



Overview and Scrutiny Committee		Agenda Item
24 July 2023		5
Title:	Improvement Framework with a specific focus on Procurement	
Report of:	Angela Probert, Interim Director of Transformation Programme	
Lead Member:	Mayor, Dr Nik Johnson	
Public Report:	Yes	
Key Decision:	No	
Voting Arrangements:	A simple majority of all Members present and voting	

Recommendations:

A	Note the progress against stated areas of improvement identified by the External Auditor in June 2022 and Best Value Notice received in January 2023 as reported to the CA Board on 31 May 2023.
B	Note the development of the Procurement Improvement plan to address identified areas of improvement.

Strategic Objective(s):

The proposals within this report fit under the following strategic objective(s):

x	Achieving ambitious skills and employment opportunities
x	Achieving good growth
x	Increased connectivity
x	Enabling resilient communities
x	Achieving Best Value and High Performance

The identified improvements set out in this report to meet concerns of the External Auditor and Best Value Notice will support the Combined Authority demonstrate its ability to achieve best value and enable the delivery of agreed priorities and objectives.

1. Purpose

1.1	The report updates the Committee on the progress in June against the key concerns and observations identified by the External Auditor in June and October 2022, the Best Value Notice received in January 2023 and DLUHC in February 2023.
1.2	The report also supports the proposed 'deep dive' into the Procurement Improvement plan. The focus for the improvement plan following the PWC report is set out in paragraphs 3.3 to 3.5 and key documents are attached as appendices.

2. Proposal

2.1	This report sets out for the Overview and Scrutiny the progress made on identified areas of improvement. This update will be presented to the Independent Improvement Board meeting on 17 July 2023 and a note from the Chair will be circulated to Overview and Scrutiny members in advance of the meeting scheduled for 24 July.
2.2	Attached as Appendix 1 is the overall Improvement programme highlight report, setting out progress against the key improvement themes (1 – 5) set out in paragraph 3.1. A summary of activity delivered in June is set out in paragraph 2.4 below.
2.3	The Corporate Management Team has assessed overall progress against the improvement plan as ‘Green / Amber’ – (<i>Successful delivery of the improvement theme within timescale appears probable. However, constant attention will be needed to ensure risks do not materialise into issues threatening delivery</i>).
2.4	<p>Set out below are the key deliverables from the Improvement programme highlight report attached as Appendix 1.</p> <p>2.7.1 Governance (Green / Amber)</p> <ul style="list-style-type: none">• Induction sessions have been held for Overview and Scrutiny Committee, Audit and Governance Committee and CA Board members• The revised scrutiny function has been agreed by Overview & Scrutiny Committee• Member training is in place and underway <p>2.7.2 Project delivery (Green / Amber)</p> <ul style="list-style-type: none">• DLUHC engagement has taken place to discuss the Government clearance process for the SAF• Corporate prioritisation proposals taken to Corporate Management Team• Approval thresholds taken to Corporate Management Team for comment <p>2.7.3 Procurement (Green / Amber)</p> <ul style="list-style-type: none">• The PwC recommendations have been accepted• Consideration of the scale and scope of the action plan required to implement the agreed recommendations from the PWC report• Consideration of the resources and governance required to manage and implement the action plan• A detailed stage 2 action plan is being developed <p>2.7.4 Partnerships (Amber)</p> <ul style="list-style-type: none">• The project group has been formed and met for the first time this month.• The terms of reference for the group and project scope have been drafted and an initial Project Plan has been developed.• A review of existing priority partnerships is due to begin w/c 3rd July, which will allow the group to further refine scope and enable more detailed analysis into the appropriateness and effectiveness of various partnerships and working relationships. <p>2.7.5 Culture, Confidence, Capacity (Green / Amber)</p> <ul style="list-style-type: none">• A formal project plan has been developed with key milestones identified and progress against the plan updated.

	<ul style="list-style-type: none"> • Directorate Business Plans drafted and agreed, translated into individual objectives and relayed/discussed during appraisals with over 90% of eligible staff completing these • Leadership values and behaviours drafted into recruitment and selection procedures and documentation • Plan is in place for the Chief Executive's first 100 days • Commenced weekly internal eBulletin from the Chief Executive (CEX) • Third staff conference has taken place, focussing on embedding values and behaviours and meeting the new CEX • Review of third staff survey results, feedback at conference and analysis to inform future plans • Interim staff recruited and commenced to improve internal communications • CA Board Member induction session has taken place promoting values and working together • Training budget (for all training needs) identified and allocated
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3. Background

3.1	<p>The Combined Authority Board meeting in May 2023 agreed the improvement plan to directly address the concerns raised by The External Auditor in June and October 2022, February 2023 and the Best Value Notice received in January 2023:</p> <ol style="list-style-type: none"> 1. Governance and decision making 2. Project Plans and delivery 3. Procurement 4. Partnership working 5. Confidence, culture and capacity <p>And also:</p> <ol style="list-style-type: none"> 6. Improvement plan progress 7. Independent Improvement Board engagement 8. Conclusion of code of conduct investigation and safeguarding of staff
3.2	<p>The Independent Improvement Board (IIB) in May agreed the 'RAG rating' system to report progress against identified areas of activity set out in paragraph 3.1. Activity reported to the IIB on 17 July and in this report uses the agreed RAG to measure progress. The Improvement highlight report and RAG descriptions are set out in Appendix 1.</p>
3.3	<p>Procurement is a key theme of the CPCA Improvement plan and the PWC procurement review attached as Appendix 2 focused on three key areas in order to assess current capability and identify improvements:</p> <ol style="list-style-type: none"> 1. A procurement maturity assessment, a self-assessment against 18 questions; 2. Procurement spend analysis through a review of spend and contracts; and 3. Procurement processes review through interviews with officers and review of documentation.
3.4	<p>The findings attached as Appendix 2 identified:</p> <ol style="list-style-type: none"> 1. A lack of effective governance 2. A lack of centralised guidance for officers 3. No formal coaching or development of procurement capability 4. Uncertainty around contract execution processes
3.5	<p>The report recommended that the CPCA :</p> <ol style="list-style-type: none"> 1. Redesign its Procurement Operating Model (supporting Governance, Op Model, Capability & Capacity and Compliance) 2. Refresh its Contracts Register (supporting Governance and Capability & Capacity):

	<p>3. Revise its Procurement Strategy, Policy & Procedures (supporting Governance, Capability & Capacity, Compliance and Contract Execution)</p> <p>4. Implement procurement & contract management training (supporting Governance, Op Model, Capability & Capacity and Compliance)</p> <p>A high level action plan to address the above findings and recommendations is attached as Appendix 2</p>
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4. Appendices

4.1	Appendix 1- Improvement Highlight report June 2023
4.2	Appendix 2 – PWC report on Procurement
4.3	Appendix 3 – Procurement High level action plan
4.4	Appendix 4 – Procurement policy
4.5	Appendix 5 – Procurement strategy

5. Implications

Financial Implications

5.1	The update has no direct financial consequences, and costs of the programme are being met through the approved Improvement Programme funding. The actions contained in the Improvement Programme are designed to improve Value for Money and Best Value.
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Legal Implications

6.1	<p>The CPCA is required to consider the key areas of concern identified by the External Auditor in June 2022 and in the Best Value Notice received in January. The CPCA Board agreed the Improvement plan in October 2022 and the reframed improvement plan.</p> <p>The Overview and Scrutiny committee is non-executive statutory body. It has the statutory duty to review or scrutinise decisions taken by the Combined Authority, or any other actions as set out in Chapter 14, para 14.2.1 of the Combined Authority Constitution. The Committee may also make reports or recommendations to the Combined Authority Board with regards to the decisions that have been made as set out in Chapter 14, para 14.2.1 (e) of the Combined Authority Constitution.</p> <p>The improvement plan deals with risk management, internal control and corporate governance arrangements of the CPCA.</p> <p>The Local Government Act 1972 requires the Combined Authority to have rules in place about "the manner in which the Combined Authority buys goods or materials, services and works" which shall include "provision for securing competition".</p> <p>As a "Contracting Authority" for the purpose of the Public Contracts Regulations 2015 ("PCR 2015"), the Combined Authority must procure goods, works and services in compliance with those rules.</p> <p>The CPRs meet the legislative requirement under the LGA 1972 and should enable the Combined Authority to meet its best value obligations and procure lawfully.</p>
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Public Health Implications

7.1	None
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Environmental & Climate Change Implications

8.1	None
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Other Significant Implications	
9.1	None
Background Papers	
10.1	Best Value Notice External Auditor Letter