded, contract

and supply chain risk is managed, and efficiency savings are secured.

## **2. Recommendations**

### **2.1. That the Finance Sub Committee.**

- 2.1.1.** Note the procurement pipeline of work and identify significant procurement for further review.
- 2.1.2.** Note the update on the Contract Management System and the improvements it will bring.
- 2.1.3.** Note the contracts awarded by the Council since April 2021.
- 2.1.4.** Approve that Waivers to Contract Procedure Rules will be reported to the Finance Sub Committee as part of their responsibility for oversight of the procurement process.

## **3. Reasons for Recommendations**

- 3.1.** The Committee has responsibility for oversight of the procurement. Procurement is the process of acquiring goods, works or services from third parties including wholly owned subsidiary bodies of the Council. The process spans the whole commissioning cycle and is generally covered by the Public Contract Regulations 2015 (PCR's) 2015.
- 3.2.** Oversight is important as in a normal operating year the Council spends more than £350m annually with external parties which need to be procured in accordance with the PCR's 2015 ensuring value for money and that the Councils Social Value principles and objectives are achieved.
- 3.3.** To ensure compliance with the PCR's, the Constitution and the Commissioning Framework a procurement pipeline of work is maintained that the Committee should review as part of their responsibilities. This is attached at appendix A.
- 3.4.** The contract procedure rules set out the necessary controls that are used to manage related spending. There are occasions where it is appropriate to waive these rules with the proper authority. It will be helpful for the sub-committee to have sight of occasions where this has taken place to support the responsibility for oversight of the pipeline. This approach enhances overall controls, but it must also be noted that the Audit & Governance Committee maintains an assurance role which currently involves review of waivers and non-adherence to contract procedure rules.
- 3.5.** A contract management system will provide a platform to ensure good contract governance and transparency. Contract Management is decentralised within the Council with each service responsible for its contracts and budgets. There is currently no central system for reporting

contract performance across the council and therefore no mechanism for reporting savings, benefits, outcomes, improvements, risks and issues.

- 3.6. To ensure the Council complies with the Local Government Transparency Agenda all contracts awarded are published on the Councils transparency pages on the website. Appendix B provides a list of contracts awarded since April 2021. It is important for members to recognise and oversee this process.

#### **4. Other Options Considered**

- 4.1. The option of not preparing a pipeline of work and publishing contracts would mean that the Council fail to comply with legislation and transparency. The Council would also fail to procure contracts in a timely manner which could lead to service failure.

#### **5. Background**

- 5.1. It is important for the Council to ensure proper oversight of procurement activity. Following the implementation of the Committee system, Key Decisions have been replaced within the Constitution by “Significant Decisions” which are not defined by value. This allows a wider scope for overview.
- 5.2. The procurement pipeline provides a list of all the Councils scheduled procurement activity up to April 2024. The Committee should be reassured that significant decisions are well managed and therefore consider reviewing important or valuable contracts.
- 5.3. Contract Management is decentralised within the Council with each service responsible for its contracts and budgets. There is no central system, so the majority of processes are either paper based or on a sharepoint site with no overall visibility across the Council.
- 5.4. The Procurement team keep a central Contracts Register which is a static sharepoint list and includes the Councils contracts. It is limited in its capacity to provide strategic oversight or detailed management information.
- 5.5. Contract Management is an essential part of any organisation. During October 2020 the Council procured a new Contract Lifecycle Management System (CLMS) called Atamis. Atamis is a cloud-based software supporting the commissioning, procurement and contract management lifecycle and is used by several public and private sector companies.
- 5.6. The benefit of the system includes
  - 5.6.1. Automation of the contract process
  - 5.6.2. Increased contract visibility with a central, digital repository allowing optimum compliance and extensive reporting

- 5.6.3. A central portal with audit trails that provide the whole contract history
  - 5.6.4. Automatic alerts to increase contract renewal, compliance, KPI reporting and renewal of policies and certificates
  - 5.6.5. Contract compliance and accountability with all documents, savings and KPI's stored centrally
  - 5.6.6. Improved document management
- 5.7. The system includes four modules, Contract Management, Spend, Supplier Relationship and Pipeline. The Contract Management module is going live in August with the remaining modules to follow over the next couple of months.
- 5.8. The Local Government Transparency Agenda was published in 2015 which details the procurement information local authorities must publish. Cheshire East publishes a monthly spend report which details the previous months spend along with contracts awarded quarterly in arrears. The Council also complies with the PCR's where all contracts above £25k are published and awarded on Contracts Finder and Find a Tender when above the PCR threshold.
- 5.9. The Contract Management System will support further with transparency within Commissioning, Procurement and Contract Management and will support the reforms which are due to the public procurement legislation following the publication of the Green Paper "Transforming Public Procurement" in December 2020.

## **6. Consultation and Engagement**

- 6.1. Consultation and engagement have been undertaken with Cheshire East Council staff who have a role within Commission, Procuring and Contract Managing goods, services or works for the Council.

## **7. Implications**

### **7.1. Legal**

- 7.1.1. The Council 's commercial legal team will work with procurement and seek to ensure that the Council's procurement activity complies with the PCR's and the Council's contract rules; and will look to advise on the appropriate form of contracts to be used.

### **7.2. Finance**

- 7.2.1. The recommendations in this report do not impact on the Council's Medium Term Financial strategy (MTFS) The Corporate Leadership Team (CLT) are reminded that under the Council's Constitution Finance Procedure Rule 2.11; Chapter 3 - Part 4: Section 2, CLT are

responsible for working within their respective budget limits and to utilise resources allocated to them in the most efficient, effective and economic way. The Contract Management System will support with the monitoring of budgets for contracts and ensure the Council achieves value for money and savings within its contracts.

**7.3. Policy**

**7.3.1.** New policies regarding Contract Management and the roles and responsibilities.

**7.4. Equality**

**7.4.1.** N/A

**7.5. Human Resources**

**7.5.1.** Training will be required with the new system and roles and responsibilities defined for Contract Management.

**7.6. Risk Management**

**7.6.1.** Contract and supplier risks and issues will be managed through the new Contract Management System ensuring supply chain risks are monitored and managed appropriately with visibility across the Council.

**7.7. Rural Communities**

**7.7.1.** There are no direct implications for rural communities.

**7.8. Children and Young People/Cared for Children**

**7.8.1.** There are no direct implications for children and young people.

**7.9. Public Health**

**7.9.1.** There are no direct implications for public health

**7.10. Climate Change**

**7.10.1.** Carbon and the environment form part of the Councils Social Value Policy and Framework. How the Council measures the outcomes and performance from the supply chain will be through the Contracts Management Framework.

<b>Access to Information</b>	
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Appendices:	Appendix A spreadsheet Appendix B spreadsheet
Background Papers:	None

### Procurement pipeline of work to April 2024

Directorate	Number of contracts to be procured	Total contract value (including the term)
Corporate	115	£144,268,256.00
Place	42	£31,719,960.00
People – Adults, PH, Communities	35	£661,531,000
People – Children’s	20	£44,109,228.00
<b>Total</b>	<b>212</b>	<b>£ 881,628,444.00</b>

Year	Number of Procurements	Total Procurement Value
2021	74	£133,402,920
2022	99	£114,268,650
2023	33	£446,333,874
Up to April 2024	6	£187,623,000

### Contracts awarded since April 2021

Directorate	Number of contracts awarded	Total contract value
Corporate	34	£3,689,806
People	41	£30,702,034
Place	49	£20,230,548
<b>Total</b>	<b>124</b>	<b>£54,622,388</b>

Data is available on the Cheshire East website, link below.

<https://opendata-cheshireeast.arcgis.com/search?sort=name&tags=contracts%20register>