



City of Westminster

Audit and Performance Committee Report

Date:	29 th September 2021
Classification:	General Release (excluding section 4.6)
Title:	Annual Contracts Review FY 2020/21
Wards Affected:	N/A
City for All Summary	The Council spends over £500million each year on third party services and contracts. Procurement, commercial activities, and contract management are therefore key enablers to deliver City for All and ensuring the delivery of maximum value for Westminster and its residents and partners.
Financial Summary:	N/A
Report of:	Sarah Warman, Director of Commercial Partnerships (Procurement & Commercial Services)
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1. Executive Summary

- 1.1 A review of Procurement Services at Westminster in 2018 identified the need for change and improvement. In April 2020, a new target operating model was launched, with the intention of transforming the Procurement function and driving improvement to the service.
- 1.2 In July a report updating on the improvement journey of the Procurement and Commercial Service was brought to the committee. This included an update on the progress made and also outlined a new performance reporting framework.
- 1.3 This report which follows from July, provides the Annual Contracts Review for 2020/21 for consideration by the Audit and Performance Committee, in accordance with their Terms of Reference.
- 1.4 A fundamental part of the Procurement Service improvement journey is effective contract management via a set of operating principles, that staff who are managing supplier relationships and contracts can utilise. In WCC, the Contract Management Framework (CMF) has been created and is now being rolled out.
- 1.5 The key aims of the CMF are:
 - a) Consistency of approach
 - b) Value for Money
 - c) Defined roles and responsibilities
 - d) Risk controls
 - e) Skilled resources
- 1.6 The CMF is supported by a risk-based segmentation of contracts, so that its principles are applied proportionally. A small support team is being recruited to ensure its effective application across WCC.
- 1.7 In addition, we are working with our major contracts and suppliers to support the City For All objectives, such as the 2030 Net Zero target, by baselining the carbon attributed to these contracts, and implementing ambitious plans to reduce carbon through the contract lifespan.
- 1.8 The National Audit Office has developed a good practice contract management framework. This outlines the activities that organisations should consider when planning and delivering contract management and also provides a helpful tool to be able to assess the contract management practice across the Council and identify opportunities for improvement.
- 1.9 These Contract Management Best Practice principles have been applied to the councils largest 43 major suppliers and contracts ("Platinum" &

“Silver”), which account for 67% of the councils total third party annual spend. A survey was sent to all contract managers which has shown several areas of strength and consistency. It has also highlighted areas that need to be further enhanced, either through training or better systems support. The operational performance of these suppliers and outlook, are largely satisfactory, though some suppliers have been under-performing which is being managed by the respective services.

- 1.10 A similar survey was also undertaken on ‘gold’ suppliers which deliver critical services or could have a reputational impact on the Council i.e., higher risk, but have a low spend. While the suppliers are performing well in most cases, and have a positive future outlook, they are not reviewed as often as required, and in many cases, further support and training is needed by contract managers.
- 1.11 Risk Management of the supply chain has recently been established in WCC. Using Financial Credit scores, sector metrics and suppliers’ financial status in a complex model, we are aiming to pro-actively identify suppliers who may be at potential risk of financial distress. This will allow us to support them earlier and take timely mitigating actions.

2. Recommendations

- 2.1 It is recommended that the Committee note the contents of this report and provide feedback on whether it meets their needs, as well as suggesting any changes or additional content they would like to see in future reports.

3. Contract Management Approach at WCC

Overall Context of Procurement Transformation & Contract Management

- 3.1 Given the council spends over £500million each year on third party services and contracts, the procurement service has a very important role to ensure the delivery of outcomes and value for the city, its residents and partners.
- 3.2 As reported in July’s committee report, a new operating model for the service was implemented in April 2020, with the aim of:
 - creating an integrated ‘Centre of Excellence’
 - recruiting a team of high-quality professional practitioners, and a procurement leadership team.
 - establishing procurement ‘Business Partners’ for each Service Area; and

- providing professional practice leadership for contract and supplier relationship management, including implementation of the Council's new Contract Management Framework.

3.3 Positive progress has been made on the improvement and transformation journey, including:

- Recruitment of a permanent team is largely complete bringing extensive experience and diversity to the service
- Much improved staff engagement and satisfaction measured via Our Voice survey (39% improvement in 1 year)
- The Procurement Code has been updated and launched
- The procurement process has been conducted to select a cloud-based eSourcing procurement and contract management system to replace the existing CapitalESourcing system and take steps towards better systems and data oversight
- A 'data readiness' project to build (and data cleanse) the Council's contract register is underway before implementing the new system. Phase one focuses on identifying and recording in a central database all contracts for suppliers with annual spend above £100,000 (the threshold at which Procurement are engaged). Contracts identified to date cover over 90% of >£100,000 spend, compared with less than 50% of the spend when the project began.
- New business partnering model implemented with improved relationships and planning with stakeholders.
- Continued development of the Responsible Procurement strategy, including supporting the Climate Emergency programme.

Contract Management Framework (CMF)

3.4 The CMF was created to set out some best practice principles that could be applied to all external third-party relationships, across WCC, and to help secure beneficial outcomes to support our City for All priorities, cost saving agenda, and reduce and manage risk.

Guiding principles and background

3.5 The CMF is designed to deliver the following:

- a) A consistent approach to Contract Management and significantly improve the awareness of contract management activity across WCC.
- b) Ensure value for money, drive savings throughout the contract period and mitigate any risks with suppliers.

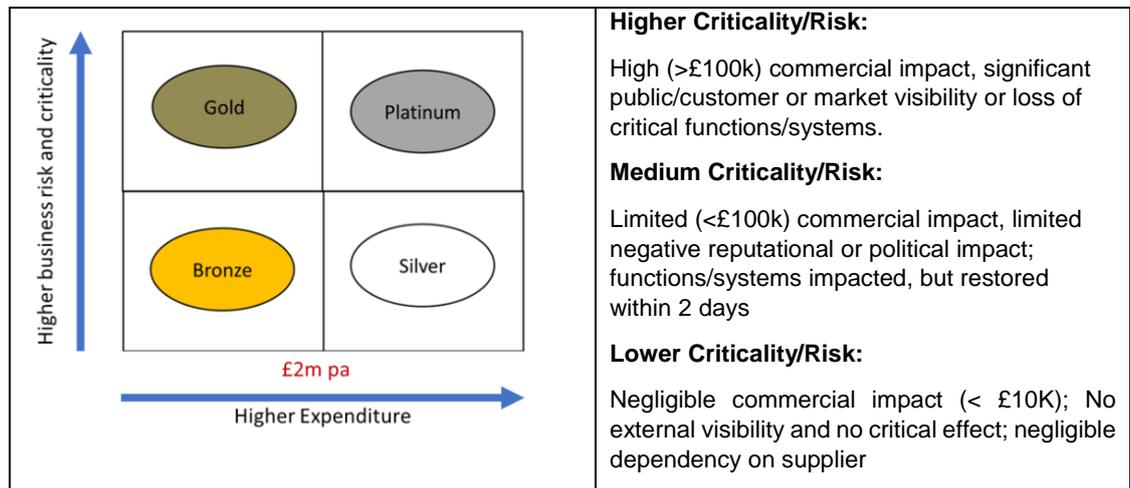
- c) Define roles and responsibilities of Contract Managers, Budget Holders, Procurement teams, and any others that play a major role in contract management.
 - d) Define the key controls that need to be applied to each contract, depending on the level of risk and criticality.
 - e) Ensure that resources are in place and have the necessary skills, to manage key contracts and suppliers.
- 3.6 The CMF was created and presented in 2019. However, its implementation could not be progressed during 2020, due to the pandemic and restructure and resourcing in the Procurement and Commercial Service.
- 3.7 As part of the new Procurement Services operating model, it was recognised that a strong Supplier & Contract Management function was also required.
- 3.8 A new Head of Supplier Relationship Management was recruited in March 2021 to review and re-launch the CMF. The review is now complete and during Q3, the revised CMF will be socialised and launched across the Council. The review also identified the need for three full time members of staff to support this function, and in particular, the rollout of the CMF. Recruitment is currently in progress.

Supplier Segmentation

- 3.9 In line with the Contract Management Framework, supplier contracts are now categorised into one of four designated groups according to value and risk. This guides the level and intensity of contract management required and ensures the council can allocate resources, skills and governance proportionately taking account of commercial impact, contract, and supplier risk.

Contracts Segmentation principles

- 3.10 Contracts are assessed by risk and expenditure and categorised into four areas, as set out overleaf:



3.11 WCC's 2020-22 third party expenditure was £512m, as set out below:

Segment	No of suppliers	Spend	% Share
Platinum	23	£ 259,851,016	51%
Silver	20	£ 84,524,053	16%
Gold	151	£ 42,799,678	8%
Bronze	2614	£ 125,212,982	24%
Grand Total	2808	£ 512,387,729	

3.12 The majority of the spend is concentrated in the Platinum and Silver groups where 67% of spend falls to only 43 suppliers.

3.13 A 'community of practice' forum has now been created for contract managers (now with over 200 members) providing access to contract and supplier information. This will form the basis of further support and training for contract managers which will run alongside the new system implementation during the spring of 2022.

Contract Management System

3.14 The Framework for the new E-Tendering and Contract Management system has been awarded and it is expected that the call-off contract for WCC's new E-Tendering and Contract Management system is expected to be awarded imminently, with the platform expected to go live in Spring 2022. This will offer an integrated corporate contract register and contract management module which will provide essential support to contract managers and enable 'real time' reporting of contract performance, including Social Value KPIs, which are currently done manually. Performance measurement will become easier and more transparent.

City for All – Cleaner and Greener

- 3.15 As part of the Climate Emergency and Net Zero target, we have started a project to reduce carbon emissions from our key contracts. 10 contracts have been identified, which have the greatest carbon intensity in their delivery. We picked a range of contracts that were in the Highways, Construction, and Waste categories, as these are particularly more carbon intensive. We are working with the respective suppliers to calculate the baseline, and initiate action plans which will reduce carbon emissions over the lifetime of those contracts.

Social Value

- 3.16 Almost all contracts now have social value obligations (such as volunteering, skills upliftment, and training), as part of their competitive tender award. We have developed tools and templates for contract managers to use, as part of their periodic contract reviews, to ensure that such obligations are being delivered.

4. Contract performance

- 4.1 Suppliers are core to WCC's objectives of providing a value for money and effective service to its residents and stakeholders. Regular contract performance measurement and monitoring provides the assurance that suppliers are delivering their contractual obligations.
- 4.2 In the past contract performance has been reported to a limited extent. This year, we have a more comprehensive reporting of performance, taken from the contract managers themselves. In addition, we have begun to measure how well contracts are being managed, using recognised National Audit Office (NAO) principles, and online surveys. This process will be repeated quarterly.

NAO Methodology – 10 principles

- 4.3 The NAO has created a best practice set of principles for effective contract and supplier management. These principles are being used widely across Central and Local Government, and we wanted to benchmark WCC against this standard. The table below shows the principles and a brief explanation of each factor.

Principle	Description
Planning:	Preparing for contract management through defined ownership of the contract and processes, including monitoring and mitigation of issues

People:	The right people are in place to manage contracts effectively, they are adequately trained and resourced, and have the required decision-making authority
Administration:	The physical contract is stored and accessible, and contract management information like closure dates are available on a system.
Managing relationships:	Internal and external relationships are clearly understood, and there is effective communication across teams, and used to resolve issues in a timely manner.
Managing performance:	The service is provided in line with the contract, with defined Service level agreements. Compliance is measured, feedback provided, and performance reviews are undertaken.
Payment and incentives:	Payments are made to the supplier in line with the contract, processes are well-defined, and appropriate incentive mechanisms are in place
Risk:	Contract managers have a clear understanding of risks affecting the contract and there are processes for monitoring and managing contractual and supplier risk
Contract development:	There are defined processes to review the contract regularly, and an approval process when making changes to the contract
Supplier development:	There are processes in place which monitor benefits and continuously improve supplier performance and capability
Supplier relationship management:	There is a programme for managing and developing relationships with suppliers and capturing innovation

Results from survey of Platinum & Silver Supplier Contract Managers

- 4.4 We reviewed the performance and outlook of the 43 Platinum and Silver suppliers, via their Contract Managers. This was done through a comprehensive online survey, and all opinions and statements are taken directly from the contract managers.

Overall Performance

- 4.5 The contract managers were asked to rate their suppliers on the quality of their performance. The table below reflects their view. Nearly 90% of suppliers are performing satisfactorily, or generally meeting standards. While there may be operational issues in about 60% of cases, these are managed and resolved through regular dialogue with suppliers.

Directorate	Good - meets or exceeds requirements	Satisfactory - generally meets but some minor issues	Poor - falling short of requirements though not critically	Unsatisfactory - often falling short of requirements sometimes critically	Grand Total
Adults Services	1	5	0	0	6
Children's Services	0	0	0	0	0
ECM	3	2	3	0	8
Finance & Resources	2	2	0	0	4
GPH	8	6	0	1	15
People Services	1	0	0	0	1
Public Health	0	5	0	0	6
Grand Total	15	20	3	1	39*
%	38%	51%	8%	3%	100%

*4 of the 23 "silver" supplier contracts expired during 2021 and were not surveyed.

Details on Poor or Unsatisfactory suppliers

- 4.6 From the survey of contract managers, four of the council's top suppliers were rated as Poor or Unsatisfactory in their day-to-day operational performance. The details of the four suppliers are in confidential appendix 1.

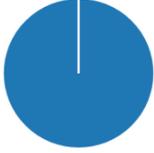
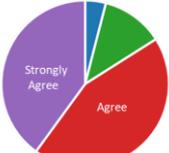
Forward Outlook

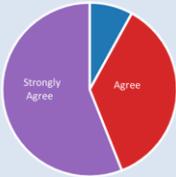
- 4.7 Contract managers were asked to state how they viewed their suppliers performing during the next quarter.

Topic	Survey Result
Performance outlook for the next quarter 	<p>Of the 39 suppliers surveyed, Contract Managers rated 37 as "Stable" or "Improving" their current delivery during the next quarter. 2 suppliers (also rated as currently poor) may be at risk of deteriorating services. There are active steps in place to manage their performance, with escalations and review meetings taking place regularly.</p>

- 4.8 In the same online survey, we also asked a series of questions based upon the NAO Contract Management principles. The table below shows the results. Contract Managers' comments are shown in italics:

NAO factor	Survey Result
Planning: <i>Preparation through defined ownership of contract and processes</i>	<p>Of the 39 suppliers, in 95% of cases, the contract manager and budget holder have been defined, and issues and performance are</p>

	<p>reported regularly. However, this is all done manually within directorates and there are no shared or common reporting systems in place.</p>
<p>People: <i>Skilled managers with the right training and resources in place</i></p> 	<p>Contract managers have a detailed knowledge of the contract, service level agreements, and ongoing supplier performance. All stated that they had appropriate contract management skills and expertise, with many reporting that their experience ran to several years. In some cases, commissioners also act as contract managers.</p>
<p>Contract Administration: <i>Accessibility to relevant contractual information</i></p> 	<p>While all “Platinum” Contracts are available on Capital ESourcing, 4 “Silver” contract managers (10% of total) are reporting a delay in access to their contracts in the database due to contract signatures and sign-offs not being completed.</p>
<p>Managing relationships: <i>Clear understanding of roles, along with effective communication</i></p> 	<p>82% of Contract managers reported that roles and responsibilities, both internally at WCC and at the supplier had been defined, and that regular communication routes were understood and being used, both formal and informal. The remainder were Neutral, mainly due to the supplier’s roles not always defined, or changeable.</p>
<p>Managing performance: <i>Defined & agreed performance criteria, with regular review</i></p> 	<p>There was a unanimous response that Service management in WCC is well structured, and suppliers understand the service they are required to deliver. Issues occurs when a supplier is not adequately geared up to deliver their obligations in a timely manner.</p>
<p>Payment and incentives <i>Payments in line with contract; processes in place</i></p>	<p>Similar to the above factor, all contract managers agreed that payment mechanisms and processes are documented and well understood by all parties.</p>

	
<p>Risk: <i>Clear understanding and monitoring of risks</i></p>  <p>Financial Risk Monitoring</p> 	<p>In 95% of WCC’s Platinum and Silver contracts, risks are formally identified and monitored regularly, usually through Risk Registers that are held locally. In addition, managers understand contractual terms & conditions such as termination, warranties, indemnities, and insurance.</p> <p>However, only 50% of the 39 contract managers appear to monitor the supplier’s financial health on a regular (i.e., quarterly) basis. Contract managers rely upon Finance or Procurement to supply them with such information, and in some cases are unaware that this is a requirement. In the current climate, this may be seen as a potential risk, should a supplier suddenly become insolvent.</p>
<p>Contract development: <i>Variation and change control processes in place</i></p> 	<p>All Contract Managers were aware of the change control process, for any contract variations. They also review and update contracts (where necessary) to ensure it meets evolving business needs.</p>
<p>Supplier development: <i>Processes in place to continuously improve supplier capability</i></p> 	<p>95% of Contract Managers reported they work with suppliers to ensure continuous improvement in value, performance, and cost. “..the market is tested for every Task instructed... We are accountable to leaseholders for providing value for money so this is a priority for the whole team” “Benchmarking is conducted to ensure VFM”. “..I have set performance targets at a high level to encourage continuous improvement.. “</p>
<p>Supplier relationship management: <i>Managing and developing relationships with suppliers</i></p>	<p>Shared activities between the WCC and the supplier e.g., process or performance improvement, shared training, task forces, which strengthen relationships, and deliver value is only done for 55% of suppliers. Some examples: “The supplier sources and manages volunteers, social work students, et al at their own cost, to the benefit of the service.”</p>



“We are working on a system interface (with the supplier) to reduce double handling and document management protocol.”
“Community insight from projects has been invaluable in supporting council Covid engagement response”

Conclusions and observations – platinum & silver suppliers

- 4.9 The following conclusions and observations are following this exercise:
- a) Overall, Platinum and Silver suppliers (which account for 67% of expenditure) are rated as “performing satisfactorily, or good”, based on the response from their Contract Managers.
 - b) In four cases where their performance has been “Poor” or “Unsatisfactory”, there are mitigations and corrective measures in place for three of them. The fourth has now been replaced with a new supplier.
 - c) As we do not yet have a system to monitor KPIs or SLAs, we are reliant on the views of contract managers. Independent assurance is therefore required, and it is expected that the new system will provide this with improved corporate challenge and oversight.
 - d) Contract managers report they feel aware of their responsibilities and take adequate steps in the initial planning and set-up of contracts. Managers are also aware of key management processes such as invoicing and contract variation.
 - e) Areas that do need improvement are Risk Management, and Supplier Relationship and development.

Key actions and next steps - platinum & silver suppliers

- 4.10 Contract managers will continue to monitor operational performance of their suppliers and the planned new system will make it easier to track performance on a dynamic basis. The following further actions are listed:
- a) For non-performing suppliers, or those with a weak outlook, we will take more stringent corrective and improvement action, to ensure the right service levels are being met. If these interventions do not work, we will consider re-procurement, where necessary.
 - b) Where Contract managers have not been allocated, due primarily to changes in organisation, we will work with directorates to ensure this is rectified.
 - c) There is a current initiative in place to ensure all contracts over £100,000 are stored centrally and migrated to the new platform when it is launched. We will aim to close any gaps through joint working with services.

- d) We will start communicating monthly or quarterly Financial risk indicators to contract managers – see Risk section 5.
- e) As part of continuous development of contract managers, we will share examples of collaborative projects so that there is much greater interaction and pro-activity, which will result in better supplier relationships. Key to this will be the Contract Managers Forum, which will be launched soon.
- f) Contract management risks will also be escalated reported to each Directorate’s Procurement Board

Results from Gold suppliers survey

4.11 We conducted an online survey in August 2021 from the managers of the ‘Gold’ suppliers (i.e. those that have relatively lower annual spends under £2m but pose a higher risk to WCC either due to the criticality of the service delivered or reputational damage). This accounts for 8% of the Council’s total third party spend.

4.12 The key observations arising from the survey are:

- a) Not every “Gold” supplier has a designated contract manager. The reasons for this are partly due to the low spends, and where such a requirement has not been deemed necessary. With the rollout of the Contract Management Framework, this issue should be resolved in due course.
- b) Almost every contract has performance KPIs.
- c) We have observed that only 11% review KPIs monthly, and about a quarter of the suppliers are not reviewed at all. This is again related to the lack of clear guidance and training of contract managers.
- d) According to their contract managers, 61% of the Gold suppliers are rated as Satisfactory (meeting expectations generally, but with some minor issues). 35% are rated Good (meeting or exceeding expectations). Two suppliers are not performing to standard and are being replaced by end September.
- e) In terms of their costs, all except one supplier is either in line with budget, or below. The one that is not in line with budget has reported some cost pressures. *“...Good level of performance but there are a number of requests for change and additional fee items coming through..”*
- f) The three month outlook for all Gold Suppliers were rated as either Stable or Improving.

Key actions and next steps from Gold survey results

4.13 The following actions are being carried out in response to the survey:

- a) We will reinforce the importance of assigning contract managers to Gold contracts
- b) This will be followed up by training and support with tools, via the procurement hub.
- c) Adults and Childrens Services will always be required to spot purchase some specialist care and support. Work is underway updating the spot purchase contract. Also, the relevant procurement boards will ensure sufficient local oversight is given to these providers alongside national regulation for the majority of spot purchased care and support via Care Quality Commission and Ofsted.
- d) Gold suppliers will also be risk-managed, initially via the Financial Risk methodology in the following section.

5. Risk Management of Contracts & Suppliers

- 5.1 Third Party Risk Management is a key component of effective contract management. This section discusses the current initiatives that are in place to manage supplier risk and our plans to enhance them.

Resilience Forum

- 5.2 A Supplier Resilience forum was set up at the start of the pandemic, to monitor and assist suppliers at risk of insolvency. This has been very successful, with several suppliers being assisted in a timely manner.
- 5.3 Whilst in the first instance utilising national support mechanisms the council was able to offer support such as accelerated invoice payment, change to contract requirements, targets and performance indicators as well as consideration of additional costs that may have been incurred to maintain valuable services.
- 5.4 The council communicated directly at the start of the pandemic to make providers aware of the process they needed to follow.
- 5.5 Overall, support valued at £1.72m has been provided – with almost 50% being as additional funding. These figures excluding support for the leisure services contract which have been managed separately.

Risk Governance Forum

- 5.6 In order to ensure that we pro-actively monitor supplier risk, we have recently set up a monthly Risk Governance Forum (RGF). It consists of the Director of Commercial Partnerships, Heads of Service in Procurement, Finance, and representatives from the bi-borough directorates. Their aims are:

- Review Supplier risks highlighted in the preceding period.
- Advise on any escalations or mitigations required,
- Escalate report any emerging or inherent risks to the SLT

5.7 The RGF is supported by the Head of Supplier Relationship Management and his team, who monitor Financial Risk, Adverse media alerts and other risk indicators. The RGF was launched in August 2021 and is in its early stages of development. It will evolve its remit during this year. The RGF has effectively taken over, and enhanced, the role previously performed by the Covid Supply Chain Resilience group.

Anticipating Risk of Supplier Failure – our new methodology

5.8 The pandemic has demonstrated that many suppliers, regardless of size, are vulnerable to external market conditions. This crisis has exposed the cash flow position and financial resilience in many sectors, and there is an ongoing risk of supplier bankruptcy even following the crisis. WCC therefore need to be vigilant about the financial strength of their critical suppliers and take action to prevent disruption wherever possible.

5.9 We have recently created a model to identify suppliers at potential risk of failure by using a combination of the following factors:

- Dependency: Suppliers who earn a higher proportion of their income from WCC are more vulnerable from a loss of earnings
- Credit Rating: Our current ratings agency, Creditsafe, provides monthly updates on suppliers' credit ratings. A low rating indicates possible financial distress
- Credit Rating Trend: Creditsafe also provide historic credit ratings for suppliers who report their finances to Companies House. A weakening rating over time is an indicator of financial issues.
- Sector Risk: As we have seen during this crisis, some sectors like Construction, Travel and the Adults Social Care markets have been particularly badly hit.

5.10 Using a complex financial model, we have applied these factors to our critical suppliers. See example table below:

Supplier ID	FY Spend 20/21	Dependency	Resilience Indicator	Description of Industry	Current Rating	Trend (Score - Text)	Q1 to Q4 OVERALL (Score - Text)
1	61,855,696	18.99%	Serious Impact	Construction of roads and motorways	100	Stable	Strong
2	53,341,250	5.18%	Severe Impact	activities of other holding companies n.e.c.	60	Falling	Mediocre
3	2,384,477	27.76%	Severe Impact	her business support service activities n.e.c.	34	Falling	Weak
4	15,445,960	13.40%	Severe Impact	gement of real estate on a fee or contract	78	Stable	Mediocre
6	11,671,012	7.15%	Low Impact	General public administration activities	96	Stable	Very Strong
7	10,483,893	48.71%	Moderate Impact	g of other machinery, equipment and tar	87	Rising	Mediocre
9	11,992,623	7.19%	Serious Impact	her specialised construction activities n.e.c.	92	Stable	Strong
10	3,022,903	2.34%	Serious Impact	Development of building projects	91	Stable	Strong
11	8,260,783	0.59%	Severe Impact	formation technology consultancy activitie	69	Stable	Mediocre
13		0.00%	Fairly Low Impact	Other residential care activities n.e.c.	80	Stable	Strong
14	6,673,091	2.89%	Fairly Low Impact	her business support service activities n.e.c.	77	Falling	Strong
15	6,368,375	0.73%	Fairly Low Impact	Activities of head offices	94	Stable	Strong
23	4,810,868	7.05%	Serious Impact	gement of real estate on a fee or contract	96	Stable	Strong
25	887,773	0.15%	Low Impact	Trade of electricity	80	Stable	Very Strong
26	3,652,914	10.65%	Moderate Impact	Landscape service activities	92	Stable	Strong
27	3,897,924	1.48%	Moderate Impact	Non-life insurance	97	Stable	Strong
28	2,953,430	9.36%	Moderate Impact	her business support service activities n.e.c.	55	Stable	Mediocre

Results of applying the methodology

- 5.11 As this is our first attempt at anticipating financial risk, we considered around 200 Platinum, Gold & Silver suppliers, and applied the four factors as detailed in section 5.9 to them. Data sources were Creditsafe, Industry indicators, and our Financial systems. This model does not claim to be a definitive predictor of risk but may indicate its possibility.
- 5.12 There was no data available for approximately 25 suppliers since they have not reported their financial status. These are either NHS entities, or Charities, many of whom have not got credit ratings. We are working with the credit agency as well as the suppliers, to obtain this additional information.
- 5.13 About 10 suppliers have been flagged for further investigation and review, based on the 4 factors. They are being reviewed by the relevant contract managers and with the co-operation and input from the relevant suppliers.
- 5.14 Our aim is to further improve our risk management capabilities through the life of a contract. We are evaluating other risks (like Data Protection, Information Security, Human Rights, etc.) that could affect our supply chain, and cause reputational damage to the council, and also reviewing systems that could give us more visibility of risks. We will evaluate the best course of action, and report back on the enhancements that we make.

6. Next Steps Summary

- 6.1 In addition to the next steps described above, the following actions will take place in the final two quarters of 2021/22:
- Re-Launch of the Contract Management Framework, through a process of consultation with the service areas and contract managers. This will include introduction of tools, templates and training for

contract managers, which will drive consistency and improved contract performance.

- b) Launch of Procurement & Contract management eLearning modules, to enhance skills and capabilities of Contract Managers across WCC
- c) Continued enhancement of the Risk Governance Forum with addition of new monitoring tools to give us earlier indications of risks.

7. Financial Implications

- 7.1 The 2021/22 budget for Procurement is £1.735m. There are no savings for Procurement in the 2021/22 budget.
- 7.2 A business justification has been submitted to Corporate Finance for the capital funding for the new procurement system for the amount of £0.210m. It is expected that this will be funded from other underspends within the Finance & Resources Capital programme.

Comments provided by Kim Wreford SFM Corporate Services

8. Legal Implications

- 8.1 Under section 3 of the Local Government Act 1999 the Council has a 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. It must comply with relevant procurement legislation and rules governing tenders and the award of contracts as set out in the Procurement Code.
- 8.2 The measures proposed and implemented by Procurement & Commercial Services enables the Council to meet its statutory obligations and corporate priorities.
- 8.3 Legal Services is working closely with the Procurement team and the directorates to deliver the various projects set out in the report.

Legal implications by Christina Worrell, Solicitor (Contracts), Bi-Borough Shared legal Services.

9. Staffing Implications

N/A

If you have any queries about this Report or wish to inspect any of the Background Papers, please contact:

Tony Roy, Head of Supplier Relationship Management

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