

REPORT TO PROCEDURES COMMITTEE – 25 MAY 2018

PROCUREMENT APPROVAL PROCESS - UPDATE

1 Recommendations

The Committee is recommended to:

- 1.1 Note the progress to date and provide comments on the content of the report.**
- 1.2 Agree that the Procedures Committee continue to meet to oversee the Procurement Approval Process Project and the implementation of any required changes to the Scheme of Governance.**

2 Background / Discussion

- 2.1** The Committee, at its meeting on 19 January 2018, considered a report on the Procurement Approval Process and requested that a workshop be held for the Procedures Committee members to discuss and analyse the procurement approval process and provide feedback to officers. This was to enable officers to begin to scope out the options for improvement and for the future of the procurement approval process.
- 2.2** The workshop was held on 26 March, 2018. The attending Elected Members received a presentation from the Strategic Procurement Manager from the Commercial and Procurement Shared Service on the technical and legislative work that the service does in relation to procurement. There was also a short presentation from Legal and Governance, with a reminder of the current three stage procurement approval process.
- 2.3** The presentation on the current procurement approval process was there to support the training that was provided by Legal and Governance officers in January and February 2018 to Elected Members. Twelve sessions were held throughout the two months, in multiple venues and by Skype, to maximise the amount of Elected Members that were able to attend. The aim of the training was to ensure that Elected Members understood the three stages of the procurement approval process, and in particular, understand what a work plan is for, what should be in a work plan and what can be done with a work plan. Further understanding about the content of the business case and that approval of a business case can be reserved was also part of the training curriculum. Fifty-one Elected Members attended the training. The feedback received via a survey monkey was positive and 100% of attendees agreed that following the training, that they understood the current governance of the procurement approval process and the purpose of the work plan.
- 2.4** Following the presentations at the work shop, the attendees split into two groups and worked through a number of questions. The feedback received

from Elected Members on the procurement approval process has been summarised and is contained in Appendix 1.

- 2.5 On 29 March, 2018, a meeting of the Governance Service Champions was held. The purpose of this meeting was to obtain feedback from Services on the current procurement approval process. The feedback received has been summarised and is contained in Appendix 2.
- 2.6 The next steps are that the feedback that has been obtained from the work shop with Elected Members will be analysed. The Governance Officer Transition and Implementation Taskforce (GOT IT) officer group and the Strategic Leadership Team will be asked for comments and input. Thereafter, further collaborative work is required (Legal & Governance, Finance and Commercial and Procurement Shared Service) to scope out the options for the ongoing improvements to the procurement approval process. Consultation with Directorate Work Plan Co-ordinators and Governance Service Champions will also be part of the process. These options will include operational matters and any required changes to the Scheme of Governance, including Financial Regulations.
- 2.7 Any changes to the procurement approval process will be ongoing and part of a long-term project (the Procurement Approval Process Project). Therefore, any changes will not be able to be fully captured in the reports to Full Council in June and September on the Review of the Scheme of Governance. It is recommended that Procedures Committee continue to meet to oversee this long-term project and the implementation of any changes. The next meeting is scheduled for 7th September, 2018 and officers will propose a timetable and will be able to present an action plan to this meeting.
- 2.8 The Head of Finance and Monitoring Officer within Business Services have been consulted in the preparation of this report, any comments received have been incorporated and are satisfied that the report complies with the Scheme of Governance and relevant legislation.

3. Scheme of Governance

- 3.1 The Committee is able to consider this item as Full Council appointed the Procedures Committee on May 18th, 2017. The established remit of the Committee is to consider proposed changes to Aberdeenshire Council's Scheme of Governance and to make recommendations about required amendments.

4. Implications and Risk

- 4.1 An equality impact assessment is not required because the recommendations in this report do not have a differential impact on any of the protected characteristics.
- 4.2 At this time there are no staffing or financial implications. Further information will be available following the scoping out of the options referred to in the report.

- 4.3 The following Risks have been identified as relevant to this matter on a Strategic Level BSSR003 Future Governance. The Council needs to be assured that it has the best fit of decision making so as to make it an agile and efficient body and a governance structure that reflects and serves well the communities whose priorities it is here to deliver. The link is [here](#) to the Directorate Risk Registers.

Ritchie Johnson
Director of Business Services

Report prepared by Ann Overton, Senior Solicitor – Legal and Governance.
16th May, 2018

APPENDIX 1

Summary of Feedback from the Elected Members' Workshop on March 26, 2018

- The role of the elected Members in the procurement approval process is important. Members will look at different aspects than officers and can challenge officers constructively. However, once Members have set the framework within which officers can act they have to take a step back
- Members are content with the three-stage procurement approval process which they feel is clear and easy to understand.
- The information presented in workplans is appropriate and fit for purpose. There is the opportunity at Committee meetings for Members to question any items on a workplan and request further detail in the form of a Business Case if need be. Members are satisfied that the content of the Business Case has the level of detail required to enable them to make informed decisions. The balance is working at the moment in terms of information provision.
- The level of detail in the workplans for 2018/19 has been much improved since the previous year. There is nothing in the workplans at present that Members would not want to see.
- The process could be improved through giving context to what is on a workplan, linking in to the Service Priorities in the Service Plan. Some form of Strategic Commissioning Plan linking the Service Plan and Workplan could achieve this, setting out what the service want to achieve and what needs to be procured. There is also a preference for Members getting the information at as early a stage as possible to allow for intervention in contracts/projects where they may be particular concerns. By the time it reaches the award of contract, all issues should have been addressed.
- For major contracts/"big ticket" items, early informal engagement with Members is required. Members can have a role in setting the scope.
- Engagement with new Councillors is needed so that they have an understanding of the procurement approval process.
- Committees should be able to receive updates on contracts where there is a particular interest. Information should come back on how the contract has performed and whether the original aims were met. This would not apply to all contracts, just by exception. This would enable Members to dig deeper and identify lessons learned.

APPENDIX 2

Summary of feedback from the Governance Service Champions' Meeting on March 29, 2018

- The process could be improved through the creation of a commissioning strategy to pre-approve the shape of spend. The IJB Commissioning Plan could be used as an example. A Commissioning plan, attached to finance from approved budget and with corresponding work plan would be easier to monitor. Elected Members should have additional, more detailed, information in order that decision-makers understand their choices fully. The Committee could then receive reports on progress with the Plan.
- Officers are generally confident in using delegated powers where required but are mindful of situations where Committee involvement should be considered. Clarification in the Scheme of Governance is required regarding the use of officer powers for grants.
- There may not be a requirement for Committee involvement where the Council has no discretion in terms of spend (e.g. self-directed support, B&B provision in terms of temporary accommodation, licences, energy contracts). This could be achieved by way of setting different criteria in terms of this type of spend. Similarly, in scenarios where the Council is receiving funds from other sources (partner organisations or community groups) and procuring on that basis. Committee approval may not be necessary where the Council's contribution is under the threshold. In such cases the Council cannot say no to the spend. Putting the matter to Committee for approval may risk missed deadlines and possible sanctions.
- The current approval process could be more efficient if criteria is applied to types of spend that is required to be approved by Committees.
- Whilst Committee involvement is important, there should be confidence in officers to carry out procurements. The officers are following procedures and legislation and are taking the mandatory steps to achieve best value and the best outcome for the council. There will always be a need for Committee involvement but perhaps not so much in terms of spend on operational matters. There are scenarios where a Committee approval is a technicality. For example, where there is no discretion in terms of spend or where the contract is of a highly technical nature. There is a recognition Committees will always have a role to play in the bigger projects or "big ticket" items. It is getting it right as to when that involvement is and getting the right information to committees.
- The use of the term Financial Regulations is confusing and suggests legislation. It would be worth considering other options such as "Financial Requirements" or "Contract/Financial Standing Orders". There are some inconsistencies between the Financial Regulations and Procurement Regulations which can create confusion. The preference would be for the two sets of regulations to match where possible.

- Terminology needs to be reviewed for all stages in the process to aid clarity and awareness