

Scrutiny Committee

Procurement and Contract Management

Information in this Appendix was submitted by	
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Title:	<i>Procurement and Contract Management</i>
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Introduction

1. The Council spends nearly 70% of its budget on externally provided goods and services and needs to be satisfied that effective contract management processes and resources are in place to ensure value for money is achieved from all of its contracts and that appropriate commercial decisions are being taken on contract management and income generation.
2. This paper focuses on the commercial aspects of contract management although it also acknowledges that compliance with statutory obligations requires a balance to be struck with qualitative aspects of service delivery.
3. Since the last Scrutiny report in July 2014, the Council has embarked on a Commercial Transformation programme and in responding to the questions set by this Scrutiny, an update will be provided on the progress made to date with specific recommendations for further work in this area.

Main Body of Evidence

4. How much does the County Council spend, by Directorate, on contracts; what on, with whom and over what period?

- 4.1 Details of Contracts by Directorate for the period December 2014 to November 2015, taken from our contract database, can be found on the County Council's website at: [http://committeeminutes.suffolkcc.gov.uk/meeting.aspx?d=10/Feb/2016&c=Scrutiny Committee](http://committeeminutes.suffolkcc.gov.uk/meeting.aspx?d=10/Feb/2016&c=Scrutiny%20Committee). Due to the size of the document, paper copies have not been circulated with the agenda for today's meeting. However, copies will be available for viewing at the meeting and additional copies can be made available upon request. The data is sorted by Directorate and then by Supplier with totals shown for each Directorate. A number of contracts held in the system, mainly for ACS, are 'Spot Purchase Agreements' shown as a nominal value of either '1p' where contract terms have been agreed with the service provider but expenditure will be determined by the number of placements made with that provider. Because the same supplier will hold

multiple 'Spot Purchase Agreements', where possible, the total aggregate value of spend with that supplier over the period has been taken from Oracle (the Financial System) and is shown under one of the contracts listed.

4.2 ACS are looking to reduce the number of Spot Purchase Agreements with the roll-out of the Support to Live at Home contract and by developing different proposals for residential and nursing care.

5. How much does the County Council receive in income from contracts, what is the number and value of these contracts and do any of them operate at less than break-even? If so, which ones and how much is being lost?

5.1 The Council's current income from contracts is £10.18m which is made up of;

- i. Energy from Waste £5.1m;
- ii. Schools Choice £1.5m;
- iii. Income from IT Services £0.5m;
- iv. Legal Services £0.3m;
- v. HR (Opus Advertising) £0.5m (Including dividend);
- vi. Concertus £0.4m (Including dividend);
- vii. Vertas £0.7m (Including dividend);
- viii. Driver Awareness Training £1.08m; and
- ix. CYP Workforce development training £0.1m.

5.2 For the majority of these contracts the income received contributes to the costs of teams and facilities that already exist to provide services to the council. Where any additional cost is incurred the price charged to customers is based on at least covering the direct cost of running the services plus a level of overhead. Therefore these contracts are not loss making.

6 Since the report to Scrutiny Committee in July 2014, what changes have been made to the way procurement and contract management is organised and delivered within the organisation?

6.1 At the time of the last report to Scrutiny Committee in July 2014, the procurement service was partially outsourced to Eastern Facilities Management Solutions (now known as Vertas). Following a re-structure of that company it was agreed that the team providing that procurement support (3.67 FTE's) should be returned to the County Council on 1 April 2015.

6.2 The staff who returned were providing procurement services to Suffolk Maintained Schools and Academies which the Council was trading through Schools' Choice. They continue to provide procurement support to schools, traded through Schools Choice, thereby generating a level of income for the Council. Any surplus capacity within that team is now being applied to supporting procurement activity within the Council, most recently within Adult and Community Services (ACS) and Children and Young Peoples Services (CYP).

6.3 In addition we have two Graduates working with us on fixed term contracts one of whom is dedicated to supporting project management of the

implementation phase of the Support to Live at Home tender in ACS and the other, supporting specific procurement activity in CYP.

- 6.4 During 2015 the Assistant Director (Procurement) also took on additional responsibility for Passenger Transport, including commissioning procurement and contract management. This has not had any impact on the structure of the Corporate Procurement Team but has meant that both teams work more closely on tendering activity for passenger transport and specifically provided advice to the recent Community Transport project.
- 6.5 There have been no further changes to structure, which remains flexible with 'Relationship Managers' dedicated to working with specific Directorates and service areas, but who may also be required to manage any specific tendering activity depending on current demand.
- 6.6 During the last 12 months the turnover of contracts and grant agreements remains high with 412 new agreements set up by Corporate Procurement and across the wider Council and 352 having come to an end. Notable tenders we have or are working on currently are: Property Construction and Maintenance Frameworks (estimated total values of £500m and £24m respectively), the ACS Support to Live at Home Framework (estimated total value of £165m) and Integrated Drug and Alcohol Provision for Public Health (estimated total value of (£4.68m).
- 6.7 Since 2014 we have seen an increase in demand for commercial advice alongside day to day procurement activity. For example, during this period we have implemented the changes to the new European Procurement rules, our Relationship Manager for CYP was an integral part of the Council's team responding to the OFSTED inspection and we have an officer currently supporting ACS with developing systems and processes for the contract management of Support to Live at Home.
- 6.8 Demand for market intelligence has also increased and is currently under review. Standard reporting from the team is currently around credit ratings for contracted suppliers, supplying market data and data on spend. We are currently inputting data to an on-line system that can provide more powerful analysis of our current information ranging from on-and-off contract spend through to category spend analysis and local spend.
- 6.9 In the first half of 2015, we undertook a stock-take of all Directorate spend over £5,000 adding further contracts to our database. This was followed by an exercise to risk assess all contracts for the purposes of contract management using a simple risk matrix. The outcome of this exercise was reported to Scrutiny Committee in October.

7 Following the exercise to evaluate contractual risks, what information is available about the number of contracts and level of spend within each risk category?

- 7.1 A copy of the supporting appendix provided as an Information Bulletin to the October 2015 Scrutiny Committee is attached as (**Evidence Set 1 Appendix 1**). This details the number of contracts/suppliers identified in each category following the risk assessment exercise in 2015.
- 7.2 Spend figures have not been provided under each category because a number of contracts held in the system, mainly for ACS, are 'Spot Purchase

Agreements' and risk assessments were undertaken on the basis of overall spend with suppliers who held more than one contract with ACS.

8 In light of this information, what has been done to ensure the appropriate level of resource is dedicated to i) procurement and ii) the ongoing management of the contract throughout its life?

- 8.1 The Corporate Procurement Team has assigned each Directorate a dedicated Procurement Relationship Manager who advises on procurement, contract management and commercial best value. They also manage all tenders above the European threshold values (currently £106,000 for Goods and Services, £4.1m for Works and £589,000 for Services under the 'Light Touch Regime' such as Social Care). Additionally advice and guidance is given regarding low value procurement, where responsibility for undertaking the process can be delegated to the Directorate.
- 8.2 With the exception of corporate contracts (those used generally across the organisation such as furniture, stationery etc.) contract management is a delegated function and each Directorate have their own arrangements for on-going contract management.
- 8.3 In Public Health, there is a dedicated contract manager, who was recruited from the Corporate Procurement team, for matters of clinical quality assurance; she is supported by health care professionals from within the Public Health Team.
- 8.4 In CYP, an additional 16+ Accommodation Officer Post has been created to contract manage and quality monitor all 16+ Accommodation placements for children in care. Special Educational Needs placements are contract managed through the Care Brokerage Team. Each of the Contract Managers is a member of the CYP Contract Managers Network established to promote active learning and best practice in contract management. The CYP Management Team has set very clear expectations for all contract managers and established a revised process to assure safeguarding.
- 8.5 In Highways there is an established contract management team whose focus is on ensuring the contract with Kier (known as 'Suffolk Highways') runs as it should do. However, this team is also engaged in the Highways Transformation programme which is specifically aimed at transforming the relationship with Suffolk Highways to one of mutual benefit as opposed to the adversarial relationship previously seen.
- 8.6 Within the Fire and Rescue Service, a Full Time Property Manager was appointed from the Corporate Procurement Team, whose responsibility it is to manage the Fire PFI contract covering 11 Fire Stations together with additional responsibility for 24 (non-PFI) Fire Stations and two major work locations. Service specific contracts are managed directly by officers from within the Fire and Rescue Service, calling on support from Corporate Procurement as required. Many of the equipment purchases come from dedicated framework contracts established by other Public Sector Purchasing Consortia and aimed specifically at the Fire Services market.
- 8.7 The Waste Team established a formal contract management team responsible for managing the on-going PFI contract together with all supporting contracts for waste transfer and disposal. The Team is headed up by a dedicated contract manager recruited for that purpose. In view of the

complex nature of some of the negotiations required in this area, the Assistant Director (Infrastructure and Waste) is regularly involved with support from professional advisers within Resource Management on finance and legal aspects.

- 8.8 The Passenger Transport team arrange and procure transport services (including school transport, public transport, rural transport and park & ride) and promote public transport use. Altogether the team is responsible for managing 1070 transport contracts and other contracts for services including administration of the English National Concessionary Travel Scheme (ENCTS), bus pass production, travel training and capital infrastructure works required at bus stops and for passenger transport services. The contracts managed by the Passenger Transport team have a total value of over £30m.
- 8.9 The dedicated ACS Contracts Team focuses on care contracts and has been expanded with the following additions: 2.5 full time placement officers to support the Care UK care homes contract; 3.5 full-time contract officers to support the Support to Live at Home contracts, and; 1.5 contract officer posts to monitor learning disability supported housing services. Further temporary posts have been advertised: Communications officer for Support to Live at Home (6 month secondment); Contract Manager Care UK contract (6 month secondment) and Contract Manager Support to Live at Home contracts (6 month secondment). Service specific contracts such as those for Libraries and Adult Learning are managed directly by officers with specialist knowledge in that area drawing on procurement expertise as required.
- 8.10 A full review of the composition and size of the ACS Contracts Team is currently being undertaken, with external advisors supporting this work. The outcome will enable a systematic approach to contract management across the breadth of contracts held by the Directorate including the following: a portfolio of contracts to be held by named contract managers for ACS contracts; structured meetings with providers and contract management according to an ongoing risk assessment of contracts and providers; proactive monitoring visits of services; commercial and robust contract management, and; real time market intelligence to support future commissioning.
- 8.11 To date, the ACS Contracts Team has focussed work on complex areas of contract management. These include:
- Care UK contract. This contract has been managed since 1 December 2012 and has involved the transfer of 16 Council care homes and 8 wellbeing centres to Care UK, the construction of 10 new care homes and well-being centres and the closure of all 16 former Council-run care homes and 8 wellbeing centres. Contract management has required the co-ordination of multi-disciplinary teams within the Council, the management of a large block contract in the care homes during a period of transition, and monitoring of the services.
 - Leading Lives. Management of a complex contract covering a range of services for people with learning disabilities divested from the Council.
 - Learning Disability (LD) supported housing. Including a review of all contracts, work to develop a new specification with providers, and pro-

active monitoring of services, using the ADASS (Association of Directors in Adult Social Services) quality monitoring tool.

- The Team has worked with the Head of Health and Care Procurement (from the Corporate Procurement Team) to support a cost-down exercise with providers of learning disability services.
- Care homes: ongoing work with providers with significant quality issues. The work includes liaison with CQC (Care Quality Commission), NHS, large and small providers and proprietors, SCC Legal Services and service user representatives.

8.12 In addition to the ACS Contracts Team, there are 19 ACS managers and officers responsible for the on-going management and monitoring of service specific contracts and grants to providers, including Suffolk Libraries, advocacy organisations, and other services previously delivered directly by the Council. The review of the ACS Contracts Team will include an evaluation of which arrangements would need to be incorporated into the restructured ACS Contracts Team.

9 What arrangements are in place to monitor contracts to ensure the Council is paying a fair price for what is actually delivered?

9.1 The major divested contracts have been subject of reports to both Audit and Scrutiny Committee meetings. Links to the relevant papers submitted are included as 'Supporting Information' to this report.

9.2 All contracts listed on the Contracts Database have a named contract manager assigned to them whose responsibility it is to manage day to day delivery of the contract in line with the assessed risk rating and ensure that value for money is achieved in accordance with the council's Contract Management Framework and Policy (**Evidence Set 1 Appendix 2**) and Guide to Contract Management (**Evidence Set 1 Appendix 3**).

9.3 The Council's 'cost-down agenda' is owned and overseen by the Contract Management Board chaired by the Director of Resource Management. Board members are required to provide updates at each meeting on cost savings achieved during the previous period. This also provides an opportunity to share experience of contract management and ways of improving value for money at a more strategic level than the Contract Managers Networks described in Paragraph '11' below.

9.4 For Financial Years 2014/15 and 2015/16, the Board agreed a 'Zero Inflation' policy in response to supplier requests for contractual uplifts. Corporate Procurement Relationship Managers are working with Directorates to ensure that the policy is consistently applied and this has contributed 'cost avoidance' savings towards the total savings year to date of £2.5m.

9.5 In ACS Contract managers are directly involved in the monitoring of invoices against the requirements of the contract for large contracts (e.g. Care UK and Leading Lives). Requests for payments are challenged where this is not appropriate, e.g. unavailable block beds.

10 Of the 69 officers identified as having contract management responsibilities, what is the value/number of contracts each of these officers oversees, and how much time per month is spent on this activity?

- 10.1 The contract numbers and values associated with individual contract managers are shown at **Evidence Set 1 Appendix 4** and is based on contracts recorded in the Contracts Database. The increase in the number of contract managers reflects the exercise conducted by the Corporate Procurement Team to identify Directorate spending over £5,000. We have not provided full data for ACS for the reasons stated in paragraph '4.1'.
- 10.2 Time spent on contract management varies depending on whether or not an officer holds additional responsibilities. We asked each Directorate, via their Contract Management Board representative, to provide us with this information on the basis of the original list of contract managers.
- 10.3 In Public Health, on average 20 days per month is spent in contract management by the named contract manager but in addition clinical assurance time is spent by other officers amounting on average to around 10 days per month.
- 10.4 Of the 28 Officers responsible for contract management in CYP, it is estimated that six are involved daily in contract management activities, supported by a further six members of their respective teams. Of the remaining 22, CYP advise that they spend no more than a few hours each month on contract management. This varies each month depending on whether or not there is a contract review meeting or specific performance issues to be managed.
- 10.5 In Highways the average hours spent per month on contract management varies from 10 hours for three officers, up to 40 hours for the Suffolk Highways contract manager. Again this time supplemented as necessary by the Assistant Director and other professionals to manage the supplier relationship.
- 10.6 In the Fire and Rescue Service, four officers spend around 90% of their time on contract management and five spend between 10 and 70% of their time dedicated to contract management.
- 10.7 The Waste contract management team is dedicated to contract management activities on which it spends the majority of its time and this is supplemented as necessary by support from the Assistant Director (Infrastructure and Waste).
- 10.8 The Passenger Transport team comprises of approximately 33 FTEs and 66% of the team are involved in contract management or contract administration which includes dealing with contract issues raised by parents, schools and transport operators. Some of the team have undertaken CIPS (Chartered Institute of Purchasing and Supply) training including to Level 2 Certificate standard, some have undertaken Certificate of Professional Competence for Transport training (CPC) for Public Service Vehicles (PSV) at both national and international standards which provides officers with a knowledge and understanding of the rules surrounding the passenger transport market.

- 10.9 The ACS Contracts Team currently comprises of 12 FTEs with 100% of their time spent on contract management and monitoring activity. They also have responsibility for contracts with values ranging from typically £57m for purchased care home placements to £7m for a portfolio of Support to Live at Home providers.
- 10.10 In addition to the ACS Contracts Team, the 19 ACS managers and officers responsible for the ongoing management and monitoring of contracts have responsibility for contractual spend ranging from £8,000,000 for housing related support contracts, to £13,000 for a care homes respite service. Time spent on contract management and monitoring activity ranges from approximately 20 days per month per officer, to 0.5 days per month per officer.

11 What progress has been made in providing training and development for managers with direct procurement and contracting responsibilities?

- 11.1 The Commercialism Transformation programme led by the Assistant Director (Procurement and Passenger Transport) includes a work stream concentrating on the development of specific training in the skills needed for effective contract management. This is part of a wider suite of training and information covering commissioning, procurement and grant funding and the on-going management of contracts.
- 11.2 Contract Managers networks are currently being established across major spend areas, having been successfully piloted in CYP. The networks provide opportunities for training and development of contract managers and the sharing of learning and best practice.
- 11.3 The Corporate Procurement Team has prepared a face to face training module on the basics of contract management which has already been delivered to School Business Managers. It is currently being adapted to be included as part of the regular support offering to contract managers from the Corporate Procurement Team and specifically delivered to the Contract Manager Networks.
- 11.4 The contract management element of the training suite went live as a pilot on 5 January 2016 and will be made available to the wider council on 1 April.
- 11.5 Face to face training on the tender process has been provided since 2006 and continues to be part of the Corporate Procurement offering to the organisation.

12 What support and guidance is given to officers engaged in negotiating new contracts/renewing existing contracts by the procurement team?

- 12.1 In February 2015, the Government introduced the 'Public Contracts Regulations 2015' which provided greater flexibilities around procurement processes, together with greater clarity on pre-procurement activity (market engagement).
- 12.2 The Head of Procurement Policy and Enablement embedded these new procedures into our procurement activity with updates to our published Procurement Rules (see under Supporting Information), procurement templates and processes. The changes were rolled out with training across all directorates in the first half of 2015.

- 12.3 There is a requirement contained in our Procurement Rules that the Corporate Procurement Team should manage all procurement processes above the European threshold values (currently £106,000 for Goods and Services, £4.1m for Works and £589,000 for Services under the 'Light Touch Regime' such as Social Care). This means that an officer from the Corporate Procurement Team is specifically involved in planning, managing and running all procurement activity in this area alongside service commissioners.
- 12.4 Directorates have devolved authority to undertake procurement at lower levels as traditionally the volumes of this work would be impossible to manage centrally within the Corporate Procurement Team. In reality, Procurement Relationship Managers provide advice and guidance to Directorates in undertaking their own procurement activities, negotiation of contracts and re-negotiation where necessary. There are a number of templates developed by the Corporate Procurement Team to assist in this process.
- 12.5 The Resource Management Directorate has a number of disciplines currently providing commercial support to Directorates in the areas of procurement and contracting, programme management, finance, human resources, property, Information Technology and legal advice.
- 12.6 An example of this is the cost down work in ACS where the use of a multi-disciplinary team has so far resulted in savings of £1.24m per annum.
- 12.7 A set of guidance has been developed to help Directorates with low value tenders and quotations which is being embedded in the HR training portal (My-learning) as part of the suite of commercial training.
- 12.8 We have introduced a simple risk based assessment tool to help Directorates to decide whether a project qualifies for grant funding or should be a formal procurement exercise.
- 12.9 Alongside formal guidance, the Corporate Procurement Team offers free training to commissioners and suppliers in understanding the tendering process. Over the coming months, we are talking to the Learning and Development Team about introducing an e-learning module based on the guidance already in place.

13 What steps are being taken to develop a commercial culture and to support the development of requisite business skills within Directorates?

- 13.1 A 'Commercialism Transformation Programme' headed up by the Assistant Director (Procurement and Passenger Transport) was initiated in October 2014. Since then the programme has evolved into a number of work streams considering the areas of; income generation, contract management, being more business-like and being more business friendly. A number of presentations have been made to officers across the council and events held in the Endeavour House Atrium.
- 13.2 Officers have given presentations nationally and regionally on what the Council has done in this area, most recently to a manager's cohort under the banner of the Local Government Association.
- 13.3 Several officers from across the Council have attended a 'Commercialism Awareness' course run by Understanding Modern Gov, alongside colleagues

from the District and Borough Councils. The course provided a helpful introduction to commercialism and developing income generating opportunities.

13.4 Following that course we are developing a 'Commercialism Challenge' workshop targeted at members of staff within Directorate teams. The aim of the workshop is for teams to gain some knowledge of what commercialism means in a local government context, consider their own services and challenges they face and to generate a number of ideas to increase service efficiency/savings or generate income. A similar process has already been successfully used within the Business Development Team. The first session will be run for the Passenger Transport team in February with any lessons learned applied to future sessions.

13.5 In addition, ACS colleagues are developing a more commercial culture through specific learning and development opportunities, day to day involvement in contract management activities that require financial awareness and direct contact with a range of commercial providers, large and small, each needing a particular approach.

14 To what extent are the necessary skills felt to be in place within the organisation and where are the gaps? How will this be addressed?

14.1 The view of the Contract Management Board is that, based on the levels of risk, there are sufficient numbers of contract managers across all areas possibly with the exception of ACS.

14.2 Contract Management of social care contracts is a developing discipline and requires knowledge of contract management supported by knowledge of social care and of particular service types. The latter helps officers to assess and challenge providers about quality and performance issues. So far, it has been the experience of ACS that people interested and willing to work in ACS contract management have skills and knowledge in one or other areas, but often not both. There is therefore a need to identify people with aptitude and the ability to learn – recent recruits have shown both.

14.3 Work in ACS contract management can require out of normal office hours work including visits to care providers regarding quality and performance issues and attendance at relatives meetings.

14.4 Effective contract management requires a combination of commercial, technical and qualitative knowledge which is where there is a tension between the service professional and a commercial manager. For example in ACS, CYP and Public Health, it is recognised that safeguarding and quality outcomes for customers are significant as this represents the highest risk to the Council in terms of statutory compliance. However, the commercial focus is on contractual compliance, value for money, efficiency and reducing costs. Effective contract management will successfully combine these two.

14.5 There is good organisational knowledge and understanding of our statutory responsibilities and we consider these skills to be evident across the organisation. However, with a few notable exceptions where dedicated contract management teams have been established, we also believe that commercial skills need to be properly addressed in the areas of contract administration, understanding commercial terms and conditions,

performance management, relationship management and commercial negotiation.

- 14.6 We are seeking to address these gaps with a combination of on-line and face to face training, Contract Manager Networks, direct support from Procurement Relationship Managers and strategic oversight from the Contract Management Board.

15 What is the Council doing to learn from other public services about their approaches to procurement and contract management?

- 15.1 We have an extensive range of formal and informal procurement networks that we use alongside other local authorities. Suffolk County Council is a founder member of the Central Buying Consortium (CBC) which was established in 1991 and now has 18 member authorities across the south of England and the midlands. Through membership of its various committees we share knowledge and experience of procurement and contract management matters.
- 15.2 The CBC works closely with other purchasing consortia across the UK, including the Eastern Shires Purchasing Consortium (ESPO), the Yorkshire Purchasing Consortium (YPO) and the North East Purchasing Consortium (NEPO) and between us, cover most local Authorities in England.
- 15.3 Through CBC we also have access to the Cabinet Office and Crown Commercial Services (CCS) who the various consortia work closely with on category management, to ensure duplication of contracts is kept to a minimum.
- 15.4 Several members of the Corporate Procurement Team are corporate members of the Society of Purchasing Officers (SOPO) which provides advice and guidance and a support network for purchasing officers. Membership is open to all local authority procurement staff. SOPO holds an annual conference and awards ceremony for good procurement practice.
- 15.5 In addition to working directly with colleagues from other local authorities we also work with the Local Government Association (LGA) and regularly use their resources to establish best practice from other local authorities. We have worked specifically with them on; development of a corporate self assessment tool, standardising procurement rules across local authorities and testing a day long course on advanced contract management, which should become part of our training offer across the Council.
- 15.6 Information from our networks indicates that contract management as a skill-set is generally lacking within local government and many authorities are only now developing skills in this area, Buckinghamshire for example are developing a framework for contract risk assessment, Hampshire has introduced contract management into social care and Hertfordshire has sought our help in re-designing their relationship between procurement and commissioners around procurement and contract management.
- 15.7 The best example of early adoption of a more structured approach to contract management was seen in Sheffield City Council, who took advantage of a government grant in 2012 to develop and market a contract management approach and toolkit. We understand that the officer originally

responsible for this project has since left the Council and it has not been widely adopted by other councils.

- 15.8 Much of our contract management framework and policy has been developed from the original Sheffield City Council work together with the 'Scottish Government Contract Management Toolkit', original guidance from the Office of Government Commerce (the predecessor of Crown Commercial Services) and best practice information from the LGA.
- 15.9 Different structures have been tried across the public sector ranging from centralised and category based (Essex County Council) where all contract management is centrally led, Hybrid approach (Sheffield City Council) where the Commercial Team takes the lead in supplier relationship management activities but leaves day to day contract administration to the Directorate to completely de-centralised (Kent County Council). The current arrangements in Suffolk are similar to the Sheffield model but capacity for relationship management activity is limited. Each model has its benefits but links to an overall commercial strategy are essential.
- 15.10 The ACS Contracts Team visited Essex County Council to discuss and learn about contract monitoring and management arrangements, particularly the ADASS monitoring tool. In addition, the ACS Contracts Team attends ADASS Eastern Region meetings with representatives from other councils, and shares information with ADASS on a regular basis.
- 15.11 The Scrutiny Committee will also be taking evidence from Eddie Gibson, the Senior Manager for Procurement and Commercialism from the East of England LGA during the course of this scrutiny.

16 How does the Council use its spend to promote economic development in Suffolk?

- 16.1 In the period of this financial year up to the end of November, 46% of the money expended by the Council (including Schools) was spent with organisations with Suffolk Postcodes (**Evidence Set 1 Appendix 5**). A survey conducted in 2013 for the Federation of Small Businesses (FSB) concluded that average local authority spend within their own area was 31%¹ with the highest at 36%. The FSB have not repeated their survey and we have been unable to find any other later comparative data. Anecdotal evidence from other members of the CBC, suggest averages between 42% and 47%.
- 16.2 The government actively encourages local authorities to work closely with small businesses in their area and to seek ways to ensure they have access to opportunities. This was recommended by Lord Young in his report 'Growing your Business' published in May 2013 and subsequently implemented in the Public Contracts Regulations 2015.
- 16.3 On a practical level we consider the impact our procurement will have on the local economy and smaller businesses, breaking opportunities down into lots and/or sub-contracting wherever possible. This is a fundamental principal of our procurement strategy which is informed by early market engagement events.

¹ Local Procurement – Making the most of small businesses one year on – National Federation of Small Businesses 2013.

- 16.4 We engage with our principle suppliers to encourage them to use local sub-contractors both in the direct supply of our contracts and on other opportunities they may have. For example, our recently awarded Property Maintenance Frameworks included a specific requirement for local sub-contracting wherever possible. The two appointed contractors both have offices in Ipswich and between them have appointed a total of 29 different sub-contractors within Suffolk.
- 16.5 We worked with the Suffolk Chamber of Commerce on the tender process for our Property Construction Framework and they were actively involved in marketing the opportunity to businesses in Suffolk. When the principle contractors had been appointed, we jointly organised a successful 'Meet the Contractor' speed dating event in Endeavour House, officially opened by our Portfolio Holder, at which local businesses were invited to come and discuss potential work and opportunities. 74 firms attended in addition to the trade bodies, skills agencies and representatives from the Chamber of Commerce.
- 16.6 Following that event, our construction firms have confirmed that they have appointed a total of over 300 Suffolk based suppliers and sub-contractors to support them with our contract and other works they are engaged in.
- 16.7 The Care UK contract required the company to develop ten new, purpose-built care homes across Suffolk with a significant increase in the number of specialist beds available, together with the required staffing and resources.

Officer Recommendations

- 17 The evidence provided in this paper and accompanying Appendices, demonstrates that the Council is making good progress towards becoming more commercially minded in its approach to procurement and contract management. However, Officers feel that more can be done and put the following suggestions to the Committee for its consideration;
 - 17.1 That the Scrutiny Committee makes a recommendation to Cabinet that Director of Resource Management be authorised to strengthen organisational capacity for procurement and contract management;
 - 17.2 That the Scrutiny Committee recommends that all Directorates engage with appropriate support from Resource Management at the inception of each project to allow appropriate professional support to be given to the commissioning, procurement and contract management process;
 - 17.3 That the Scrutiny Committee considers whether it would be appropriate to include an element of commercial training, either for the Councillor Induction Programme, or as a separate optional training module for Councillors; and
 - 17.4 That the Scrutiny Committee notes the work being done in ACS on improvements to contract management capacity and considers requesting an update from ACS to a future Scrutiny meeting.

Supporting Information

Links to previous Committee reports

Audit Committee

Commissioning, Procurement and Contract Management – 31/1/2013 (General update on procurement and contract management arrangements)

http://committeeminutes.suffolkcc.gov.uk/LoadDocument.aspx?rID=0900271180b4a484&qry=c_committee%7e%7eAudit+Committee

Commissioning, Procurement and Contract Management – 23/7/2013 (covers the Care UK Outsourcing)

http://committeeminutes.suffolkcc.gov.uk/LoadDocument.aspx?rID=0900271180dc8ec0&qry=c_committee%7e%7eAudit+Committee

Suffolk Libraries – 18/3/2014

http://committeeminutes.suffolkcc.gov.uk/LoadDocument.aspx?rID=09002711811501ac&qry=c_committee%7e%7eAudit+Committee

Concertus – 20/5/2014

http://committeeminutes.suffolkcc.gov.uk/LoadDocument.aspx?rID=09002711812464b4&qry=c_committee%7e%7eAudit+Committee

Highways Services – 22/7/2014

http://committeeminutes.suffolkcc.gov.uk/LoadDocument.aspx?rID=09002711813404d2&qry=c_committee%7e%7eAudit+Committee

EFMS Divestment and Contract Management Arrangements – 29/1/2015

http://committeeminutes.suffolkcc.gov.uk/LoadDocument.aspx?rID=090027118163ecc5e&qry=c_committee%7e%7eAudit+Committee

Scrutiny Committee

Highways Contract – 7/5/2014

http://committeeminutes.suffolkcc.gov.uk/LoadDocument.aspx?rID=0900271181218f93&qry=c_committee%7e%7eScrutiny+Committee

Procurement and Contract Management – 23/7/2014 (First paper to Scrutiny responding to very similar questions as this paper)

http://committeeminutes.suffolkcc.gov.uk/LoadDocument.aspx?rID=090027118134fdac&qry=c_committee%7e%7eScrutiny+Committee

Highways update – 12/3/2015

http://committeeminutes.suffolkcc.gov.uk/LoadDocument.aspx?rID=09002711816d212d&qry=c_committee%7e%7eScrutiny+Committee

Highways Contract – 29/10/2015

http://committeeminutes.suffolkcc.gov.uk/LoadDocument.aspx?rID=090027118199d1f5&qry=c_committee%7e%7eScrutiny+Committee

Federation of Small Businesses Survey

Federation of Small Businesses <http://www.fsb.org.uk/docs/default-source/fsb-org-uk/policy/assets/local-procurement-2013.pdf?Status=Master&sfvrsn=0>

Suffolk County Council published procurement rules

Suffolk County Council Procurement Rules <https://www.suffolk.gov.uk/assets/Jobs-careers-and-business/tenders-and-supplying-us/2016-01-05-Suffolk-County-Council-Procurement-Regulations-v2Final.pdf>