

**Agenda Item 10**  
**AGS/25/23**

<b>Report title:</b> Assurance on Procurement and Contract Management	
<b>Report to:</b> Audit, Governance and Standards Committee	
<b>Report author:</b> Paul Turner, Director, Legal and Assurance	
<b>Date:</b> 5 June 2023	<b>For:</b> Decision
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<b>County Divisions affected:</b> All Essex	

## 1. Executive Summary

- 1.1 At the March 2023 meeting the Committee decided to seek additional assurance on the Council's procurement/contract management processes after an earlier conversation had taken place at the effectiveness review. The Committee were presented with a number of options for how to obtain this assurance and it was agreed that the Committee would be invite relevant officers to attend a meeting of the committee to explain the control environment related to one or more chosen contract(s).
- 1.2 This paper provides Committee with information related to a number of Council contracts to support agreement on which contract(s) to focus on and which approach to take in obtaining the required assurance.

## 2. Recommendations

- 2.1 Agree which contract(s) it wishes to seek additional assurance and any specific areas.
- 2.2 Agree the proposed approach in paragraph 3.4 of the report.

## 3. Background

- 3.1 It is appropriate for the Committee to seek assurance related to contracts and procurement, as suggested at the effectiveness review, given that procurement activity results in ECC spending around £1.2bn per year (2020/21 figure).
- 3.2 Appendix 1 outlines the approach taken by the council's Procurement Team in tiering and risk assessing contracts, called Supply Base Tiering. A tool called Tiering and Resource Tool (TaRT) is used to undertake an assessment of the Council's supply base. This is then segmented according to a number of criteria, including:

- Risk (49%) – made up of complexity, replaceability and general risk (i.e. safeguarding, financial, health and safety, etc)
- Spend (35%)
- Opportunity (16%) - for instance, future savings opportunities, social value, innovation and climate change.

Using this methodology the council's contracts are placed into tiers with 'Tier 1' being considered the most significant contracts in terms of risk and value. Appendix 1 lists these Tier 1 contracts and provides additional data such as contract value and start / end date. Committee may wish to consider this data to make a decision on which contract(s) to seek additional assurance on.

- 3.3 Committee may also wish to give consideration to payments made to suppliers. The following table outlines the top 10 highest paid suppliers / contractors / frameworks for the last 2 quarters.

Supplier	Total Paid Oct 22 – Mar 23
Ringway Jacobs Ltd	£ 62,943,314.43
Essex Cares Ltd	£ 20,325,916.68
HCRG Care Services Ltd	£ 18,986,144.31
Enovert South Ltd	£ 17,760,210.89
Mitie Ltd	£ 16,778,542.78
Provide Community Interest Company	£ 16,666,016.27
Runwood Homes Ltd	£ 15,878,262.21
Foster Care Payment*	£ 12,066,144.76
Countyroute (A130) Plc	£ 9,651,766.57
Peabody South East	£ 7,453,124.07
<b>Grand Total</b>	<b>£ 198,509,442.97</b>

\*total paid but will be made up of payments to various companies and individuals.

- 3.4 In addition to deciding which contracts it wishes to review, it is suggested that a list of risks or other areas of the contract / contract management are agreed. It is then suggested that:

- Officers finalise a list of questions in consultation with the Chairman.
- The list of questions is communicated to officers
- Officers are asked to provide a presentation of no more than 10 minutes on the relevant item
- Members hold a pre-meeting to discuss 'lines of questioning' which are allocated to individual members (note that this allocation doesn't stop any member asking any question that they wish to)
- Members then ask questions after the presentation
- Members agree next steps if appropriate.

#### **4. Links to our Strategic Ambitions**

4.1 A strategic approach to risk management is critical in ensuring that the Council successfully mitigates its risks in all areas of work to ensure vital services continue to be delivered and available resources reach those most in need and the council remains resilient. This report links to the following aims in the Essex Vision.

- Enjoy life into old age
- Provide an equal foundation for every child
- Strengthen communities through participation
- Develop our County sustainably
- Connect us to each other and the world
- Share prosperity with everyone

4.2 This report links to the following strategic priorities in the emerging Organisational Strategy 'Everyone's Essex':

- A strong, inclusive and sustainable economy
- A high quality environment
- Health wellbeing and independence for all ages
- A good place for children and families to grow

#### **5. Financial implications**

5.1 There are no financial implications as any activity will need to be met within existing resources.

#### **6. Legal implications**

6.1 Any of the options in the report could give assurance. If the Committee does not feel that it has suitable assurance then it does need to take steps to fill this gap.

#### **7. Equality and Diversity Considerations**

7.1 The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:

- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful
- (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
- (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

- 7.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, gender, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).
- 7.3 The equality impact assessment indicates that this strategy will not have a disproportionately adverse impact on any people with a particular characteristic.

## **8 List of Appendices**

Appendix 1 – Supply Base Tiering and Contract Register

## **9 List of Background papers**

None