



City of Westminster

Audit and Performance Committee Report

Meeting:	Audit and Performance Committee
Date:	23 rd September 2020
Classification:	General Release
Title:	Update on implementation of the new operating model and performance indicators
Wards Affected:	N/A
Financial Summary:	N/A
Report of:	Procurement Services Gerald Almeroth, Executive Director, Finance and Resources Kevin Goad, Executive Director, ECM
Author(s):	Marivie Papavassiliou, Procurement Governance Manager Jonathan Noble, External Consultant Graham Collins, External Consultant

1. Purpose

- 1.1 This paper provides an update on the implementation of the new Operating Model for Procurement that was agreed in August 2019.

2. Recommendation

- 2.1 It is recommended that the Audit and Performance Committee note the contents of this report.

3. Background

- 3.1 The main objectives arising from implementation of the new Operating Model for the Procurement Service were to;
 - Create an integrated 'centre of excellence' incorporating procurement activity previously undertaken within the adults and childrens services;
 - Establish 'Business Partners' for Procurement and Commercial Services modelling roles successfully working within HR and Finance;

- Create a 'core service offer' and 'opt in' additional services with external resource to accommodate peaks in demand or specialist skills;
- Appoint a new 'Director of Procurement';
- Build a strong enabling culture with career progression opportunities from apprentice levels upwards;
- Develop a clear attraction strategy to attract and retain the best talent;
- Strengthen contract and supplier management practice and provide professional practice leadership for contract and supplier relationship management including implementation of the council's new Contract Management Framework;
- Take immediate changes to improve the 'operational effectiveness' of the team and council's procurement practices;
- Maintain close co-ordination with RBKC who themselves are strengthening their procurement capability in respect of sovereign services.

4. Executive Summary

- 4.1 Significant progress has been made and whilst response to the recruitment process has been well received it is behind schedule and some milestones were delayed as a result of COVID. However, the following has been achieved;
- The formal consultation was completed, and the service launched April 6th, Adult and Childrens procurement staff have been integrated;
 - Recruitment of Leadership Team is almost complete – the Director of Commercial Partnerships, Sarah Warman plus 4 other appointments have been made, with 2 vacant;
 - There has been an excellent market response to the recruitment process.
 - Recruitment of vacancies at lower grades is ongoing and will conclude in the Autumn.
- 4.2 The new service remained resilient through the COVID crisis, procuring emergency supplies, and establishing the supply chain resilience forum at the end of March to co-ordinated supplier relief activities on a 'Bi Boro' basis and this work is ongoing;
- 4.3 The service led the council's WCC's Living Wage application leading to successful registration with the Living Wage Foundation in November 19;
- 4.4 The tendering service continued to support about 300 projects in addition to providing emergency COVID procurement support. Recent projects include the award of contracts for large schemes for example Huguenot House to develop options for the future of the building, the appointment of contractors on the infills, tax advisors and community champions.
- 4.5 Established a common governance process for all WCC led procurement activities and established to Commercial Gateway Review Board which fulfils and

important assurance role on behalf of commissioners and sponsors in respect of new procurement activity and contract extensions.

5. Implementation progress in more detail

5.1 Recruitment

- The council has now appointed a new Director of Commercial Partnerships to lead the service. Following a Members panel process, Sarah Warman has been offered and accepted the role and joins the council on 16th November. Sarah joins from her current position as Joint Director of Commissioning and Procurement across Croydon Council and SW London CCG.
- 3 of the 6 senior manager roles reporting to the Director have also been appointed, with new postholders starting from 14 September.
- The recruitment campaign continues across the remaining roles in the service, including several roles at Bands 3 and 4.

5.2 Governance

- All procurement activity is now tracked using a structured Gateway Process (including formal registration of new work at Gate 0), this provides better oversight and resource planning for all projects by the Commercial Gateway Review Board (CGRB).
- Revisions to the Procurement Code are being finalised to reflect changes to the operating model, the Commercial Gateway Process and to make a clear reference to key Council priorities (such as City for All, Living Wage and the Climate Emergency Declaration). Overall, this latest version is easier to understand and follow.
- The Commercial Gateway Review Board now has single governance oversight of all procurement activity, including all Bi-Boro services. This also provides a check on the inclusion of Responsible Procurement and Living Wage policy adoption in contracts. All procurement strategies (pre-tender) and award recommendations are reviewed prior to moving to formal decision making. Post implementation contract reviews will take place after 6 months after 'go live' for the largest/highest risk contracts;
- The Supply Chain Resilience Forum (SCRF) was formed to co-ordinate WCC and RBKC's response for COVID supplier 'relief' requests and will continue in this role through to December. After that the group will be re-focussed to provide an ongoing supply chain and contract risk oversight group (including Brexit related supply chain issues and the ongoing economic effects of COVID);
- Strengthened monitoring is in place to ensure that all large (over £100k) Purchase Order commitments have a valid contract associated with them. Automation of this process will be part of the 'System Renewal' development work

5.3 Tendering Service

- The tendering service is now established and is currently supporting over 300 procurements across all service areas, at various stages (from procurement strategy, tendering through to contract signature);
- Opportunities to make efficiencies in terms of time and cost have already identified and a number of procurements including a 'light and air framework', and 'estate management framework' will simplify the route to market for recurring services;
- The service is also beginning to promote collaboration across departments for example, identifying better care pathways for residents between adults and housing services which will ensure better outcomes;
- Further opportunities to streamline services are being developed with departments to support the Council with the future savings initiatives to assist the Council with its budget shortfall.

5.4 Contract Management

- The [Contract Management Framework](#) has been published on the 'Wire' and an MS Teams site established for Contract Managers (212 members);
- An initial categorisation of commercial relationships has been undertaken (this is based on value and risk) and will be confirmed by each contract and relationship owner.
- A named contract manager is being assigned at the point of contract creation and formal joint reviews with the contract owners of the largest and highest value (categorised as Platinum) will begin in April '21 with development of the review and reporting process beginning in November;
- Further awareness raising/development of the support offer and upskilling program for contract managers will begin in the New Year.

5.5 Systems Renewal

- Significant progress made with market sounding and gathering requirements ahead of re-tendering the councils eSourcing solution. The new solution will be expanded to support contract and supplier management activity as well as tendering and provide better integration to the councils IBC supplier ERP/finance system. The link to ERP will vastly improve information flows and the council's ability to accurately track spend by contract and support additional P2P controls should we wish to enable.
- The phased implementation will begin with an e-procurement system followed by the new contract management application which will underpin the roll-out of the council's Contract Management Framework.
- This program of work will support the 'Smart City' objective and improve the overall experience for our supply chain and those bidding for council contracts.

- We expect the procurement phase to be complete by December and the solution build and roll-out to commence shortly after.

5.6 Communication

- A new Procurement and Commercial Service hub site is now published on the 'Wire' where Council officers can learn more about our team, our structure and what our core service offer and priorities are. There is a 'Help and Support' page containing quick links to the Procurement Code and other bitesize guides, and we have published key documents and information overviews related to our core services.
- There is a dedicated Supply Chain Resilience page and guidance note for Contract Managers which outlines the Councils approach on supplier relief due to Covid-19 and we have produced useful management information reports and published as dynamic and interactive dashboards for officers to utilise (Contracts Dashboard and a Spend Dashboard).
- The departmental induction guide has been refreshed and a 100-day plan to support new team members as they join has been drafted. This will help to develop and embed the right skills, behaviours and working ethos so that the new team is able to contribute to and support the delivery of the Councils goals and priorities.

5.7 City for All

- The team is expecting to play a significant role in the delivery of C4A priorities enabling service areas to achieve their outcomes and deliverables across all three pillars. However, this is also an opportunity for the service to contribute directly by;
- Leading a program of cross cutting program of work '**Supply Chain Revitalisation**' – leveraging the significant contribution that our suppliers and the wider supply chain can make to improve environmental outcomes and their contribution to a 'Cleaner and Greener' borough;
- Promoting 'Smart City' – by making WCC easier to 'do business with' and to promote collaboration, innovation and economic growth through procurement, contract and relationship management.

6. Next steps and service milestones for 20/21

- 6.1 Completion of the recruitment process and the transition to the new leadership team, team members;
- 6.2 Business engagement and the establishment/integration of the new 'Business Partners' and new ways of working;
- 6.3 Further development of the team culture/and alignment and integration within Finance and Resources;
- 6.4 Contribute to the delivery of operational savings and efficiencies;

- 6.5 Raise the profile of contract and supplier management and lead the implementation of the Contract Management Framework and the support and upskilling of contract managers;
- 6.6 Transition the Supply Chain Resilience Forum to the 'business as usual' monitoring of supply chain risk (including continuing COVID economic and Brexit related impacts) and oversight of strategic/high risk contracts (Bi Boro);
- 6.7 Development of the Council's 'Responsible Procurement Strategy';
- 6.8 Implementation and roll out of the core systems refresh including e-procurement, Contract Management and wider P2P integration.

7. Draft Key Performance Indicators (KPIs)

- 7.1 The following KPIs are suggestions pending agreement with the new leadership team and once finalised will be effective from April '21. These are indicators of performance across three areas;

Customer

- Number of active procurement projects (% with risk status Red/Amber/Green)
- 'Time to tender' (% of tenders over £100k within target)
 - Procurement Strategy (Gate 2) to Supplier Award Recommendation (Gate3) [targets to reflect procurement route used and legislative minimums]
 - Supplier Award Recommendation (Gate 3) to Contract Signature (Tgt. 60 days)
 - Supplier Award Recommendation (Gate 3) to Contract Commencement (Gate 4) (Tgt 150 days)
- Contracts awarded [>£100k] with Responsible Procurement Delivery Plans (%)
- Contracts awarded to SMEs (% of contracts awarded)
- Council spend with SMEs (%) [government target 33%]

Skills and Capability

- Contract Management skills – phase 1 e-learning (no. of staff completing)/from April'21 part of induction
- Contract Management skills – phase 2 accreditation of contract managers (% of target group completed)/from April'21

Compliance

- Number of waivers/exemptions from the Procurement Code
- Individual Purchase Orders > £100k with valid contract
- No. of suppliers with cumulative spend over £100k without formal contract
- % Retrospective purchase orders (orders raised after receipt of invoice)
 - Contract Performance Monitoring - % of Platinum/Gold suppliers (those with the highest risk) subject to systematic contract management/monitoring and reporting. From 'Jan 21