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**Meeting of Executive Member for Corporate Services and Advisory Panel**

**8 June 2007**

Report of the Assistant Director (Audit & Risk Management)

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## Corporate Procurement Team Workplan 2007/08

### Summary

- 1 This paper sets out the key deliverables of the Corporate Procurement Teams (CPT) workplan for 2007/08 and reviews progress against the procurement three year action plan 2004/2007. The workplan has been developed around four key drivers:
  - a) the corporate procurement strategy & three year action plan
  - b) the strategic procurement programme
  - c) breaches and waivers
  - d) routine projects & IT development bids

### Background

- 2 The Corporate Procurement Team (CPT) was re-structured with effect from 1 April 2007 following a report to Corporate Services EMAP on 12 December 2006. One of the key objectives of this restructure was to create critical mass within the newly formed team by providing greater non-managerial staffing capacity to properly support the delivery of key service objectives.
- 3 There is a large and challenging agenda for the new team with regards to delivering an efficient and effective procurement service to the Council. The CPT workplan has been developed to aligned itself to the new corporate procurement strategy and three year action plan as well as including work streams from the annual breaches & waivers report and IT development bids. The key drivers include:

- a) the requirements of the National Procurement Strategy published in 2004 in response to the recommendations of the Byatt report for improving public sector procurement
  - b) the continuing national focus on public sector procurement further to the Gershon report in 2005 and more latterly by initiatives such as the Local Government Sustainable Procurement Action Plan (May 2007)
  - c) the contribution procurement can make to the effective provision of services and the 'value added' gains that can accrue both in terms of improvements in quality and the optimisation of costs
  - d) the need for the Council to shift its understanding of procurement away from a fairly traditional transactional and gate-keeping view of its role and purpose and mainstream it within the strategic management and planning considerations of the organisation
  - e) effective procurement arrangements are major considerations within the VFM (Value for Money) assessment for the Use of Resources judgement further to the Comprehensive Performance Assessment (CPA)
  - f) the need to move away from short-term approaches which place the lowest initial cost ahead of whole-life performance at the expense of optimising sustainable solutions for the future
- 4 The procurement strategy and action plan provides the overarching strategic context to the annual work plan. There are a number of serious concerns that need to be addressed at an operational level over the next twelve months including:
- a) addressing the unacceptable incidence of non-compliance with regulatory requirement which place the Council at risk of litigation, damage to its reputation and financial loss
  - b) a lack of sufficiently expert and knowledgeable staff across the organisation to conduct initial procurement exercises and to then proactively manage contracts post-award allied to known skills gaps within the organisation in respect of effective programme and project management
  - c) staffing diseconomies of scale across the Directorates
  - d) insufficient and incomplete financial management information about the type and amount of goods, services and works procured across the organisation
  - e) the absence of a coherent policy framework within which procurement should take place

- f) insufficient involvement, investment and influence in the work of regional Centre of Excellence
- g) the need to clearly establish a preference for VFM based procurement as opposed to lowest cost
- h) the need to clearly establish appropriate rules and definitions around partnering and collaboration procurement initiatives

## Three Year Action Plan

- 5 At the time that the CPT was formally established within the Council in 2004 a medium term action plan for development and improvement was already established covering the period 1 April 2004 to 31 March 2007. This plan set out key measurable actions and deliverables for the CPT (the full plan along with progress made is attached at Annex A to this report).
- 6 The three year plan comprised some 60 actions across 9 performance continuums and was developed along the four themes of the National Procurement Strategy:
- I. Providing leadership and building capacity
  - II. Partnering and collaboration
  - III. Doing business electronically
  - IV. Stimulating markets and achieving community benefits
- 7 The table at Exhibit 1 below summarises progress made by CPT since 2003/04 in achieving the plan:

### **Exhibit 1 Progress against the medium term plan 2004/5-2006/07**

<b>Status</b>	<b>No of Actions</b>	<b>% of overall plan</b>
Complete	22	37
Complete but aspects awaiting technological solutions carried forward into new plan	20	33
Additional actions arising further to the original plan and now to be carried forward.	6	10
Carried forward (Not done)	12	20

- 8 Exhibit 1 shows that substantial progress in achieving what was an extensive and challenging plan has been made with only 20% of actions remaining to be actioned. Of those actions outstanding, progress has been delayed due to technological constraints in the current MIS (Management Information Systems) infrastructure principally relating to the delayed replacement of the FMS (Financial Management System) ledger system.
- 9 The new corporate procurement strategy sets out the next three year action plan (2007 – 2010) taken as a separate item on this agenda, takes into account the actions required to deliver the objectives of the strategy as well as any outstanding issues to be carried forward from the original plan. In setting out a new three year action plan consideration has been given to the performance continuums that we wish to measure in going forward. These are:
- VFM, competition & efficiency
  - Performance management
  - Sustainability
  - Partnership & collaboration
  - Standards & governance
  - Staffing & organisation
  - Equalities & inclusion
  - New technology
  - Ethical purchasing
- 10 The monitoring of the original three year action plan also included reviewing progress against the milestones of the National Procurement Strategy. These milestones are not prescriptive in how they should be applied but that they are considered in procurement activity across the Council. Annex B to this paper sets out the milestones and the progress made against them in more detail.
- 11 The target dates for achieving these milestones (2004 - 2006) has now expired and as can be seen in Annex B. All but three have been achieved in part or in full. As with the three year plan, a key constraint to progress has been the technological constraints of existing financial management and management information systems. These matters are now being addressed. All other outstanding actions have been carried forward into the new three year plan and be delivered through the CPT's annual work plans between 2007/08 – 2009/2010.

## The annual workplan

- 12 The CPT workplan for 2007/08 (Annex C) has been developed using the four key drivers set out at Paragraph 1. The plan is ambitious and therefore vital for ensuring a clear focus is kept on what has to be delivered over the next twelve months. The plan has been prioritised under each of the new continuum headings set out at Paragraph 10.
- 13 The workplan is set out in full in Annex C. High priority and immediate actions by continuum heading are set out in summary in Exhibit 2 overleaf. Progress against the workplan will be reported to Members as part of the mid-year and outturn report set out in the Reporting & Monitoring Arrangements of the Corporate Procurement Strategy.

## Consultation

- 14 No formal consultation has been undertaken for the purposes of this report.

## Options

- 15 There are no options applicable to this report.

## Analysis

- 16 Not relevant for the purpose of this report.

## Corporate priorities

- 17 This report contributes to the achievement of Corporate Priority Improvement Statement 13: *“To improve efficiency and reduce waste to free up more resources”*.

## Implications

- 18 There are no Financial, Legal, HR, IT, Equalities, Crime and Disorder, Property or other implications arising from this report.

## Risk Management

- 19 In compliance with the Councils Risk Management strategy. There are no risks associated with the recommendations of this report

## Exhibit 2 Key deliverables 2007/08

<b>Continuum</b>	<b>Action</b>
<b>VFM, Competition &amp; Efficiency</b>	<p>Ensure that the revised procurement savings process agreed at EMAP in February 2007 is delivered</p> <p>Establish a Corporate Contract Portfolio – Identify relevant contracts and client officers</p> <p>Minor works review - The whole area of minor works needs to be reviewed to identify spend and how contractors are used and suitable solutions developed</p>
<b>New Technologies</b>	<p>SCMS to be embedded across the organisation to provide proper control and management of contracts and sound management information</p>
<b>Performance Management</b>	<p>Review and Monitoring of the Strategic procurement programme including the provision of regular progress reports to Members</p> <p>Document the performance management framework required for procurement including the development of PI's, standards and targets for future monitoring and reporting purposes</p>
<b>Standards &amp; Governance</b>	<p>Complete the work needed to prepare and maintain a full register of all contracts that details type and nature of contact, tenders received, details of successful bid, duration, value and lead officer contact.</p> <p>Develop formal tender evaluation models and issue guidance across the Council.</p> <p>Develop corporate competition strategy and handbook</p>
<b>Staffing &amp; Organisation</b>	<p>Identify all existing knowledge and skills gaps amongst officers currently involved in procurement work and provide training and development support to ensure all relevant staff meet the minimum standards necessary to support the Council's needs</p>
<b>Equalities &amp; Inclusion</b>	<p>Review and revise all tender documentation and application forms for approved supplier status to include extended questions on company compliance with equalities legislation</p>
<b>Sustainability</b>	<p>Review contracts with environmental impact to look at whether we can procure high environmental impact goods which are more sustainable through the use of Recycling Action Yorkshire RAY strategy</p>
<b>Ethical Purchasing</b>	<p>Ensuring that all procurement decisions give due regard to ethical concerns and that ethical considerations are considered where possible as part of the tender evaluation process</p>
<b>Partnership &amp; Collaboration</b>	<p>Develop more collaborative working with regional groups such as Centre of Excellence and Northern Procurement Officers Group to achieve national procurement strategy objectives</p>

# Recommendations

20 Members are asked to:

- a) note the progress made against the three year action plan and national procurement strategy milestones as set out in paragraphs 6-12 of this report;

Reason

To raise awareness of the progress made to date in delivering the three year action

- b) note and comment on the CPT work plan as set out in paragraphs 12 –13 and Annex C of this report.

Reason

To ensure the effective and efficient delivery of all procurement activities and functions across the Council, optimise scarce resources, support the delivery of the Corporate procurement strategy and secure full compliance with all regulatory requirements and Council policy.

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**Report Approved**

**Date** 25 May 2007

**Specialist Implications Officer(s)** None

**Wards Affected** Not applicable

**All**

**For further information please contact the author of the report**

**Background Papers**

Corporate Procurement Strategy 2007 - 2010  
National Procurement Strategy

**Annexes**

Annex A – Procurement three year action plan 2004/2007  
Annex B – Milestones of National Procurement Strategy  
Annex C – Procurement Team work plan