



Report of the Cabinet Member for Education Improvement, Learning and Skills

Procurement Scrutiny Performance Panel – 27 September 2021

Procurement within the Education Directorate

Purpose:	To brief the Scrutiny Panel on current procurement within the Directorate
Content:	A briefing on the nature and extent of current procurement within the Education Directorate as well as processes, developments and issues
Councillors are being asked to:	Consider the information provided and give views
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1. Background

- 1.1 The report will provide a briefing on the nature and extent of current procurement within the Education Directorate as well as processes, developments and issues, focussing particularly on the specific areas raised in advance by the Panel.
- 1.2 A robust overarching governance and assurance framework provides the firm basis for specific procurement needs and support. The key elements include:
 - 1.2.1 Clear Strategies, Objectives and Linkages through:
 - Corporate and other Statutory Plans
 - Business Planning / Operational Plans
 - 1.2.2 Robust Risk Management through:
 - Mapping, monitoring, mitigation and escalation
 - 1.2.3 Tight Internal Controls through:
 - Scheme of delegation
 - Standing Orders / Financial Regulations
 - Performance and Financial Monitoring
 - 1.2.4 Reassurance through:
 - Audit
 - Scrutiny

2. Current Arrangements

2.1 Direct procurement is limited within the Directorate with so much of the Portfolio budget delegated to schools. By far the most significant areas of spending within the non-delegated budget are the following:

- 2.1.1 Home to school transport for mainstream and pupils with additional learning needs – any contracts with transport operators and taxi firms are managed on the Directorate's behalf by the Transportation Team and regularly re-tendered to seek to ensure the most cost effective arrangements.
- 2.1.2 Independent and out of County placement and associated costs where specialist provision cannot be offered in any other way – as a Directorate we continue to implement a far reaching strategy to enhance the availability of specialist provision within the County and so mitigate the scale of costs from external placements.
- 2.1.3 Catering and cleaning supplies – procured with support of corporate teams although the current pandemic has at times necessitated flexibility to maintain the required supply of provisions to meet the changing national and local expectations of the service.
- 2.1.4 IT hardware and licence costs – particularly to support the SIMS and ONE systems for schools and managed in partnership with the support of corporate IT to seek to ensure value for money.
- 2.1.5 Other smaller areas of spending such as property related security/health and safety needs and agency costs through a corporate framework.
- 2.1.6 The Pupil Referral Unit whilst a Directorate provision is effectively a school in terms of its day to day management, but it is still required to follow corporate procurement processes.
- 2.1.7 The Directorate also works in partnership with teams across the Council to deliver a significant capital investment programme (21st century schools / QEd programme), and works are tendered, contracted and delivered in accordance with corporate requirements through Corporate Building Services. Some limited direct products and services are procured directly for example removal services.

2.2 Probity, competence, consistency of approach and alignment with the Councils strategies and Directorate objectives is ensured through a robust internal control framework. Key elements include:

- Clear roles and responsibilities
- Clear and effective authorisation processes
- Robust and complete policies and procedures
- Robust monitoring, reporting and review arrangements
- Timely identification and mitigation of control weaknesses
- Staff awareness of procedural rules
- Promotion of an anti-fraud culture

Compliance assurance is gained through:

- Performance and Budget Monitoring, with robust action, reporting and escalation

- Internal Audit Assurance
 - Senior Management Assurance Statements
 - Risk Management / Data Security
 - Programme and Project Assurance gained through robust governance of capital programme and detailed business cases rigorously scrutinised by WG with consistent positive feedback received
- 2.3 Paragraph 2.1 has shown the limited nature of the direct procurement undertaken within the Directorate. This is undertaken within each team with appropriate arrangements for the placing of orders and authorisation of transactions to ensure appropriate segregation of duties.
- 2.4 To seek to ensure cost effective and transparent procurement, officers follow Council processes, utilising corporate contracts and wherever possible frameworks, with robust scrutiny and challenge through PFM and service budget monitoring meetings and internal audit.
- 2.5 Officers follow and make use of locally agreed frameworks and available guidance from the corporate centre. Capital contracts make effective use of regional frameworks, and more recently the authority has signed up to the Welsh Government Strategic Partnering Agreement to enable it to deliver revenue funded 21st century schools / QEd programme projects.
- 2.6 The principles of the Wellbeing of Future Generations Act are embedded in the operation of the Directorate. Indeed long term planning, prevention, collaboration, involvement and integration is essential to strategic planning and transformation within Education provision. On all school building projects there is particular focus on building efficiency, recycling of furniture and materials, as well as potential linkages with the curriculum and engagement of pupils and wider stakeholder groups. The aspiration is for the next phase of projects to be net zero operational carbon and reduced embedded carbon with enhanced biodiversity. Work is about to commence to develop updated employers requirements for Swansea school projects to reflect this.
- 2.7 All capital projects were previously subject to an Equalities Impact Assessment screening and report as well as a Wellbeing of Future Generations Act assessments. This process has evolved and now an Integrated Impact Assessment screening and report provides this function. This an embedded process and commences at project inception. An example would be in relation to Parkland Primary.
- 2.8 Financial Training for Managers / Budget Holders includes:
- Swansea Council Financial Governance including – Financial Procedure Rules (which provide control framework for managing the Council’s financial affairs, enabling financial management within a system of delegated responsibility and accountability), Accounting Instructions & Contract Procedure Rules
 - As appropriate, corporate spending restrictions
 - Ordering and paying for goods and services – procurement bands

- Supply Agency Framework & waivers where in exceptional circumstances a competitive process cannot be followed (e.g. single supplier or emergency), hospitality considerations and workers status (IR35)
- 2.9 The same arrangements and controls would apply in relation to any joint procurement activities, should these be undertaken.
- 2.10 Costs of independent placements and other ongoing contracts are carefully monitored and reviewed as part of the Council's overarching strategy to further enhance the capacity of in-house specialist provision for pupils. Service Level Agreements (SLAs) are reviewed each year as part of a well-established process through the School Budget Forum and its working groups, in order to ensure that they remain 'fit for purpose'. Contracts for capital projects are subject to routine monitoring by the project team including the CDM Client representative, Clerks of Works and the Contract Manager and Quantity Surveyor. All financial claims are scrutinised and if required disputed. Risks and issues are escalated for review and decision within the established governance process.
- 2.11 The 21st century schools funding is subject to compliance with a number of conditions including that procurement should be undertaken via an approved Welsh Government Framework, such as SEWSCAP, South West Wales Regional Contractor Framework (SWWRCF) or North Wales Schools and Public Buildings Contractor Framework or via a separate competitive OJEU tender process aligned with the principles of the Wales Procurement Policy Statement (WPPS). An Annual Statement of Expenditure is completed and submitted to the Welsh Government, this is supported by the information provided in the quarterly claim forms. All projects are subject to a 2.5% retention, which is withheld until receipt of a satisfactory closing report and associated documentation to Welsh Government. The closing report and documentation should be received within eighteen months of project completion. The 21st Century Schools / QEd Programme is also subject to Welsh Government gateway reviews.
- 2.12 It is not yet apparent what the specific impact of leaving the European Union is in relation to your procurement activities but there is concern regarding both catering provisions and construction contracts. In relation to capital projects the construction industry is experiencing supply chain issues, labour shortages and increased costs, which may be a consequence of leaving the European Union or the pandemic or a combination of both. This may account for limited tender returns and / or increased costs for capital projects.
- 2.13 A national change in policy / legislation may be needed and the Council could possibly seek to improve on its procurement practices by working with WG on regional frameworks. These need to ensure an appropriate balance between capacity to deliver and locality to help reduce embedded carbon cost (by appropriately balancing the carbon impact from the distance a commodity has travelled with VFM / cost). Projects that form part of the 21st Century Schools / QEd Programme, must also fall within the Welsh Government cost and size

standard. The cost standard is benchmarked against national building costs for schools.

2.14 As a Directorate, we also work closely with schools to seek to ensure procurement practice is consistent and correct procedures are being used. Training is provided and a factsheet to aid understanding of the procedure rules and tendering. Officers also work closely with other teams across the Council where appropriate to address issues that might be highlighted through internal audit.

2.15 A Procurement Guide for Schools provides basic guidance on best practice in order to ensure compliance with appropriate rules and procedures. This is currently under review for wider circulation in the autumn Term. Whilst the vast majority of schools continue to demonstrate effective financial management, schools procurement remains the most common area identified for improvement by Internal Audit. The Schools Procurement Guide is intended for use by both school governors and school staff, with the aim of providing basic guidance on best practice in order to ensure compliance with procurement best practice and rules by:

- Informing schools about the rules and procedures in place for procuring goods, works and services
- Raising awareness of the need to comply
- Identifying channels of support

The guide is split into the following 5 sections:

1. Introduction to Procurement
2. Procurement Process
3. Dispensations, Single Supplier Tender and Waiver
4. Contact Information
5. Frequently Asked Questions

2.16 Schools are encouraged to use council contracts wherever possible with the benefits of:

- agreed pricing
- possibly no need to seek further quotations
- acceptable terms and conditions of contract
- quality and safety checks will be built-in where needed (e.g. Health and Safety and DBS)
- safeguarding policies
- appropriate insurance cover
- supplier performance can be monitored and rectified by the Contract Manager
- equality and sustainability issues will have been considered

Otherwise schools need to satisfy themselves about all these matters.

2.17 There have also been developments in the Landlord's Consent process. The application form and guidance has been updated, and applications will also

now be subject to a more detailed conditional response. This should enable greater oversight of schools expenditure on buildings and provide improved assurance of compliance.

- 2.18 The overall picture is a positive one in terms of working in partnership with schools and the outcomes of audits. It remains the case that the most effective and robust controls generally exist where there is ownership of the issues and of the need for robust financial procedures by schools. As part of their monitoring procedures, the School Support Team request minutes of the Governing Body meetings in order to confirm that the audit report has been presented and discussed. Specifically, the Schools Annual Audit Report 20-21 notes that:

“... all of the schools audited remotely achieved a substantial or high level of assurance and all three thematic reviews received a substantial assurance rating. This continues to demonstrate the fact that the schools in question are being managed appropriately and were operating effectively”.

The report also recognises that:

“Considerable efforts have been made by the Authority in an attempt to improve schools awareness of their responsibilities when it comes to procuring goods and services and managing school funds effectively”.

“Periodic financial training continues to be provided to all Headteachers by the School Funding & Information Team, which clearly communicates the procedures that should be followed by schools in relation to ordering and procurement. In addition to this, the Team continues to offer newly appointed Headteachers a bespoke finance session and monitors attendance, reminding them to attend refresher sessions every three years.”

3. Summary of Key Points

- 3.1 The overarching governance and assurance framework provides a robust basis for specific procurement needs and support.
- 3.2 Schools benefit from support and challenge from Directorate in respect of procurement and the current review of the Guide will further embed this. Schools are encouraged to use council contracts wherever possible and there is now an enhanced landlord’s consent process.
- 3.3 Besides the updated Schools Procurement Guide and the enhanced Landlord’s Consent process (particularly in relation to major capital projects), the most significant need / opportunity would be involving schools in Oracle developments so they can benefit from the enhanced functionality of the system. Officers continue to work with WG officials to explore the use of travel miles as an element of future contract decision making.
- 3.4 There are continuing capacity and resilience concerns within Directorate teams which is likely to limit further developments.

4. Legal implications

4.1 There are no legal implications associated with this report.

5. Finance Implications

5.1 There are no financial implications associated with this report.

6. Integrated Assessment Implications

6.1 The Council is subject to the Equality Act (Public Sector Equality Duty and the socio-economic duty), the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language (Wales) Measure, and must in the exercise of their functions, have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Acts
- Advance equality of opportunity between people who share a protected characteristic and those who do not
- Foster good relations between people who share a protected characteristic and those who do not
- Deliver better outcomes for those people who experience socio-economic disadvantage
- Consider opportunities for people to use the Welsh language
- Treat the Welsh language no less favourably than English
- Ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs

6.2 The Well-being of Future Generations (Wales) Act 2005 mandates that public bodies in Wales must carry out sustainable development. Sustainable development means the process of improving the economic, social, environmental and cultural well-being of Wales by taking action, in accordance with the sustainable development principle, aimed at achieving the 'well-being goals'.

6.3 Our Integrated Impact Assessment (IIA) process ensures we have paid due regard to the above. It also takes into account other key issues and priorities, such as poverty and social exclusion, community cohesion, carers, the United Nations Convention on the Rights of the Child (UNCRC) and Welsh language.

6.4 There is close and regular engagement with schools each year through the School Budget Forum and its sub and working groups which is particularly pertinent in respect of the area of procurement.

6.5 Given the nature of this report to the Procurement Scrutiny Performance Panel it has been agreed that an IIA screening is not required on this occasion.

Background papers: There are none.

Appendices: There are none.