



<b>Combined Authority Board</b>		Agenda Item
<b>26 July 2023</b>		<b>9</b>
Title:	Procurement Review	
Report of:	Nick Bell, Executive Director Resources and Performance	
Lead Member:	Councillor Edna Murphy, Lead Member Governance	
Public Report:	Yes	
Key Decision:	No	
Voting Arrangements:	Simple majority of voting Members.	

### Recommendations:

A	Approve the Implementation of the high-level action plan as set out in Appendix 2 – Action Plan
B	Approve the recruitment of the additional posts noted in the high-level action plan (2 procurement and contracts officers and 1 contract manager) and note that the costs of these posts can be covered from existing budgets in 2023-24 but will need to be built into the Medium-Term Financial Plan for 2024-25 onwards.
C	Approve the Procurement Policy attached to this report
D	Approve the Procurement Strategy attached to this report
E	Approve the revised Contract Procedure Rules attached to this report and note the intent to maintain these as an Appendix to the main Constitution.

### Strategic Objective(s):

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

Achieving Best Value and High Performance
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### 1. Purpose

1.1	The Board is asked to approve the attached high level action plan for procurement, new Procurement Policy, new Procurement Strategy and refreshed Contract Procedure Rules following the recent review of procurement in the Combined Authority by PWC and note that if approval is granted then it will create financial commitments for full year staffing costs of around £140k which will need to be built into the Medium Term Financial Plan for next year (the part year staffing costs this year can be met from underspends on staffing within the Resources & Performance area).
1.2	The Audit & Governance Committee at their meeting on 9 June 2023 considered the PWC review (with PWC in virtual attendance to answer questions) and the proposed high level action plan, of which they were supportive.

	At the following meeting of the Audit & Governance Committee on 7 July 2023 the Committee considered the draft Procurement Policy, Procurement Strategy and Contract Procedure Rules and agreed to recommend their approval to the Board.
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## 2. Proposal

2.1	To implement the recommendations as proposed by PWC in a manner that ensures best value for the authority. Initial priority actions are included in the high-level action plan attached as Appendix 2 to the report. This has included the production of a new Procurement Policy, a new Procurement Strategy and a refreshed set of Contract Procedure Rules (attached as Appendices 3 to 5) for the Combined Authority. A more detailed action plan, incorporating relatively lower priority actions, will be brought back to the Audit & Governance Committee for review and comment at its September meeting. It is not considered likely that this more detailed action plan will require any additional resources not currently included in the approved MTFP.
2.2	The development of a procurement service fully resourced with personnel, policies etc will ensure effective delivery of services and help improve the quality of life of residents.
2.3	The Procurement Policy and Procurement Strategy have both been completed on the basis that the Combined Authority follows a 'Hub and Spoke' Operating Model (Option 2 on page 35 of the PWC review). This operating model has been chosen as best fit for the Authority's current structures and level of procurement maturity. Its continued relevance as the best operating model will be subject to biennial internal reviews.
2.4	Both the Procurement Policy and Procurement Strategy have been developed to meet the findings and recommendations of the PWC review; to align with best practice contained in the National Procurement Strategy (NPS) published by the LGA in 2018 and to reflect the anticipated changes and requirements from the Procurement Bill which is currently passing through Parliament, and which is anticipated to come into force next Spring.
2.5	The refreshed Contract Procedure Rules have been constructed to reflect the best practice contained in the Policy and Strategy documents noted above. The Contract Procedural Guidance which is to be developed following the approval of the Contract Procedure Rules will be attached as an Appendix to the Constitution rather than being part of the Constitution itself. This will enable the Contract Procedural Guidance to be updated rapidly when legislation and regulations change rather than necessitating an update to the Constitution.
2.6	Once the Procurement Policy, Procurement Strategy and Contract Procedure Rules have been approved then guidance for Officers will be finalised, issued, and form a key element of the procurement training which is currently being developed.

## 3. Background

3.1	The CPCA received a best value notice dated 24/01/2023 part of which related to procurement. This followed concerns raised by some Members of the CPCA Board regarding procurement of services. The CPCA therefore commissioned PWC to undertake an external review of the procurement service.
3.2	PWC were asked to comment on the Combined Authority's Procurement strategy, policies, operations and compliance and how this reflected best practice and Best Value and to provide recommendations for improvement to the Combined Authority, considering the likely requirements of the Procurement Bill currently passing through Parliament.
3.3	Alternative options considered: <ol style="list-style-type: none"> <li>1. Do nothing – this would not be in the best interest of the CPCA and would not demonstrate best value to key stakeholders.</li> <li>2. Attempt to deliver the action plan with existing resources – internal resource is not available to undertake this piece of work and the other requirements stemming from the PWC review, which would create a considerable risk that any improvements in this area would be both slow to deliver and not fully effective</li> </ol>

## 4. Appendices

4.1	Appendix 1 - CPCA Procurement Review
4.2	Appendix 2 – High level Procurement Action Plan
4.3	Appendix 3 – Procurement Policy
4.4	Appendix 4 – Procurement Strategy
4.5	Appendix 5 – Contract Procedure Rules (new version)
4.6	Appendix 6 – Contract Procedure Rules (existing version)

## 5. Implications

### Financial Implications

5.1	The implementation of the high-level action plan will require additional resources, namely 3 new roles and the provision of training for all staff involved in procurement and contract management. Full year staffing costs are anticipated to be in the region of £140K (including on costs), which will need to be built into the MTFP for 2024-25. For 2023-24 it is anticipated that there will be a part year impact of staffing costs of approximately £70k given the time to recruit to the new posts and this cost will be met from underspends within the Resources & Performance Directorate in year.
5.2	The implementation of the action plan, together with the new Procurement Policy, Procurement Strategy and Contract Procedure Rules, should lead to the Authority being able to deliver and evidence improved Value for Money, Social Value and Best Value through its procurement activities which will lead to a more effective use of resources.

### Legal Implications

5.3	This report needs to be seen in the context of the legal and constitutional nature of the CPCA itself. Under Section 3 of the Local Government Act 1999 (as amended by s137 of the Local Government & Public Involvement in Health Act 2007), the CPCA is under a general duty to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
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### Public Health Implications

5.4	There are no direct public health implications
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### Environmental & Climate Change Implications

5.5	There are no direct climate change implications.
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### Other Significant Implications

5.6	There are no other significant implications.
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### Background Papers

5.7	None
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