

Finance and Resources Committee

10.00am, Tuesday, 25 June 2024

Response to Conservative Group Amendment – City of Edinburgh Council 9 May 2024 – Item 7.6 – Passenger Transport Framework Agreement

Executive/routine
Wards

1. Recommendations

- 1.1 To note the proposed changes to contract management to address the request from Council.

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2. Executive Summary

- 2.1 This report seeks to address the requested amendment at Council on 9 May 2024, giving insight to current practice and actions taking place which aim to address governance and ultimately greater control to prevent the need for future requests to delegate committee decisions.

3. Background

- 3.1 The Passenger Transport Framework procurement had been delayed resulting in the award timeline falling outside of the standard committee timetable. A request was made to permit the relevant Executive Director to agree the award of Framework to enable the procurement process to be completed in line with service requirements.
- 3.2 Members referred the report to Council due to concerns on their ability to provide scrutiny to such decisions where the values and services were significant. This referral was supported by a conservative group amendment to request a report back to Finance and Resources committee within one cycle setting out what changes will be undertaken in contract management to ensure no contract will be awarded under delegated authority, other than within the current standing orders.
- 3.3 The council introduced a contract management framework in 2017 to support a standard approach and supplemented this with a range of tools, e-learning and guidance to support staff allocated contract management roles across the council from 2018 onwards.
- 3.4 An internal audit of supplier and contract management was undertaken in 2023, which returned a limited assurance rating and therefore a range of management actions required to address risks identified. In addition to this audit a further detailed audit will look at Contract Standing Order (CSO) compliance regarding recording on the contract register, spend controls and waiver processes.

- 3.5 Contract management is also identified as an area where improvements can support the medium term financial plan and so a programme board is in place to support the work needed.
- 3.6 The Council has approximately 1300 entries on the contract register, the majority fall below the committee threshold level and details of newly added contracts awarded under Delegated Authority are reported to Committee on a six monthly cycle. This was supplemented in the last year with a procurement delivery plan to highlight which projects were being worked on and were planned for future committee or director level approvals.

4. Main report

- 4.1 The Council requires that all contracts valued above £5k for goods and services or above £10k for works requirements are added to the central contract register within five days of the contract being awarded. This obligation provides transparency and supports future procurement decisions whereby the register and expiring contract information is shared with service areas to enable plans to be made for recurring demands.
- 4.2 Once a new or recurring contract need is identified by service areas and in line with CSOs a procurement requirement form is completed confirming the need for central resource (Commercial and Procurement Services (CPS)) support with a budget approval to proceed. A standard procurement procedure can take on average 9 months to complete and is dependent on the specification requirements being completed and agreed by the service area as the technical experts and subsequent users, where appropriate market engagement and the tender procedure itself which has pre-determined timelines set out in regulation.
- 4.3 Each procurement has a timeline drawn up at planning stage, covering the whole end to end requirements including the approvals route and committee date for those of relevant value and/or member interest.
- 4.4 Reasons for a timeline not being met may include capacity, expertise, market changes, budget changes, legislative or policy changes, re-prioritisation due to more urgent demands, extended clarifications, additional due diligence, key stakeholder capacity. Whilst we try to predict the time needed to meet each stage of the process, we cannot completely control all dependencies.
- 4.5 One key area that could support timeline is to begin the engagement process earlier and to prioritise those reports which are due at committee. CPS are working with colleagues in digital services to improve systems and reporting and oversight of current procurement pipelines – this will allow for workflows/alerts where slippage is identified.
- 4.6 The other area being investigated is an improved contract management register, this is currently captured via a spreadsheet entry, cumbersome to manage changes

and unwieldy due to the level of management information which requires to be captured and reported.

- 4.7 In the meantime, the deeper dive into controls being conducted through existing audits will support the wider improvements in contract management across the Council. The work being undertaken by the commissioning and contract management programme as well as service reviews as part of the Medium Term Financial Plan will also lead to improvements in process, procedures and training for staff involved in contract planning and ongoing management.

5. Next Steps

- 5.1 The actions and audits referenced above will support improvements to current process and controls and should prevent the need for alternative approvals.
- 5.2 Further internal audit will re-visit supplier and contract management practices in two years to assess the changes and improvements implemented.

6. Financial impact

- 6.1 There are no direct financial impacts as a result of this report. However, there may be a cost in relation to system changes which will be considered in line with existing budget arrangements.

7. Equality and Poverty Impact

- 7.1 There are no equalities or poverty impacts to take into account of in this report.

8. Climate and Nature Emergency Implications

- 8.1 There are no climate or nature emergency implications to take into account of in this report.

9. Risk, policy, compliance, governance and community impact

- 9.1 There are no health and safety, governance, compliance or regulatory implications to take into account in this report.

10. Background reading/external references

- 10.1 [Internal Audit Update Report: Quarter 3 2023/24](#) Contract and supplier management

10.2 [Passenger Transport Framework Agreement - referral from the F & R Committee](#)

11. Appendices

None.