

## **AUDIT AND GOVERNANCE COMMITTEE 21 SEPTEMBER 2018**

### **UPDATE ON COMMISSIONING**

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#### **Recommendations**

- 1. The Director of Commercial and Change, and the Chief Financial Officer recommend that the report be noted and that a further update be brought to the next Committee meeting.**

#### **Background**

2. At the last meeting on 26 July 2018, the Committee discussed external audit's (Grant Thornton) conclusions around the Council's Value for Money arrangements. Part of Grant Thornton's conclusions were that *"While the Council is making progress in the area of commissioning there remains a risk that lessons learned from the implementation of major contracts are not being appropriately disseminated to all officers. There is a risk that commissioning departments do not have the necessary skills and expertise to secure the best outcome for the users of the service. As a result we are proposing an except for VFM conclusion."*

3. As such external audit has noted that *"as part of our VFM work in future years we will review what actions have been taken to review and strengthen the arrangements."*

4. Management are therefore reviewing what actions are needed to address these concerns and recommendation and this report updates the Committee on this matter.

#### **Management action to date**

5. Members will be aware that there has been recruitment to the Senior Leadership team in key posts relating to commissioning and finance. As part of the new tenures both the Director of Commercial and Change and the Chief Financial Officer have been assessing the current position, and comparing that to practices and experiences elsewhere.

6. The first point to note is that the external audit findings were not and are not disputed. There was a robust debate at the last Committee surrounding the matters raised and there are clearly lessons to learn.

7. At this stage the following has been undertaken:

- A report is going to the Corporate and Communities Overview and Scrutiny Panel (20 September 2018) to discuss what is commissioning, what do we do and what are we looking to review – see Appendix 1 – link to web page

- A review of the current strategies and structures to assess fit for purpose arrangements. This has identified a need to review the Procurement Regulations and practices, as well as the way contracting is planned and governed. As a result a Commissioning and Commercial Board has recently been established to oversee all arrangements. This will include reviewing how lessons are learnt. The roles and responsibilities for that group are appended to this report and a short presentation on the focus of that Board will be presented at Committee – see Appendix 2
- A review of the top 10 to 20 contracts is underway to assess the current position on contracts and value for money
- A review of current contracts has been undertaken against lessons learnt from recent schemes. This has identified and required additional diligence in the replacement for the social care database that has resulted in improved planning and review. It has also deferred the issuing of one tender to assess the opportunity for greater value for money
- The methods used to commit spend are being reviewed to ensure there is greater opportunity for economies of scale from more joined up purchasing across the organisation
- A commercial strategy update is being planned, and has been discussed with the Corporate and Communities Overview and Scrutiny Panel.

8. There is still a significant amount of work to undertake, and discussions will be held with external audit during the coming months as part of follow up of recommendations. It is therefore suggested that this Committee is kept informed of progress as part of its governance function.

## **Contact Points**

### County Council Contact Points

County Council: 01905 763763

Worcestershire Hub: 01905 765765

### Specific Contact Points for this report

Andrew Spice, Director of Commercial and Change

Tel: Ext 6267

Email: [aspice@worcestershire.gov.uk](mailto:aspice@worcestershire.gov.uk)

Michael Hudson, Chief Financial Officer

Tel: Ext 6268

Email: [mhudson@worcestershire.gov.uk](mailto:mhudson@worcestershire.gov.uk)

## **Supporting Information**

**Appendix 1** - Link to Corporate and Communities Overview and Scrutiny, Panel, 20 September 2018: Commissioning Report:

<http://worcestershire.moderngov.co.uk/ieListDocuments.aspx?CId=389&MIId=2185&Ver=4>

**Appendix 2** - Commissioning and Commercial Board Terms of Reference and presentation slides - 6 September 2018

## **Background Papers**

In the opinion of the proper officer (in this case the Chief Financial Officer and the Director of Commercial and Change) there are no background papers relating to the subject matter of this report:

External Audit 2017/18 Opinion report presented to the Audit and Governance Committee 26 July 2018.