



City of Westminster

Meeting or Decision Maker:	Audit & Performance Committee
Date:	29 November 2022
Classification:	General Release
Title:	Procurement and Commercial Services Annual Update
Wards Affected:	N/A
Policy Context:	The Council spends over £550 million each year on third party contracts. Procurement and contract management are therefore key enablers to delivering a Fairer Westminster and ensuring maximum value for Westminster and its residents and partners from its supply chain. This includes using our significant spend to influence and create positive action on tackling the climate emergency, contributing to local and national economic recovery, leveraging community benefit, and driving forward greater diversity and inclusion.
Cabinet Member:	Councillor Boothroyd
Key Decision:	N/A
Financial Summary:	N/A
Report of:	Gerald Almeroth, Executive Director Finance & Resources

1. Executive Summary

This is an annual report to the Committee, which provides an update on the procurement and contract management activity at Westminster, including:

- progress of the procurement transformation programme;
- an overview of current activity, and how Procurement is helping to deliver a Fairer Westminster;
- a retrospective view of how well the Council is complying with its procurement policy; and
- an overview of the procurement forward plan.

It seeks to ensure that the Committee has the information and data it needs to carry out its obligation to maintain oversight of procurement and contract activity at the Council.

2. Recommendations

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

3. Reasons for Decision

N/A – this report is for update only, no decision is required.

4. Background, including Policy Context

4.1 Procurement Transformation Programme

a) 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, which replaced the historic category-focused approach with a business partnership model, offering improved alignment to directorates and increased focus on business outcomes. The service is now structured around four specialisms:

- Business Partners – provide commercial support to business areas and develop robust forward pipelines;
- Tendering Services – manage tendering activity for high value and more complex procurements;
- Contract and Supplier Management – providing dedicated support for contract managers and monitoring supply chain risk;
- Policy, Performance and Systems – providing Responsible Procurement expertise, systems, data, policies, governance, and monitoring effectiveness of the procurement policy.

Since 2020, a new team has been recruited into the transformed function, bringing experience and best practice from a range of industries and sectors. The team has moved from being made up mainly of temporary workers (with only 36% permanent staff in November 2020) to over 95% of the team being permanent members of staff today. This progress has been a critical milestone for driving forward transformation and improvement.

- b) People development and staff engagement continues to be a priority, and the Procurement Staff Reference Group have taken the lead in implementing initiatives on diversity & inclusion, wellbeing and personal development, through workshops, training sessions and a monthly team newsletter, all of which have been positively received. Team development has continued with over 20 training sessions delivered to the team this year. Study for professional qualifications is encouraged and supported, and we have launched an in-house training scheme to enable team members to obtain professional qualifications from CIPS (Chartered Institute of Procurement & Supply).
- c) Good progress has been made this year in respect of diversity and inclusion within the team, with over 38% of the current team identifying as BAME, and 59% female. The pay gaps for both B.A.M.E. and gender have reduced by 9% and 13% respectively with concerted effort to ensure this is closed fully by 2025.
- d) Significant volumes of procurement activity have been delivered in the last year, with 115 'Invitation to Tenders' being released to the market, and 138 contracts valued at over £100,000 being awarded by the Council. Pre-procurement engagement with suppliers has increased, in particular pre-market testing via questionnaires, face to face events and workshops, to ensure that an understanding of the supply market conditions informs our procurements.
- e) The Procurement team has focused on building links throughout the organisation, with Heads of Commercial (Business Partners) developing strong relationships across their portfolios. Each Directorate now holds regular Procurement Boards, where Executive Directors and their leadership teams oversee procurement activity within their areas, including pipelines of work and policy compliance. Positive feedback has been received from stakeholders about the support provided to them, and awareness of procurement has increased within the Directorates.
- f) Engagement with Contract Managers across the Council has increased, with the development of tools and guidance shared via an improved Intranet hub, regular forums, and "walk-in" sessions for contract managers to seek advice on contractual matters and disputes. An "E-Learning" module for contract managers was launched, including a test, to promote a consistent understanding of good contract management practice.
- g) Significant improvements have been made to commercial governance, including a new suite of simplified governance templates & guidance, which

will ensure that risks involved in procurements are more clearly articulated and the Council's decision makers are fully informed. Risk management processes have been enhanced with the introduction of a Procurement Risk Log and a monthly leadership review of all open governance actions across the team, to ensure timely resolution.

- h) Training sessions have been delivered to increase awareness of the Council's procurement Code and governance processes. This has been supported by new directorate-specific reporting, where individual monthly compliance reports are shared with Executive Directors to highlight how well their Directorate is complying with procurement policies, and areas where exceptions have been requested. This, combined with increased focus and pushback on exceptions at the commercial governance forum (CGRB), have resulted in a significant increase in directorate compliance with the policies of delivering responsible procurement benefits through contracts, and 100% compliance with the policy of new contracts awarded including a commitment to pay living wage (further details are provided in section 4.4).
- i) A new cloud-based eSourcing procurement and contract management system has been procured this year, and implementation is currently underway. Benefits of the new system to the Council will include more efficient delivery of procurement processes, improved reporting and data analysis especially relating to contract management, and improved risk management and transparency in relation to the Council's contracts.
- j) A highlight of the team's activity this year has been the development of the Responsible Procurement and Commissioning Strategy, which includes action on climate, modern slavery, diversity & inclusion in our supply chain, social value, and tax, and will be a key enabler supporting the delivery of a Fairer Westminster. This has involved significant engagement both internally and externally, with colleagues across the Council as well as Council Members, ELT, current and prospective suppliers, other local authorities, and specialist external organisations. Further details of this work are provided in section 4.2.
- k) Supplier engagement has been focused on developing a more diverse and representative supply chain for the Council and supporting local businesses. Events have included 'Meet the Buyer' days, where the Council shares its pipelines of upcoming procurement activity with suppliers, and events targeting SMEs, which focused on: low carbon SMEs; SME perspectives of our new Supplier Charter and RPC approach; and SMEs in the construction sector, our highest spend category. Our latest event on 14th November was targeted towards developing relationships with minority-led SME organisations and assisting them to develop relationships with our Tier 1 suppliers and become part of the Council's supply chain.

4.2 Fairer Westminster

As a significant buyer in the borough spending over £550m p/a, there is an opportunity to use this spend to deliver the Fairer Westminster priorities and

ensure maximum value and benefit is delivered to the borough and our residents, delivering a social return wherever possible on every pound we spend. The Procurement and Commercial Service will play a key role in delivering the Fairer Westminster strategy. Some examples are set out below:

- a) **Fairer Council:** i) Our procurement is responsible and ensures ethical treatment of people, and our investment activity takes account of environmental impacts: Our Ethical Procurement Policy, detailed later in this report, will demonstrate to suppliers the commitments we expect to improve ethical practices. The overarching RPC strategy includes significant action on the climate emergency.
- b) **Fairer Council:** ii) we make decisions more transparently in a way that makes residents feel listened to: Involving residents and service users in the procurement process through the design of service specifications, the evaluation of parts of tender submissions and in annual contract reviews to ensure ongoing contracts are also meeting local need. We will also encourage engagement with residents and service users in both any grant funding applications the Council makes for additional income, or any grant programmes the Council funds, to ensure all grant activities meet ongoing and emerging community need.
- c) **Fairer Economy** - Small businesses are supported to grow and remain, whilst our local high streets are prepared to face the future, becoming more vibrant and accessible, at the heart of communities & **Fairer Communities** - Community and voluntary sector organisations are empowered to prosper in Westminster: We will maximise opportunities to buy local via small businesses and local voluntary sector through active and regular market engagement and potential ringfencing of opportunities. We are also building on the existing relationships we have developed with internal and external organisations including:
 - o MSDUK - to see more minority led businesses working in Westminster
 - o One Westminster - to build more voluntary sector capacity;
 - o Westminster Business Council - to develop small business market in areas of Council need.
- d) **Responsible Procurement and Commissioning**

The original Responsible Procurement & Commissioning (RPC) Strategy was launched in February 2022 following extensive consultation workshops across the council as well as almost 100 suppliers. It was framed on the previous administration's City for All strategy.

Following consultation with relevant Councillors since May 2022, the RPC Strategy has been updated to ensure alignment with 'Fairer Westminster' and to reflect the priorities of the new administration. Some elements of the strategy are now more ambitious, and more clarity is provided on the delivery and expected outcomes of the strategy. The revised RPC Strategy along with the accompanying Ethical Procurement Policy, Supplier Charter and Westminster's

first Modern Slavery Statement, will be going to the council's Cabinet in December for approval.

The new RPC Strategy is focused on 12 objectives. Each of the objectives:

- Supports the delivery of at least one of the 'Fairer Westminster' outcomes
- Sets out how the work helps the council contribute to the UN Sustainable Development Goals (SDGs)
- Lists the principle internal partners and peer organisations that will help deliver the strategy
- Links to relevant council and external strategies, policies and initiatives that the work supports
- Details initiatives already underway and future areas of strategic work that underpin the delivery of each objective
- Sets out Procurement and commissioning areas of action – specific interventions to achieve each objective within tender design, supplier election and evaluation, and how this will be monitored and reported on.

To enable implementation of the RPC Strategy, three supporting documents have been developed:

1. Modern Slavery (MS) Statement

This will be the first Modern Slavery Statement published by Westminster City Council. It focuses on tackling forced labour; how we as an organisation ensure that this has no place within our business, the steps we have taken so far to try and ensure that it forms no part of our supply chains, and the actions we will continue to take to improve our approach to due diligence.

This MS Statement will go to December Cabinet for endorsement and will be formally signed by Cllr Jessica Toale as the Council's Single Point of Contact for Modern Slavery, Cllr David Boothroyd as Cabinet Member for Finance and Council Reform, Cllr Adam Hug as Leader of the Council and Stuart Love as Chief Executive.

2. Supplier Charter

The Supplier Charter requires suppliers to confirm their technical and professional ability to deliver the contract to responsible business standards. It can be used to select (or deselect) suppliers who share the Council's values and are suitable for the Council to work with. To ensure proportionality and avoid creating barriers to smaller businesses, each Supplier Charter requirement is tailored according to contract type, duration and value, and allows sufficient time to evidence compliance. Detailed guidance for suppliers and contract managers is provided to communicate the Council's expectations.

The Council consulted with almost 100 local businesses, both existing tier one contractors and interested and current SME suppliers, on the content of the Supplier Charter. Amendments were made in response to this consultation, including setting thresholds so that more complex requirements are expected only

of suppliers with contracts of longer durations, and extending the period of time for suppliers to submit evidence of compliance.

3. Ethical Procurement Policy

In addition to the above, there are a number of other areas which are set out in the Labour Party's Manifesto commitments, which seek to ensure that the Council works with suppliers that share our Fairer Westminster values. These are requirements relating to working conditions, freedom of association & collective bargaining, regular employment, humane treatment & blacklisting and payment of the Living Wage. Under public procurement regulations and UK Employment law, the council has very limited ability to insist that suppliers comply with these requirements as part of its procurement selection processes, and therefore they cannot be used as selection criteria. However, they are a set of values that we expect our suppliers to abide by. Discussions are currently progressing on how this will be implemented.

e) Insourcing Framework

Procurement, working closely with Cllr Ormsby, Deputy Cabinet Member for Procurement, and Finance colleagues have drawn up an Insourcing Framework. The draft framework proposes an organisational approach to support insourcing decisions which is consistently applied across the council.

There is a three-stage process in the framework:

- Horizon scanning annually with relevant Members the commercial pipeline to consider which contracts to target
- An initial checklist analysing the potential for insourcing and recommending whether it should proceed to full analysis
- A Make vs Buy Option Appraisal under five themes carried out by a multi-disciplinary team providing a scored weighted analysis of the two options.

This draft framework has been shared with ELT who will be having discussions with their respective cabinet leads to identify possible projects to investigate the insourcing option. A corporate virtual team will be established to support this work coordinated by an Insourcing Programme Board which will be put in place. We will pilot this approach with identified projects before refining and launching the framework.

f) Community Outreach

The Procurement & Commercial Services team are committed to working with our communities to better understand their needs and provide early involvement on projects. We have implemented this already in the follow areas where it is viable:

- Local community representatives on evaluation panels
- Pre-market engagement with the local community
- Closer working with council representatives
- Events for SMEs to see pipeline opportunities.
- Mixer events for SMEs and Tier 1 contractors

- Transparency data released each quarter on Westminster external website.
- Future pipelines to be released on external website.

4.3 Priority Areas for the Coming Year

In addition to the above, other key areas of focus over the coming year include:

- **Responsible Procurement:** embedding the RPC Strategy and Fairer Westminster throughout the Council's procurement and contract management activity, by continuing progress on all of the areas above.
- **Systems & Data:** Developing the data required to support Fairer Westminster, including measures and reporting of how well suppliers are delivering against their responsible procurement obligations and completing the implementation of the new system.
- **Policy & governance:** Further work to improve and streamline governance processes, ensuring a risk-based approach with an appropriate balance between necessary scrutiny and effort required for governance; and developing improved guidance and controls around lower value procurement activity (below £100,000);
- **Contract Management:** External guidance for suppliers on our website; further events aimed at learning from our existing and potential suppliers, increasing supplier diversity, awareness raising and upskilling.

4.4 Compliance Reporting

At contract award stage, the Procurement team tracks via Key Performance Indicators (KPIs) how well the Council is complying with four key areas of its own procurement policy:

- Value for Money (competitive selection of suppliers);
- supplier commitment to paying Living Wage;
- supplier commitment to deliver Responsible Procurement outcomes; and
- signed contracts in place prior to purchase orders being raised.

These KPIs are shared with each Directorate monthly.

A summary of the Council's performance over the 12 months from 1st October 2021 to 30th September 2022 is included below, along with comparisons to the previous period*. Further details can be found in Appendix 1.

**Previous period relates to data from April 2021 – September 2021, which has been prorated to enable a comparison against the current full year results.*

Reporting was only introduced in April 2021, therefore a full year comparison is not yet possible.

a. Value for Money

The Council's Procurement Code requires that contracts valued above £10k are awarded via a competitive process, to ensure value for money is achieved. Occasionally, business risks or urgency mean that this is not possible, and a contract must be awarded directly to a supplier without competition. In these cases, a 'waiver' from the requirements of the Procurement Code must be requested, which requires approval from the Executive Director of the requesting Directorate, and the Director of Commercial Partnerships.

During the last 12 months, a total of 88 waivers were requested, an average of 7 per month. This represents an increase compared to the monthly average of 4 per month during the previous period. It is likely that some of this increase can be explained by the Procurement team having increased visibility of procurement activity in the directorates, and increased awareness across the Council of commercial governance processes and when waivers are required. Business Partners are working in partnership with the Directorates to reduce the need for waiver requests, through development of a detailed pipeline, earlier engagement and improved forward planning of procurement activity.

b. Living Wage commitments

As part of its Living Wage accreditation, the Council's contracts must obligate suppliers to pay the Living Wage. New contracts include this requirement as standard, whereas for extensions and renewals of existing contracts, the provisions are negotiated in where possible. Some existing contracts do not contain provisions which allow the Council to insist upon this, and for these contracts Living Wage will not be mandated until the contract is retendered or renegotiated.

During the last 12 months, 100% of contracts awarded contained a commitment to pay Living Wage. This is an improvement compared to 91% during the previous period, the result of increased focus on this area in the Council's commercial governance process and increased awareness of the Council's Living Wage policy.

c. Responsible Procurement Commitments

The Procurement Code requires that new contracts contain responsible procurement commitments by the supplier, which are allocated a minimum of 10 - 20 % of the marks in evaluating supplier bids. These commitments are recorded in the contract. New contracts include this requirement as standard, whereas for extensions and renewals of existing contracts, the provisions are negotiated in where possible. Some existing contracts do not contain provisions

allowing the Council to insist upon this, and for these contracts responsible procurement commitments may not be included until the contract is retendered.

During the last 12 months, 87% of contracts awarded contained such commitments. This is an improvement compared to 71% during the previous period, the result of increased focus on this area in the Council's commercial governance process, and the introduction of a new Responsible Procurement Manager role in the Procurement team in March 2021.

d. Purchase Orders Raised Without a Valid Contract in Place

The Council's Financial Regulations and Procurement Code require that a signed contract must be in place before any purchase orders (POs) are raised or payments made to the supplier. New functionality was introduced in the IBC system in September 2021, which allows Procurement approval to be mandatory for purchase orders valued at over £100,000. POs raised without a supporting contract are rejected or require an exemption to be approved by both the relevant directorate's Executive Director and the Executive Director of Finance & Resources. These are then investigated with the relevant service area, with the aim of putting a contract in place as soon as possible.

During the last 12 months, a total of 74 non-compliant POs were raised, an average of 6 per month. This represents an increase compared to the monthly average of 3 per month during the previous period. The trend across the Council since May 2022 has in fact been improving, but the numbers are impacted by 14 POs relating to complex housing needs, which were raised in July without supporting contracts in place. This was due to delays in the Rough Sleeping Initiative funding announcement, meaning contractual arrangements could not be made in time. With three-year funding arrangements released in September by the government, we are working in partnership with the service to have contracts in place for these services before end of December 2022 and to develop future commissioning arrangements.

4.5 Procurement & Commercial Services Forward Plan

Appendix 2 includes details of the most significant procurement projects which are coming up over the next year, and the procurements risks and opportunities across the Council.

5. Financial Implications

No specific financial implications arise from this report. However, all contract awards will need to consider the financial impact, including budgetary limits, value for money, inflationary increases, links to the MTFP and align to the financial regulations. (*Rikin Taylor, 2/11/22*).

6. Legal Implications

There are no direct legal implications arising from the report. Any third-party expenditure must comply with the Procurement Code and any relevant

procurement legislation. Legal Services will be available to assist officers on the projects set out in the report. (*Kar-Yee Chan, 2/11/22*).

7. Carbon Impact

N/A – this report is for update only, no decision is required. However, please see section 4.2 for details of how Procurement & Commercial Services are contributing to reducing carbon through the Council's supply chain.

8. Equalities Impact

N/A – this report is for update only, no decision is required.

9. Consultation

N/A – this report is for update only, no decision is required.

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

Caron Smith, Head of Procurement: Policy, Performance & Systems
Contact Details: csmith@westminster.gov.uk

APPENDICES

- 1: Procurement Key Performance Indicators October 2021–September 2022
- 2: Overview of the Procurement & Commercial Services Forward Plan

APPENDIX 1:

Procurement Key Performance Indicators October 2021–September 2022

KPI Definition	10/21	11/21	12/21	1/22	2/22	3/22	4/22	5/22	6/22	7/22	8/22	9/22	This period	Previous period	Comments
Contracts with Responsible Procurement Commitments	75%	75%	95%	86%	100%	75%	100%	100%	92%	50%	89%	75%	87%	71%	Remained relatively high with some monthly fluctuation, in particular July 2022, which was driven by direct award of a high number of urgent contracts without RP commitments.
Awarded Contracts paying Living Wage	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	91%	All contracts awarded this year which are in scope of Living Wage (as defined by Living Wage Foundation) and valued at over £100k included Living Wage commitments.
Purchase Orders Raised Without a Contract	8	7	5	1	4	7	8	8	7	14	3	2	Average 6 per month	Average 3 per month	There has been a positive downward trend from April 2022, other than July, when 10 connected POs for complex housing needs were raised prior to contract due to funding delays.
Approved Waivers of Procurement Code	11	5	4	12	2	13	6	5	8	7	7	8	Average 7 per month	Average 4 per month	The majority of these waivers relate to contracts being awarded via Direct Awards (without competition). It is likely that some of this increase can be explained by increased awareness across the Council of commercial governance processes.

APPENDIX 2 - PROCUREMENT & COMMERCIAL SERVICES FORWARD PLAN

1. Environment and City Management

The Environment and City Management directorate aims to provide the safest, cleanest and greenest environment. The directorate's vision is to help make Westminster the best city in the world. Services include waste and parks, city highways including parking, public protection and licensing.

Over the last 12 months the directorate has delivered a number of high profile parking and highways procurements with the team reaching award stage on parking back office and on street marshal contracts, as well as awarding contracts that should lead to a further 1000 on street Electric vehicle charging points by the end of 2023.

The Commercial Pipeline for ECM has over 45 items of procurement over the next six years, with an estimated cost of over £1 billion. Large strategic procurement projects include waste collection and highways

1.1. Environment & City Management procurement risks:

- With significant spend on large contracts the directorate is susceptible to changes in its cost base due to inflation/indexation provisions within major contracts and the risk that changes will need to be made to delivery to manage budgets across the service.
- Waste services face difficulty in re-procuring collection and cleansing contracts due to a lack of available land to offer to potential suppliers in Westminster and the surrounding area and due to changes in legislation. The Council are currently undertaking a soft market testing exercise to understand more about these issues.

1.2. Environment & City Management procurement opportunities:

- The directorate is working on many transport related procurement projects that will have a positive impact on people movement and the environment. For example the council continues to roll out significant EV charging infrastructure, is continuing to find new locations for cycle hangers and is maintaining its provision of cycle training. The council is also trialing innovative solutions to freight management such as cargo bike hire schemes and bay reservation systems.
- As well as the aforementioned risk to waste services, there is a real opportunity to re-shape the way waste collection services and contracts are delivered in Westminster. Waste collection remains one of the largest spend areas within the Council but an area of continued innovation. Working alongside external support and smart cities initiatives there is the opportunity to drive change and innovation in the delivery model.

1.3. Environment & City Management Pipeline

- Waste - The Council last tendered its Waste collection contract in September 2010, awarding a contract to Veolia with an initial contract period of seven years, with the option to extend for any period to a further seven years. The council is currently considering its strategy post 2024 and will make the market aware of the proposed way forward in due course. The Council currently spends circa £50m per year on waste collection and cleansing.
- Highways – The Councils Highways maintenance and public realm improvement contracts are due to be re-procured over the coming years with current contracts ending in 2026. It is envisaged that we would go to market for these services in 2024. Contracts are currently worth circa £55m - £60m per year.
- Arboricultural services – Related to the greening agenda the Council will potentially be going back out to market for a contractor to support with arboricultural services. We maintain our 9,000 street trees by inspecting and pruning on a regular cycle and removing trees where necessary. An annual street tree planting programme also takes place, to ensure the continued benefits of trees for future generations.

2. Adult Social Care and Public Health

Adults and Public Health promote and support the health and wellbeing of adult residents of Westminster and Kensington and Chelsea, to enable them to live as independently as possible within their community. Services are commissioned to support over 4000 residents across bi-borough provided by social care providers and the voluntary sector. Over the last year the largest procurement carried out was the Community Equipment consortium on behalf of 21 London boroughs. This crucial service worth up to £350 million across the consortium see aids to daily living delivered and installed to residents who need them.

2.1. Adults Social Care & Public Health Procurement risks:

- Adult Social Care reforms – The new White Papers 'Integration and innovation: working together to improve health and social care for all' & 'People at the heart of care social care' have now received Royal Assent. Together, these introduce major reforms to adult social care, including further integration with health care, changes to the means test for social care, a cap on social care costs and an intervention in the social care market intended to ensure local authorities pay a 'fair price' for care. Throughout the Summer, staff and providers worked to gather and analyse current and "fair" cost estimates across the care home and homecare markets, using a prescribed tool from Government. These analyses were submitted to government at the end of September, along with a provisional report on market sustainability measures, to be finalised in February 2023. The latter focused predominantly on workforce. No changes have been announced to the starting dates for these reforms, which are currently scheduled as April 2023 for new service users.

- Financial pressures and demand – In addition to preparation for national reforms to Adult Social Care, commissioners have worked with providers to identify, negotiate and agree an approach to inflationary pressures that were not anticipated in planning for this financial year. In addition to increases in energy and borrowing costs, contracted social care providers are required to pay staff the London Living Wage, which has increased by 10.1%. Whilst these pressures may ease in the long-term it is prudent to plan for ongoing inflationary pressures in future years. Negotiations with providers have been undertaken on the basis that increases in Council grant are likely to be well below the rate of inflation, and that providers need to bring some of their contingency and margins to the table as well.

2.2. Adults Social Care & Public Health Procurement opportunities

- Continuing strong provider relationships – Westminster has long standing relationships with many providers including voluntary sector partners delivering quality services across bi-borough. Where services are performing well and are considered value for money, tendering the service can destabilise service provision without improved outcomes. In day opportunities, the challenge of making savings while continuing well regarded services has been shared with the current providers at a recent engagement event. The challenge has been set to see if the current market can respond innovatively within the financial envelope.
- Resident and Provider Involvement – In line with Fairer Westminster and the refreshed Responsible Procurement and Commissioning Strategy, we will look first to local markets by sharing opportunities and working closely with voluntary sector and small business enabling organisations. The principles of service design are central to the new Integrated Adult Commissioning function. For this to succeed enhanced resident involvement is required, not only designing services but helping select providers during tenders.

2.3. Adults Social Care & Public Health Procurement Pipeline

Over the next three years, several large-scale procurement projects will be carried out. The largest projects include:

- Learning Disabilities Housing Care and Support – Setting up a new framework to support 150 residents living with learning difficulties live at home. This will include a quality and outcomes framework.
- Care and nursing at Beachcroft House – Options are being considered for long term care provision at Beachcroft House.
- Home care – A new home care model is being finalised. The model includes geographical patches delivering outcome focused care, a vibrant personal assistant market and a digital care coordination model.

- Carlton Dene Extra Care – Following the opening of Beachcroft House, it has been proposed that Carlton Dene is developed into a modern extra care housing development. Options are being looked out for delivery models for the build and operation of the scheme.

3. Children's Services

Children's Services have a variety of contracts and grants across Westminster City Council and the Royal Borough of Kensington and Chelsea providing statutory and non-statutory services that improve outcomes for children, young people and their families. Commissioned services include those that deliver early intervention, allowing for positive outcomes and to prevent cases from escalating, as well as delivering some of our statutory offer to our more vulnerable children and young people. Over the last year, several significant procurements have been undertaken including the 0-5 Healthy Child Programme and Children Centre Outreach, both of which link to the pre-birth to five transformation programme, the Children's Case Management System, and the refresh of the Special Needs Passenger Transport framework for taxi provision.

3.1. Children's Services procurement risks:

- Financial pressure and impact on local provision - The rising cost of living, increasing inflation and on-going effects of Brexit, Covid and wider market forces, has had a direct impact on our providers' ability to continue delivering services at contractually agreed prices. Both local voluntary community groups who are delivering grant-based services as well as providers in specific sectors, namely Passenger Transport providers have reported significant financial pressure.
- Volatility in passenger transport market - We have seen volatility in the passenger transport market in recently months with pressure on the availability of drivers, the rising cost of fuel, new clean air charges being introduced. This is alongside continued high demand for services, creating difficult operating environments for many providers.
- Rising demand for services - The rising demand for statutory services such as local Looked After Services may be attributed to the cost of living crisis and the pressures felt by families with children residing in the borough. This may mean an increase in placement numbers and costs, a pattern which is likely to be reflected across the sector.

3.2. Children's Services procurement opportunities:

- Grant standardisation - Working across Directorates to standardise the Council's approach to utilising grant funding agreements for local voluntary and community sector (VCS) organisations. The aim is to have a fair and transparent approach to investing in the local voluntary sector and providing resilience to the sector.

- Holiday Activity Fund - With the established expansion of the Holiday Activity Fund, there is an opportunity to support local VCS providers with up to two years' worth of grant funding to deliver activity events with food during school holidays to eligible school aged children across the borough.

3.3. Children's Services Procurement pipeline:

Over the next 3 years, several procurement opportunities will be considered for recommissioning including:

- Statutory and preventative Speech and Language Therapy
- School health (school nursing) - led by Public Health
- Youth provision – currently have a range of grants in place
- Short breaks – assessed service to allow parents and carers of children with disabilities to have a break
- Travel care and support Minibus provision
- Emotional Health and Wellbeing provision – currently integrated teams in place with NHS.

4. **Growth, Planning & Housing**

Growth Planning and Housing (GPH) brings together the council's Place Shaping & Town Planning, Regeneration & Development and Housing teams.

Most contracts are capital contracts for stand-alone large-scale regeneration and development programmes. This includes Ebury Bridge and Church Street which are two multi-phase long-term regeneration schemes with several procurement workstreams..

The housing team utilise term contracts for a variety of housing requirements. These long-term contracts are used for repair and maintenance of the housing stock which include specialist services for mechanical, electrical, heating and lifts, but also major works for different geographical areas of Westminster. There are seven term contracts that are due to be re-procured between 2025 and 2027.

The council also implemented several homelessness support services at speed during the pandemic. Over the next three years these short-term arrangements will be turned into more sustainable, procurement compliant arrangements. Council teams should be able to respond to the funding released by the government quickly with trusted providers with flexible procurement mechanisms.

4.1. GPH procurement risks

- Volatile Market – The impact of Brexit, Covid, Russian War and the Energy Crisis are all particularly acute in the construction sector. There have been large

scale concerns around material and labour availability, however the concerns are now more specifically about price. Over the last quarter steel prices have been at an all-time high cost per ton. The council has focused on procurement approach and enhanced its market engagement and supplier relationship to ensure risks are understood and appropriate mitigation is in place.

- Demand for affordable housing - The demand for housing comes with significant pressure to build new homes. Many of the Westminster regeneration schemes are replacing housing with considerably more units. As always, there is a target deadline that the council must meet, that in turn causes programme pressures in respect of procurement and delivery.

4.2. GPH procurement opportunities

- Social Value & Community Benefit - The council has already made great progress in delivering social value through contracts, however working with the council's supply chain to ensure they share the same values as the council will help to expand the benefit. The Responsible Procurement & Commissioning Strategy helps to frame this approach to the supply chain. The opportunity sits with the largest spend and longest-term Contracts: Ebury Phase 2 and Church Street Site A Joint Venture.
- Engaging with SME's - The council has a great opportunity to engage with the SME community within the borough. This includes both direct engagement and engagement through tier one supply chain.

4.3. GPH procurement pipeline

The commercial pipeline has over 75 procurement projects over the next seven years, with a value of circa £1billion. Some of the largest upcoming procurements include:

- Church Street Site A Joint Venture Partner (The total capex for Site A is c.£364m of which the Joint Venture (J/V) development partner would be funding c.£170m)
- Ebury Bridge Phase 2 Main Contractor (circa £300m)
Other upcoming procurements with GLA funding implications include:
- Westmead (circa £32m project cost, circa £4m GLA funding)
- Carlton Dene (linked to Adults, above)

5. Finance and Resources, People Services, Innovation and Change (I&C)

The procurement team have been leading on several key projects in the Finance and Resources directorate, the first being the re-procurement of the Legal Framework for the London Borough Legal Alliance (LBLA), with Westminster being the lead authority for all 25 London boroughs who have signed up to join. This framework allows for a fast response, value for money and a consistent approach when requiring external legal services. Further projects in this directorate include emerging leadership programme, Mailroom services, insurance and the out of hours contact center.

Over the last 12 months the procurement team have worked closely with ICT stakeholder to support on contractual and procurement issues while the disaggregation with RBKC is taking place. This includes updating our Microsoft licensing, emergency management system, library systems and data centers to keep the council and the communities moving. This work has continued in our People services pillar with new procurements in Career transitions, volunteering, first aid and mental health awareness and our employee assistant programme.

Under the Corporate Property Portfolio the service have aggregated projects and requirements to allow for procurement of a single contractor for services to promote better value for money

The Councils existing facilities management contract has an initial expiry of 2024, market and performance analysis is being undertaken to help understand whether it might be preferable to let smaller contracts instead such as cleaning, security guarding, mechanical & electrical). The Council will go to market with its proposed procurement strategy in early 2023.

5.1. Finance and Resources procurement risks

- Separation of RBKC and WCC IT department. -The IT department for both councils are currently working with procurement to separate current contracts with joint sovereignty. The current program means a number of contracts are being extended or directed awarded to make sure there is continuation of services but means the procurement risk is increased due to lack of competition.
- Financial Pressures and demand – Cost of innovation, inflation, financial pressures
- Construction cost- as well as many other sectors faces pressure on prices with materials and labor costs increasing at rates never seen before

5.2. Finance and resources procurement opportunities:

- Innovative solutions- Several pilot projects have been underway within both IT and Innovation and change to allow for new innovative solutions to be used as well as a focus on local SME to support these pilots.
- Capital Projects – To assist with ongoing refurbishment and maintenance of the operational and investment portfolio the Council will shortly go out to market for a term contractor to support with minor works programs across the portfolio offering a value for money solution.
- Low value spend-As an authority we have several low value agreements with the same suppliers for ongoing services, e.g., minor works, architects, and consultancy. This is being reviewed with an opportunity for a strategic approach to consolidate spend and across directorates.

5.3. Finance and Resource, People Services, and I&C Procurement Pipeline

Over the next 3 years, several procurement opportunities will be considered for re-procurement including:

- Facilities Management contract
- Managed Services for Temporary Agency Resources
- Inbound and Outbound mail
- Provision of enforcement services.
- ICT Manage service.