

SWAP - Third Party Spend Final Report

Audit Committee

1st March 2022

Contents

1. Background/Context
2. Commercial Governance
3. Outcomes through Procurement
4. The Way Forward: -
 - a) Procurement Team Restructure
 - b) A Customer Focussed, Insight-driven Delivery approach
5. Next Steps

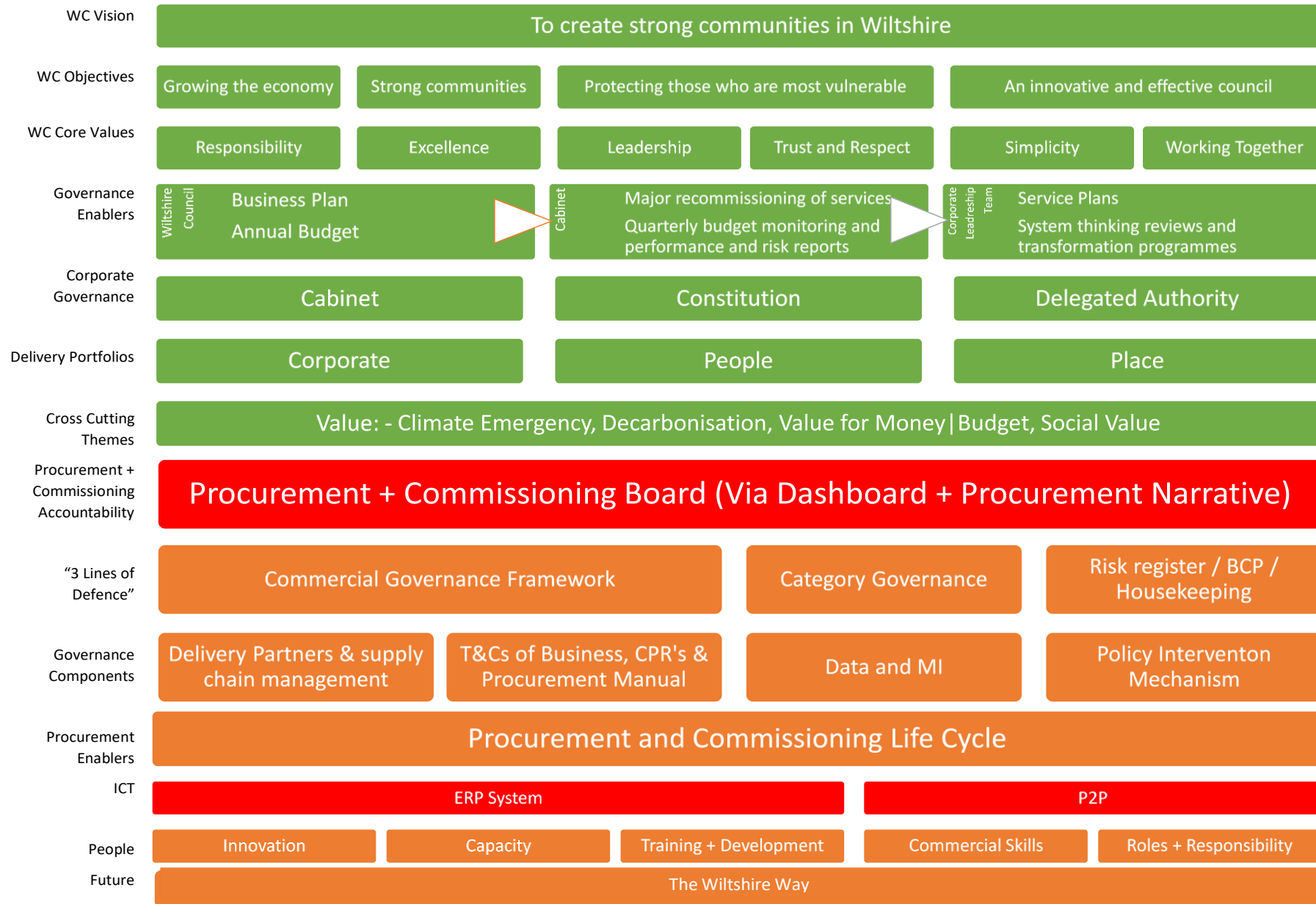
Background/Context

- A new Head of Strategic Procurement was appointed in Feb 2020 with a remit to review the Strategic Procurement Team to ensure it was better fit for purpose to support the delivery of the Council's policy priorities
- First stage identified an absence of a commercial governance framework, failure to comply with basic legislation, an operational structure that did not support strategic ambition, job descriptions that did not reflect actual activity, an inconsistent approach to MCIPS, an absence of planning and no pipeline, and little evidence to demonstrate the level of performance

Background/Context (cont'd 2 ...)

- Several SWAP Audits have provided “limited assurance”, and identified numerous areas to be urgently addressed
- The Council needs to be prepared to adapt to the forthcoming changes to the UK Procurement Regulations (following Brexit)
- The LGA Benchmark exercise has highlighted the fact that a failure to focus on and resource a strategic approach, a basic governance system, and skills development, has placed the Council well behind where it ought to be in terms of maturity and commercial capacity
- A significant number of the Strategic Procurement Team left during 2021 and resources are now insufficient to deliver even a basic service

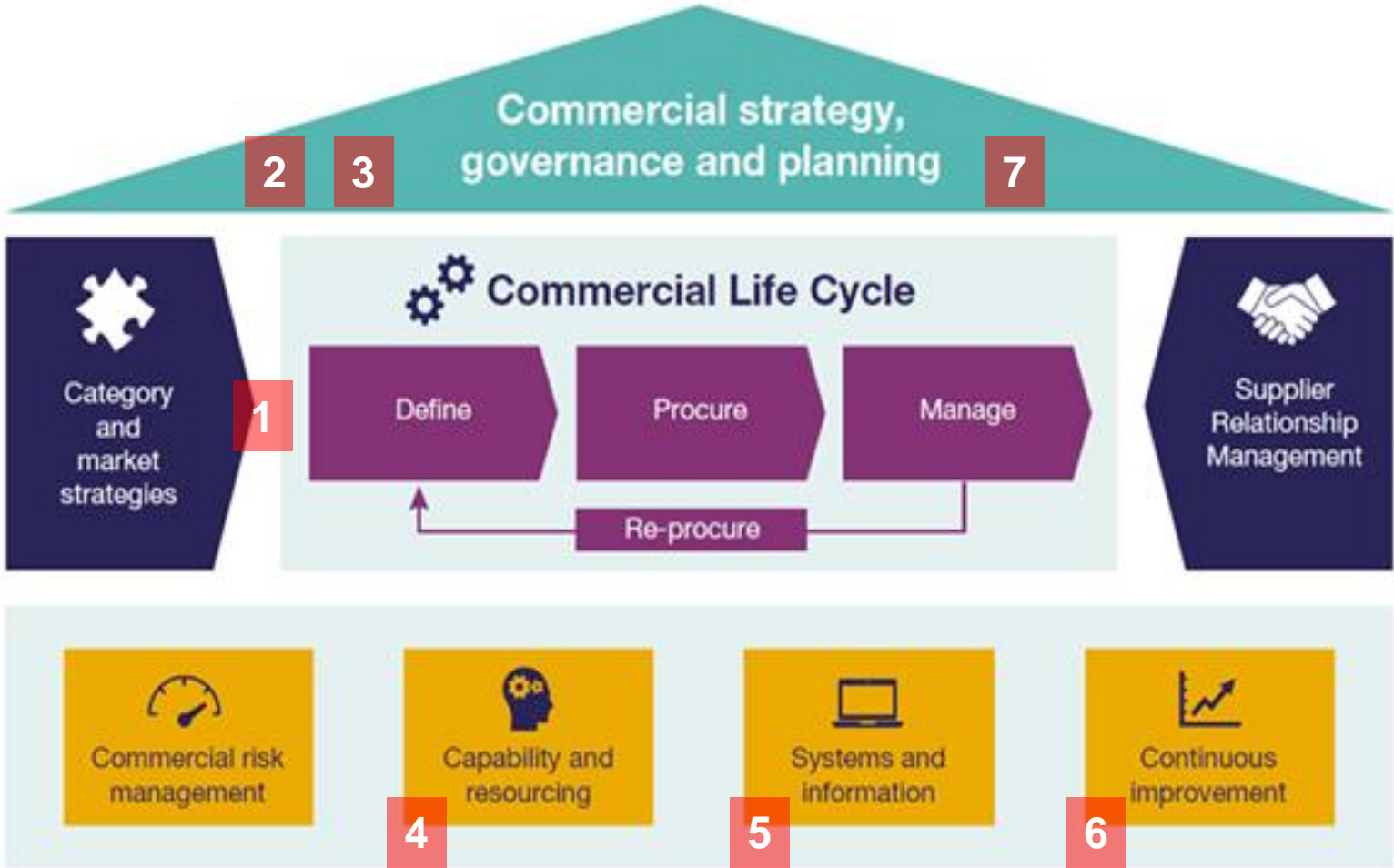
Arrangements for procurement & commercial governance (as at May 2020)



Third Party Spend Audit – Key Themes

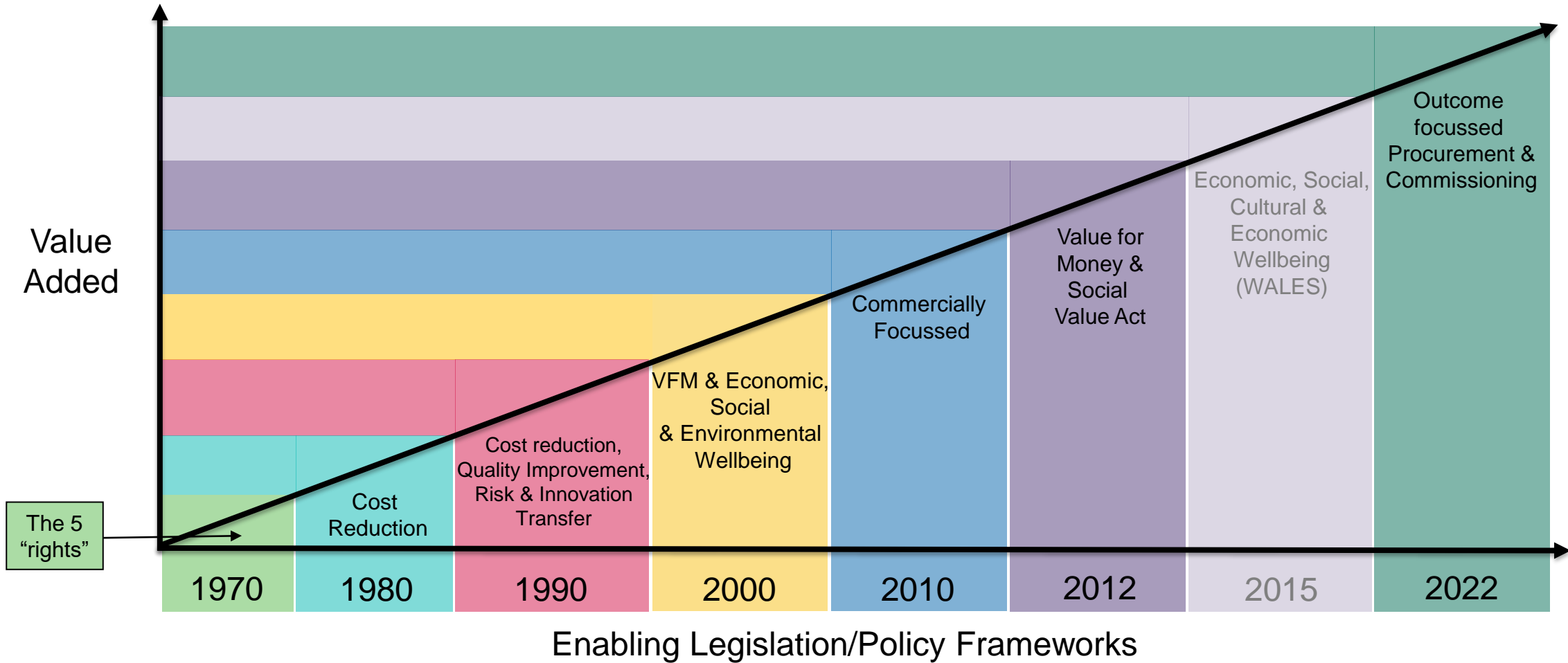
1. Business Cases
2. Declarations of Interest
3. Procurement Strategy/Contract Procedure Rules
4. Collaboration
5. Contracts Register
6. Saving Money
7. Social Value

Procurement & Commercial Governance – Where do we need to be ...?



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Where is Wiltshire Council in delivering outcomes through procurement?



The Outcomes needed from Procurement ...

A Better Community

Ethical sourcing and a supply base that reflects the Council's Values

Working with our community to mutually fulfil our needs

Better Value for Wiltshire

Knowing what we use & how we use it & what happens to it afterwards

Simple, efficient, proportionately robust commercial governance,
consistently applied

Using fewer resources (& sustainable ones when needed at all)

Developing the confidence & capability of our people

The Outcomes needed from Procurement (... 2)

Better Delivery for Wiltshire

All spend supporting the Wiltshire Business Plan

Long term value for money via a whole life approach

Strong governance with clear accountability for (supplier) performance

Better Outcomes for Wiltshire

Simple, efficient processes that are consistent throughout the Council

Evidence-based decision making & robust reporting of performance

A supply base that knows how, & gets opportunities, to fulfil our needs

Suppliers that deliver outcomes in support of the Wiltshire Business Plan

Delivering "Value" – Understanding our Supply Chains



Wiltshire Council

To deliver, the Council's Procurement Team needs to: -

1. Be strategic and commercially focussed
2. Be professionally resourced
3. Facilitate (positive) economic, social & environmental impacts
4. Help deliver wider benefits to the people of Wiltshire
5. Promote open, accessible competition
6. Adopt simplified standard processes
7. Practise collaborative procurement
8. Facilitate supplier engagement to deliver innovation
9. Monitor & report on outcomes delivered

How will this Team deliver ...?

Insight

- Take control of the “commercial narrative” through a monthly “Commercial Dashboard to Executive Team (to include 5 year contracts pipeline, contract KPIs & key supplier data);
- Set out the commercial vision for Wiltshire Council to 2025, in support of policy priorities incl. Net Carbon Zero, the green economy & sustainable development;
- Begin to introduce a commercial strategy and intelligent customer approach with clear, pragmatically robust processes to achieve improved commercial assurance;
- Raise the bar for the Council in terms of the value delivered through procurement

How will this Team deliver ...?

Improvement (Transformation)

- Increase early & more strategic dialogue with current and future suppliers (all sectors) over contract opportunities & delivering innovation in the supply chains;
- Identify and manage commercial & supply risks to ensure robust & flexible mitigating arrangements are in place;
- Improve commercial capability & performance of our people;
- Ensure contracts deliver social value outcomes by integrating social, environmental & economic criteria into contracts
- Ensure governance framework is aligned to Procurement Bill;
- Review the use of e-trading, e-auctions, e-catalogues and data analysis tools;

How will this Team deliver ...?

Innovation

- Be proactive in working with small & medium sized enterprises and Wiltshire-based suppliers, social enterprises and the Third Sector;
- Mainstream making commercial decisions on whole life costing principles, and build innovation into commercial practices to stimulate enterprise & support economic growth;
- Help Directorates to reduce their consumption of carbon & resources and to minimise their waste production to promote environmental sustainability;

Progress Update

- 45462 – “Business Cases” continue to be reviewed by Commercial Board. The templates have been reviewed and new templates will be launched as part of the introduction of the new “end to end process”
- 45361 – the process for undertaking and recording declarations of interest during procurement activity has been reviewed, several adjustments have been made, and this now forms part of the “end to end” process. I have decided that it is prudent to undertake a further review of the “declarations of interest” concept in procurement activity, specifically within the context of the “corporate” methodology and approach (and this will be undertaken through the Corporate Governance Review Group)
- 45470/45377 – These have been reviewed, and I have decided that in view of the starting position (and in the context of the review of the entire commercial governance framework) they would be most effectively delivered through a refreshed approach to both category management. In the meantime, the contracts database will be used as an interim solution
- 45488 – Commercial Board has a savings “totaliser”, captures savings identified and delivered, and reports progress against the corporate target through the appropriate mechanisms. The category strategy work will facilitate the capturing of the broadest scope of contract spend (and therefore savings) in the future

Progress Update

- 45263 - I have reviewed the Procurement Strategy and Procurement Rules as required by this recommendation. I can confirm that: -
 - The framework of a new Procurement Strategy has been drafted, and will be developed through consultation with Commercial Board (and implemented alongside the Procurement Team restructure)
 - The Procurement Rules reflect all current legislation (there have been no changes to Legislation since the UK left the EU – these are expected in 2023, the Council is in consultation with LGA colleagues)
- 45376 – This has been reviewed and some social value benefits are starting to be delivered – these will be captured by Commercial Board going forward, alongside monetary savings identified and delivered. I am implementing a more robust solution to social value, which will be implemented during the restructure.
- 45487 – The contracts register has been reviewed, and the content is as accurate as it can be under current operational practices (which require significant manual intervention). The 5 year contracts pipeline has been of benefit, and it will lead to the supply of richer information, and enable better planning

Next Steps (starting April 2022)

- Complete the Procurement Team Restructure
- Formally implement the new “end to end” process
- Implement further SWAP Recommendations and continue to engage with Audit Colleagues
- Begin to implement Commercial Strategy approach to maximise “value” from £350m spend
- Ensure a smooth handover back from Hampshire colleagues on contracting activity