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Title of meeting: Governance & Audit & Standards Committee
Subject: Procurement Management Information
Date of meeting: 28th February 2024
Report by: Richard Lock - Assistant Director, Procurement
Wards affected: N/A

1. Requested by

Governance & Audit & Standards Committee.

2. Purpose

To provide procurement performance reports and supporting evidence to the committee in order that the committee may assess the council's performance in procuring contracts for goods, works and services on a legally compliant, value for money basis.

To update the committee on progress developing procurement performance reporting.

3. Information Requested

Performance Monitoring Elements & Base Line Data Reports

The report covers 3 key performance monitoring elements:

- Spend Compliance - Transparency
- Direct Awards of High Value Contracts
- Contract Management Performance Monitoring - KPIs

At the request of the Committee at the meeting held on 24th July 2020 the base line data used to calculate the summary figures included within this report is included as the following exempt appendixes:

- EXEMPT - G&A&S - Procurement Mi - App 1 Spend Compliance Q3 Oct-Dec 23
- EXEMPT - G&A&S - Procurement MI - App 2 HV Direct Awards Q3 Oct-Dec 23
- EXEMPT - G&A&S - Procurement MI - App 3 Contract KPIs Q3 Oct-Dec 23

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Performance Comparison

This report provides performance information for the time period covered under Q3 of 23/24 / 01.10.23 - 31.12.23. Where possible a comparison has been made to the performance information taken in the previous September report which covered Q1 23/24 / 01.04.23 - 30.06.23. However, due to the incremental improvements made to the performance reporting processes comparisons will not always be exact.

Reporting Developments, Context & Impacts of Forthcoming Procurement Reform

As detailed under each section of this report there have been developments in respect of each of the individual reports which are summarised below:

- Section 1 - Spend & Transparency Compliance

As previously reported to Committee only spend processed via Oracle FUSION is subject to full automated controls. These controls, which consist of data feeds between Oracle FUSION and the Council's e-sourcing system In-tend, link financial transactions with a value of over £5k to contract entries openly published on the In-tend system. This helps ensure that the council meets its transparency obligations in respect of its contracting activity.

Since the last Committee processes have been put in place to link spend processed via other systems such as CONTROCC, SystemsLink, Scala, etc. can also be linked to In-tend contract entries, and where this is not the case allow for corrective action to be undertaken. The report also now covers spend processed through CHAPS which includes for the Council's high value long term Highways PFI contract with Ensign.

Both of these developments will aid the Council in meeting its current transparency requirements as well as the future increased transparency requirements which the council will be legally obliged to meet under the forthcoming major procurement reforms. These reforms are set to be legally activated in Autumn 2024 following Royal Assent of the Procurement Bill on 26th October 2023.

The new transparency obligations include for a requirement on public bodies that spend more than £100M per annum on externally sourced goods, works and services to maintain a published pipeline of forthcoming contracting opportunities that have an individual lifetime value of over £2M.

Ensuring that the Council has processes in place for the timely and accurate publication of contract information and is able to quickly compile pipeline reports will place the Council in strong position to meet the new increased transparency requirements.

- Section 2 - High Value Contract Direct Awards

This section of the report has been renamed following the implementation of the new Contract procedure Rules (CPRs) on 1st July 2023 following endorsement from the Committee on 25th January 2023 and subsequent approval at Full Council on 14th February 2023.

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The new CPRs provide the Council with significant additional flexibilities for the award of contracts, whilst still ensuring compliance with the wider statutory procurement regulations. A significant change implemented under the new rules is that contracts may now be let via direct award where the contract value either falls below the relevant statutory threshold, or if above threshold, are legally permissible within the exemptions set out within the regulations.

This means that in many cases contracts can now be direct awarded without having to raise a waiver to seek approval for departure from the Council's own rules. However direct awards are still subject to a strict scrutiny and approval regime as part of the Council's procurement governance processes. This includes for the reporting of such awards to the Committee under this section of the report.

On-going pro-active scrutiny of direct award proposals will help ensure that the Council is able to demonstrate that is acting rationally & compliantly in meeting its Best Value obligations. This is particularly important when significant contracts have been awarded without application of competition and without any form of open advertising.

Ensuring that governance and reporting processes are adhered to and continually developed will also help the Council to meet the additional transparency obligations that the Council will need to adhere to as part of the procurement reform. These obligations will include for open pro-active publication of planned awards which exceed the relevant statutory threshold for regulatory and market scrutiny, irrespective of whether a valid exemption argument can be made or not.

Failure to abide by the future requirements could place the Council at risk of costly legal challenge from the market and potential sanctions from regulatory bodies.

- Section 3 - Contract Management Key Performance Indicators

Further implementation of the new contract management KPI reporting model has been piloted and tested. Progressing implementation of the system along with wider contract management training & support will help the Council to realise benefits of effective delivery, financial efficiencies and market innovation.

Focusing upon contract management practice, process and system development now will also position the Council well to implement the new legal obligations for publication of KPI performance information for higher value (over £2M) contacts.

Failure to effectively apply KPIs could put the Council at risk in the future of failing to meet its transparency or, even more importantly, risk legal challenge from suppliers who feel that published information in respect of their performance has been applied inconsistently and inaccurately.

Under the reforms the Council will also be required to publish notices where a contract has been terminated due to poor performance. The Council will not be able to exercise discretion in respect of this requirement. This adds to the importance of ensuring that its contract management processes and legal positions are reliably robust as it is likely that suppliers who have contracts terminated may be more inclined to challenge the Council in the future.

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Exempt Information

Where further detail is required by the Committee the Procurement Manager will provide this during the committee meeting, however where questions relate to detail included within the exempt appendices responses cannot be provided whilst the public live streaming is in operation.

SECTION 1 - SPEND & TRANSPARENCY COMPLIANCE

Introduction

The table on the following page provides a comparison of spend compliance from the last report taken to Committee in September 23 which covered Q1 spend (01.04.23 - 30.06.23) to Q3 spend (01.10.23 - 31.12.23).

Context & Current Process

The Local Government Transparency Code (2015) requires that all contracts with a lifetime value that exceeds £5,000 are published to an area of the council's website which is freely accessible to the public.

The Council monitors and ensures compliance by requiring every purchase order raised through Oracle FUSION with a distribution value of £5,000 or above is linked to a contract entry which has been raised and published on the Council's In-tend systems publicly accessible contracts register.

Further to the Code requirements, the Council is also required under Public Contracts Regulations (2015) to publish summary information on awarded contracts to the national Contracts Finder system for all contracts with a lifetime value of £30,000 or more.

Spend compliance is measured by reporting on spend which has been directly linked to an In-tend contract entry in the case of spend processed entirely via Oracle FUSION. Compliance for spend processed via other systems is measured through manually cross-referencing transactions against entries on the In-tend contracts register where possible.

It should be noted that 'compliance' in respect of this section of the report is concerned only with meeting the requirements of the Local Government Transparency Code (2015) and the performance of the financial controls put in place by the council. Performance in respect of broader compliance with wider procurement legislation and the council's own Contract Procedure Rules is covered within Section 2 of this report.

Report Development Status & Future Development Proposals

Since the last report taken to Committee - where Committee requested that work to ensure higher levels of compliance for spend processed via other systems should be progressed - processes have been developed and piloted which have significantly increased levels of compliance and associated transparency of the Council's contracting activities.



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This work has been focused upon development of compliance tracking for transactions processed via the Council's CONTROCC system. This system is used by Adult Social Care and is used to process a significantly high volume and value of transactions every month. The compliance figures for spend processed via other systems is detailed within the report below which also shows the significant improvements which have made since the last report taken to Committee.

Whilst further investigation will be required there is a good level of confidence that the protocols established for tracking compliance in CONTROCC could be incorporated into other systems such as the MOSAIC system used by Children's Social Care.

It should be noted that controls that are being developed for tracking compliance on spend processed via other systems are not currently automated. Further work will be required to develop and implement processes which will ensure that contract entries are always raised promptly at commencement of contract rather than at point of check.

Expanding the use of automated processes will require an investment of officer time and is likely to require system developments which will come at additional cost. The time and cost required will need to be considered against other priorities, in particular those imposed upon the Council through the forthcoming procurement reforms.

The report also now includes for transactions processed via CHAPS which includes for the high value long term Highways PFI contract the Council has in place with Ensign which was not covered under previous reports.

Spend via purchasing cards is still not included within the report. This will be further investigated and, if possible, included for within the next bi-annual report taken to Committee.

However, as highlighted within previous reports, it is unlikely that this will impact significantly upon the Council's compliance and transparency position as purchasing cards are used typically for lower value transactions as per Council policy. As such it is unlikely that individual transactions processed via purchasing cards will be above £5k, unless in exceptional circumstances

Whilst full automated compliance reporting cannot be achieved across all systems, there is not considered to be a high risk that after further analysis there will be many instances of higher value / risk non-compliance with procurement regulations as:

- Procurement can provide assurance that all utilities contracts which SystemsLink transactions relate have been compliantly procured
- Higher value transactions processed via CONTROCC for adult social care services, via MOSAIC for children's social care services and via SCALA for Port transactions should be able to be tracked back to approved contracts through application of the Council's Procurement Gateway Process which at the time of the first quarter applied to all contracts with a lifetime value of over £100,000 (*on 1st July 2023 the council launched its new Contract Procedure Rules which has increased this threshold to £150,000*)

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- Payments made to builders for works undertaken for private sector residents for disabled facilities grants, warm homes funding, etc. are generally not covered within the scope of the procurement regulations
- Funding transfers in respect of health and education requirements, for instance, to other public sector contracting authorities are not generally covered within the scope of the procurement regulations, and where they are generally would be of low risk due to a lack of practical supply options

The report still includes for transactions associated with grants, educational placements, S78 funding transfers which fall out side of the scope of the procurement regulations, the Council's Contract Procedure Rules and are not covered within the scope of the Procurement Information which the Council is required to publish under the Local Government Transparency Code (2015).

It is proposed that for the next report taken to Committee that transaction groups above which have been thoroughly investigated and can be simply identified are removed from the report in order to provide a more accurate performance position.

Q3 (Oct-Dec 23) Analysis

The detailed report taken from Oracle FUSION is included as exempt appendix - 'EXEMPT - G&A&S - Procurement Mi - App 1 Spend Compliance Q3 Oct-Dec 23'. This report shows the compliance figures overall, by service and by sub-service area.

A summary of the analysis undertaken by service area is included within the data following table. A target of 95% compliance overall and by service area in respect of transactions processed entirely via Oracle has been set previously by the Committee.

Performance can be summarised as follows:

- Total in and out of scope spend via all systems for Q3 Oct - Dec 23 for financial transactions which exceed £5k equated to £92,097,612.49.
- Of this spend financial transactions equating to £87,645,397.30 / 95.17% can be traced back to a corresponding contract entry on the In-tend system or can be confidently removed from the analysis as an out of scope transaction.
- This is a significant improvement upon performance last reported to Committee in September 2023 which equated to 81.6%, which was at the time a significant improvement upon the figures reported at the March 2023 Committee which equated to 76.7%
- Of the total Q3 spend £58,959,462.01 / 64% was processed entirely via Oracle FUSION and therefore subject to the automated controls implemented by the council
- £58,078,439.90 / 98.51% of transactions processed entirely via Oracle FUSION were linked to corresponding In-tend contract entries. This is slightly lower than the

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figure of taken to Committee in March 2023 for Q1 which equated to 99.4% but is still significantly above the agreed 95% target.

- When spend is broken down on a directorate by directorate basis the figure for every directorate other than Children, Families & Education exceed the 95% target.

Spend Compliance Comparison - Q1 Apr - Jun 23 vs Q3

1. Spend Processed Entirely Via Oracle FUSION

Key

- *NC - Non-compliant*
- *C - Compliant*

Directorate	Q1 Apr - Jun 23			Q3 Oct - Dec 23		
	Total £	NC £	C %	Total £	NC £	C %
Adult Services	£1,786,603.43	£2,009.55	99.9%	£1,472,676.03	£0.00	100%
Children Families & Education	£2,455,153.54	£1,442.34	99.9%	£4,678,978.10	£649,724.44	86.11%
Corporate Services	£2,265,236.24	£2,727.50	99.9%	£2,542,853.07	£8,991.38	99.65%
Culture Leisure & Regulatory Services	£1,083,428.78	£856.93	99.9%	£1,578,367.23	£8,547.98	99.46%
Executive	£525,178.81	£4,839.74	99.1%	£317,912.54	£15,680.05	95.07%
Finance	£6,346,133.83	£28,500.00	99.6%	£5,698,551.68	£3,150.00	99.94%
Housing Neighbourhood & Building Services	£8,694,672.77	£6,033.07	99.9%	£13,232,453.91	£100,198.64	99.24%
Public Health	£1,291,633.42	£1,115.40	99.9%	£1,819,574.83	£1,467.60	99.92%
Economy, Transport & Planning	£14,219,448.85	£200,552.43	98.6%	£13,809,047.31	£46,631.01	99.66%
TOTAL	£38,668,346.60	£248,076.96	99.4%	£58,959,462.01	£881,022.11	98.51%

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CITY COUNCIL

2. In Scope Spend Processed Entirely or Partly through Other Systems

Systems / Payments	Q1 Apr - Jun 23			Q3 Oct - Dec 23		
	Total £	NC £	C %	Total £	NC £	C %
MOSAIC - Children's Social Care Finance System	£1,525,491.70	£1,525,491.70	0%	£1,621,248.40	£1,621,248.40	0%
CONTROCC - Adult's Social Care Finance System	£11,039,423.49	£5,605,761.41	49.2%	£11,928,360.52	£1,949,944.68	83.65%
SCALA - Port Finance System	£4,860,141.79	£3,527,119.60	27.4%	£2,226,216.79	£0.00	100%
SystemsLink - Utilities Payments	£2,622,482.53	£2,622,482.53	0%	£2,136,071.32	£0.00	100%
Locally Commissioned Services Payments - Transfers of funds to pharmacies & other organisations	£44,528.20	£0.00	100%	£42,547.87	£0.00	100%
PFI Payments - Victory Support Services	£239,044.01	£0.00	100%	£237,908.34	£0.00	100%
*CHAPS - Highways PFI & Future Transport Zone				£6,105,659.91	£0.00	100%
TOTAL	£20,331,111.72	£13,280,855.24	34.7%	£24,298,013.15	£3,571,193.08	85.3%

*As stated earlier in the report CHAPS payments have not been previously reported on but will form part of the standard report for all future analysis.

3. Out of Scope Spend

As the transaction types set out below have been investigated and confirmed as falling outside of the scope of the procurement regulations, Council rules and procurement transparency requirements no further analysis has been undertaken for this report. It is also proposed that these transaction types are removed altogether from future reports.

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Systems / Payments	£
Academy & Education Payments - Education Funding Transfers	£4,137,307.53
Business Rates & Property Transactions	£65,277.00
Children's Finance - Funding Transfers	£18,350.00
Early Year Payments - Children & Families Funding Transfers	£528,150.26
Energy Services - Warm Homes Grant Transfers	£2,771,062.02
Pre-Paid Cards	£41,025.10
Private Sector Housing - Disabled Facilities Grant Transfers	£768,453.35
VAT only Invoices & Adjustments - Finance Transfers	£491,488.07
Youth Offending - Funding Transfers	£19,024.00
TOTAL	£8,840,137.33

4. Summary Analysis

The data set from which the tables above have been calculated from can be found within exempt appendix - 'EXEMPT - G&A&S - Procurement Mi - App 1 Spend Compliance Q3 Oct-Dec 23'.

Oracle FUSION - Non-Compliant Transactions

In summary, the analysis shows that in respect of spend processed entirely via Oracle FUSION, there are no financial transactions with an overall distribution value in excess of £150k (above which contracts were classed as high value under the council's CPRs and subject to a formal procurement process) that cannot be traced back to a compliant contract, or are otherwise exempt from regulations, Council rules and procurement transparency requirements.

All transactions with a distribution amount of £150k are all either out of scope or due to an admin error the transaction has not been linked to the corresponding In-tend contract entry. or more they a significant number of the non-compliant transactions, including for all with a distribution value in excess of £100k, there are contract entries on In-tend but due to administrative errors the transactions were not linked.

Only one transaction with a value in excess of £30k requires a contract entry to be raised on In-tend. A further 15 transactions which cannot be linked to a contract entry and which are of a value below £30k but above £5k also require contract entries to be raised.

All of the Childrens, Families & Education transactions relate to out of scope education finding transfers. This in effect means that CFE are actually 100% compliant for Q3 when these transactions are removed.

Whilst work is required to ensure that contract entries are raised and published on In-tend the Council is not in a position of significant legal risk for failing to publish summary information for the contracts which are above the £5k transparency code threshold

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MOSAIC - Children's Social Care Finance System

Whilst work is required to cross reference transactions against In-tend contract entries, the 0% compliance figure reflects that this is yet to be undertaken rather than denoting that there are no contract entries already published on the In-tend system in respect of the transactions detailed within the exempt appendix.

Initial investigation of the MOSAIC system and processes give a level of confidence that the cross referencing processes that are being implemented for other systems can be adapted and used effectively to track transactions processed via MOSAIC as well. Procurement will seek to work with CFE Finance to develop and pilot an efficient cross referring process in time for the next bi-annual report to the Committee.

As per the last report initial analysis shows that the vast majority of the transactions are in relation to placement packages. Whilst such packages fall under the scope of procurement regulations and transparency requirements it is not considered that there is a high risk of challenge as there is often scarcity of supply and limited choice due to specific end user requirements.

CONTROCC - Adult Social Care Finance System

Significant work has been undertaken since the last Committee report to develop and implement an efficient cross-referencing process for matching transactions to In-tend contract entries. This is reflected in the significantly higher % of transactions which can be tracked to In-tend contract entries (83.65%) when compared to the report taken to the committee in September (49.2%).

Procurement will continue to work with ASC Contracting & Finance to develop and further implement the cross-referencing system in order to further increase the compliance % reported.

SECTION 2 - HIGH VALUE CONTRACT DIRECT AWARDS

The tables below show a comparison of contracts let via direct award with a value of over £100,000 during Q1 (Apr - Jun 23) with contracts let via direct awards with a value of over £150,000 during Q3 (Oct - Dec 23).

The reason for the difference in value threshold between the reporting periods is due to the introduction of the Council's new Contract Procedure Rules which came into force on 1st July 2023. The new rules increased the threshold at which input must be sought from Procurement & Legal for the award of contracts from £100,000 to £150,000.

Under the previous CPRs which were in place during Q1 direct awards of contracts via waiver could be approved by:

- Director including for Assistant Directors given delegated authority by the Director - up to £100k
- Assistant Director, Procurement - up to £1M (delegated to procurement seniors as well)

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- Procurement Gateway Board - above £1M

Under the new CPRs which were in place during Q3 direct awards of contracts could be approved by:

- Director including for Assistant Directors given delegated authority by the Director - up to £150k
- Assistant Director, Procurement & City Solicitor- up to £5M (delegated to other members of the Procurement Senior Management Team up to value of £1M, delegated by the City Solicitor to senior members of the Procurement, Contracts & Commercial Team)
- Procurement Gateway Board - above £5M (lower value awards deemed high risk can also be referred to the Board)

High Value Contracts Awarded via Direct Award - Reporting Period Comparison

Risk Profile	Q1 Apr - Jun 23			Q3 Oct - Dec 23		
	No.	Value	Cumulative Value	No.	Value	Cumulative Value
HIGH	0	£0	£0.00	0	£0	£0.00
MEDIUM	5	£4,806,854.34	£16,912,707.34	*2	£85,568,167.95	£242,620,357.71
LOW	10	£988,230.28	£2,212,176.19	5	£1,396,361.95	£2,098,551.71
TOTAL	15	£5,795,084.62	£19,124,883.53	7	£86,896,361.95	£244,098,551.71

Summary information regarding the waivers including for service area, contract name, supplier, value, term, etc. and risk analysis rationale can be found within the exempt appendix - 'EXEMPT - G&A&S - Procurement MI - App 2 HV Direct Awards Q3 Oct-Dec 23'.

Analysis

Risk ratings have been applied to the waivers reviewed in accordance with the following criteria / characteristics:

- HIGH RISK - In breach of statutory procurement regulations, high probability of market challenge, lack of effective mitigation strategies, no agreed strategy in place to bring the contract into compliance
- MEDIUM RISK - In breach of statutory procurement regulations, low probability of market challenge, mitigation strategies in place, agreed strategy in place to bring the contract into compliance, rationale for direct award meets Council CPR requirements

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- LOW RISK - No breach of statutory procurement regulations, low probability of market challenge, mitigation strategies in place, rationale for direct award meets Council CPR requirements

The number of contact direct award subject to formal sign off under the Council's Procurement governance processes has reduced from the 15 reported from Q1 to 7 in Q3. Whilst the number of awards can fluctuate significantly across time periods the reduction is also likely due to the approval threshold increasing from £100k to £150k when the new Contract Procedure Rules came into force on 1st July 2023.

The value of direct awards has increased significantly compared to Q1. However, this has been significantly impacted by one particular medium risk direct award waiver with a cumulative value of £242M which was taken to Gateway Board for 'Residential and Nursing Spot Purchase Placements'. The approval concerned spend with 270 suppliers across a time period covering from 1st April 2019 to 31st March 2026.

As detailed within the summary analysis included for within exempt appendix 2 the direct awards are not considered to be high risk as the spend is concerned with spot purchases for packages of care which individually are generally of low value. The packages must be sourced dynamically and with a key focus on end user needs.

Very few of the spot purchased packages exceed the Light Touch Regime statutory threshold of £663,540 which applies to 'services to the person' contracts under the Public Contracts Regulations (2015). These higher value awards are usually the result of the end user having complex needs which often limit choice of supplier, are of significantly higher cost and due to the disruption that be caused to the end user, make changing the care provider problematic.

The approach taken to procuring these services has been benchmarked with other local authorities who all apply similar methods. Risk is not considered to be high as the purchasing strategy follows market norms and the Council is open to taking on new suppliers if and when approached, or if required to due to end user choice considerations.

In order to ensure compliance and mitigate any risk of market challenge the Council will issue a formal advertising notice on its In-tend e-sourcing portal, national Contracts Finder portal and cross border Find a Tender Service system. The notice will direct interested market suppliers to an on-line application process and standard contract terms of appointment. This will effectively discharge the Council's legal obligation under the procurement regulations in respect of transparency, fairness and equality of opportunity principles that apply to Light Touch Regime contracts.

Only one other medium risk direct award has been reported for Q3. This contract is with EC Roberts Centre which provides temporary accommodation and support to looked after young people. The contract has increased in terms of both duration, scope and associated value with the result that it is now slightly above the statutory threshold value for light touch regime services. A procurement process is underway to tender this contract which once complete will bring this spend into compliance.



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The remaining direct awards are all considered to be low risk as they are all either below threshold and awarded in accordance with the Council's Contract Procedure Rules, or, if above threshold, are considered to fall within the exemptions allowed for 'Use of the Negotiated Procedure without prior publication' (direct award) as set out within Regulation 32 of the Public Contracts Regulations (2015).

Summary information regarding each direct award reported for Q3 including for risk analysis rationale and mitigation measures can be found within exempt appendix - 'EXEMPT - G&A&S - Procurement MI - App 2 HV Direct Awards Q3 Oct-Dec 23'.

SECTION 3 - CONTRACT MANAGEMENT PERFORMANCE MONITORING - KPIs

Implementation of New KPI Model

Following the disbanding of the previous KPI reporting model - which was overly complicated, inconsistently applied - the new simplified KPI model has been further implemented within the performance reporting processes for Council contracts.

The single KPI model requires the Council's contract managers to assess performance of the supplier appointed to deliver the contract requirements on a consistent 0-5 basis, as set out below:

- 0 - Unacceptable Performance - grounds for immediate termination and barring from future contract opportunities
- 1 - Poor - significant issues have arisen. May invoke termination and barring from future opportunities unless significant and immediate improvements are implemented.
- 2 - Fair - activities were generally undertaken to a satisfactory level however a number of smaller issues arose that were addressed when improvement notices were issued
- 3 - Satisfactory - met the contractual obligation and performed within the range of expectation
- 4 - Good - met and on occasion exceeded contractual expectations. Activities undertaken to a high standard.
- 5 - Excellent - performed above general contracted requirement by bringing added value and exceeded expectations in multiple areas.

The model by virtue of its core simplicity is flexible and can be applied on a proportionate and relevant basis to any contract irrespective of the value, scale and complexity of the contract. The new model also requires contract managers to provide a summary rationale for the score they have allocated which will significantly improve upon previous reporting mechanisms.

This revised model has now been implemented across 110 contracts which include for the council's highest value strategic contracts and medium value works call off contracts let via the council's £100M Primary Contractor Framework. This is an increase from the previous report taken to Committee in September when the number of contracts which were subject to reporting under the new KPI model stood at 72.

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Whilst the number of contracts that the KPI model has been successfully piloted against still represents a fraction of the contracts that are registered on the In-tend system they represent a high proportion of the Council's spend. The contracts which are subject to KPI reporting have a collective lifetime value of £1,485,064,485 equating to 49.27% of the £3,013,970,121 total lifetime value of all of the contracts registered on In-tend.

Roll out of the new KPI model has been impacted by staff vacancies within the Procurement departments contract management and admin functions. These vacancies have now been addressed which should allow for roll out to move from the initial piloting phase it is still in to phased full implementation over the coming year.

Whilst the piloting phase has been largely successful with far higher rates of KPI completion by contract managers it has highlighted areas for improvement. The main area for improvement is in respect of running reports on performance data from the In-tend system. This currently requires a number of reports to be run and exported into Excel in order to produce a single comprehensive report. This takes considerable time and will be addressed with the In-tend system provider before as part of the next stage of the roll out programme.

Another area for improvement is in respect of the level of narrative justification that contract managers complete in order to support the score they have allocated. The levels of detail provided, even when taking account of the broad variety of contracts covered, vary significantly. Further guidance be developed and issued to contract managers over the coming months in order to address this issue.

Over the coming months Procurement will work with services to roll out the KPI model with a target of all contracts with a lifetime value of £1M or more being subject to reporting. This will put the Council in an improved position from which to implement the increased contract management reporting requirements imposed by the forthcoming procurement reforms. These reforms will go live in Autumn 2024 and will require the Council to publish KPI assessments for all contracts with a lifetime value of £2M or more.

KPI Performance Analysis Q1 Apr-Jun 23 vs Q3 Oct-Dec 23

The following table sets out a comparison of the number of contracts which were due KPI reporting across each quarter, the number / % of KPIs that were completed and the scores allocated.

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Performance Element	Q1 - Apr-Jun 23		Q3 - Oct-Dec 23	
	No.	%	No.	%
Total number of contracts with KPI reporting due	14	0.84%	44	2.51%
Total number of KPIs completed due in quarter	14	100.00%	44	100.00%
Total lifetime value of contracts due reporting in quarter	£1,221,475,809	41.48%	£1,243,887,664	83.76%
Total number of contracts that scored 0 (unacceptable) or 1 (poor)	0	0.00%	0	0.00%
Total lifetime value of contracts that scored 0 (unacceptable) or 1 (poor)	£0.00	0.00%	£0.00	0.00%
Total number of contracts that scored 2 (fair) or 3 (satisfactory)	6	42.86%	32	72.73%
Total lifetime value of contracts that scored 2 (fair) or 3 (satisfactory)	£113,765,485	9.31%	£826,525,383	66.45%
Total number of contracts that scored 4 (good) or 5 (excellent)	8	57.14%	12	27.27%
Total lifetime value of contracts that scored 4 (good) or 5 (excellent)	£1,103,720,400	90.36%	£417,362,281	33.55%

Again all KPIs / 100% due have been completed which is a very significant improvement compared to completion rates for the old KPI model which when last reported to Committee before being disbanded equated to only a 23% completion rate.

The number of contracts due KPI scores in Q3 has increased significantly from Q1. This is due to a large number of the contracts that had the KPI model applied to them in Q1 not being subject to reporting until the following quarter.

The scores for every contract subject to KPI reporting in Q1 is included within exempt appendix 'EXEMPT - G&A&S - Procurement MI - App 3 Contract KPIs Q3 Oct-Dec 23'. The supporting narrative justifications provided by the contract managers has not been included within the appendix as many of them are very detailed and cannot be easily presented in a single spreadsheet. However the narratives can be quickly retrieved from the In-tend system and provided to the Committee where further detail in respect of a particular contract is required.

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 Signed by Richard Lock - Assistant Director, Procurement

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