

Executive Member for Corporate Services & Advisory Panel

11 December 2007

Report of the Assistant Director Audit and Risk Management

Corporate Procurement Team Mid-Term Monitor 2007/08

Summary

- 1 The purpose of this paper is to inform Members of the work and progress of the Corporate Procurement Team to date in 2007/08.

Background

- 2 The Corporate Procurement Team (CPT) was re-structured with effect from 1 April 2007 following a report to Corporate Services EMAP on the 12 December 2006. The restructure realigned CPT services to better cater for the organisation's business needs and create greater capacity within the central service, through rationalising corporate procurement advisory and support function within the Resources Directorate. One of the first priorities of the new team has been to develop its core role of providing clear leadership, purpose and direction to procurement activity across the organisation. The CPT has had to contend with significant organisational challenges for delivery of procurement at City of York Council as set out in the Corporate Procurement Strategy including:

- poor management information
- lack of knowledge & skills
- weak contract client management

Overview: Progress to date

- 3 Council approved the new Corporate Procurement Strategy and medium term action plan in June 2007. This is a robust, comprehensive and challenging plan developed on the basis of the 9 service continuums set out in the corporate procurement strategy these being:

- VFM, competition & efficiency;
 - Performance management;
 - Sustainability;
 - Partnership & collaboration;
 - Standards and governance;
 - Staffing & organisation;
 - Equalities & inclusion;
 - New technologies;
 - Ethical purchasing.
- 4 The medium term action plan comprises 63 core actions to be taken over the next 3 years in order to achieve improvement as set out in strategy's continuums. Appendix B of this report sets out progress to date against these. In summary work is now in progress on 20 actions and a further 43 are not yet scheduled. The key progress in the last 6 months include:
- adoption of a corporate procurement strategy, policy and medium term action plan;
 - publication of a complementary procurement manual;
 - phase 1 of Supplier Contract Management System (SCMS) project plan including officer training completed in preparation for full live contract register from 1 April 2008
 - implementation of three major new corporate framework contracts for – Legal, Property and Agency Staff.
- 5 To ensure consistency and provide a thread linking the team's annual workplan to both the strategy and medium term action plan, the annual workplan format is based on the 9 continuums set out at paragraph 3 above. The annual workplan itself contains some 80 work streams of which 57 are currently in progress or of an on-going supportive nature, 15 have been completed, 6 are awaiting IT to commission the project and only 2 are yet to be started. Full details of workplan along with progress to date are set out in detail at Annex C of this report.
- 6 The CPT's annual workplan has been developed from the:
- medium term action plan;
 - IT development bids;
 - annual breaches and waivers report;
 - strategic procurement programme.
- 7 CPT are currently working on a number of the key deliverables included in the medium term action plan. Many of these are closely linked with the implementation of the Supplier and Contract Management System (SCMS) which will help to provide more robust management information with regard to contract spend and aggregation issues, while at the same time delivering better compliance with procurement regulations and an enlarged internal and external

procurement community. Members asked the CPT to look at any opportunity for cost saving through the use of SCMS at Corporate Services EMAP in October. This work is now ongoing and will be reported to Members in advance of the 1 April 2008 go live date. The SCMS has been a big draw on staff time in terms of configuration and officer training but will help to provide one of the key building blocks in delivering the medium term action plan.

- 8 The issue of the practitioners procurement manual has coincided with work being undertaken to develop standard tender evaluation models for inclusion in both the manual and future corporate training programmes. This work is on-going and will take into account a similar exercise currently being undertaken by the Regional Centre of Excellence with the output due early in 2008.
- 9 Work to develop a comprehensive corporate contracts portfolio of major areas of spend to be used by all Council departments is currently being undertaken. All identified contracts that fall into this category are being prioritised for review and a full list of these can be found at Annex D.
- 10 The implementation of the SCMS system will help to identify further areas of Council spend that may be appropriate to include in the corporate contract portfolio. Ensuring that all spend is channelled through the current corporate contracts to deliver cost benefits to the organisation is problematic and work to publicise the contracts more widely is currently in hand. The implementation of the new FMS later in 2008 will provide a better contract management solution which allows for the linking of budget detail codes to corporate contract suppliers prohibiting officers from spending outside corporate contracts.
- 11 Further development work with regard to the procurement framework is also in progress with all stakeholders currently being consulted with regards to the drafting of a corporate sustainable procurement policy. In addition to this considerable officer time is being taken up in supporting Recycling Action Yorkshire (RAY), Waste Resource Action Plan (WRAP) and Carbon Management initiatives
- 12 There are a number of actions that have yet to be started within the action plan especially with regard to the New Technologies continuum. The efficiencies and improved performance that will be delivered by both SCMS and FMS will not be available in full until early 2009 although some elements will be delivered during 2008 especially with regard to e-tendering and the new electronic contracts register.
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- 13 While many of the actions in the plan require new technologies or officer time, there are a number of wider issues of a more critical nature that need to be addressed by the Council. These include partnerships, shared service and the growing emphasis of procurement in delivering the future shape of the organisation.

- 14 The ability of the CPT to provide the resource and capacity to deliver advice and support to the large number of partnerships (250) in which the Council is involved is limited. There have been occasional requests for ad hoc advice and support but there is no structured programme of work to ensure that partnerships are procuring in an efficient, effective and legally compliant way. The emphasis on partnership working in the coming years makes this a critically important issue and while new technology may go some way to creating capacity, the teams current level of resource is unlikely to provide the level of support that will be required.
- 15 The Transformational Government Strategy published in November 2005 set out the aims of the shared service agenda 'encouraging a shared service approach to realise efficiencies across the system and support delivery more focussed on customer needs'. This provides both future challenge and opportunity for procurement to deliver the increased efficiencies envisaged to the Council and regionally through a shared service approach.
- 16 The Council needs to be conscious of how it responds to this developing agenda. There is no formal strategy in place to do this however, the CPT over the last six months has become actively involved in driving the development of the SCMS system regionally through user groups and has raised its professional profile across the region by attending and influencing at procurement managers meetings. To support this approach ensuring the CPT has the right skills set to be able to lead is vital and staff training is one of the core values of the Audit & Risk Management Division. Work is already in hand through formal skills analysis to identify gaps in officer's knowledge and provide appropriate training through Personal Development Plans (PDP's).

Procurement Savings

- 17 The CPT has provided support to change management programmes including the Integrated Transport review which will deliver efficient and effective future use of the customer transport fleet. It has also supported major procurement exercises such as the new Park & Ride contract which will not only increase the Council's revenue but will see the more environmentally friendly buses being used helping to reduce the carbon footprint of the city. Savings generated from work supported by the CPT will be delivered in the form of straightforward cost reduction and efficiency savings. While cost reduction would suggest a budget saving this is not always the case, as some spend is unbudgeted in many service areas i.e. temporary agency staff or a tender may bring the cost in line with existing budgets and reduce prior year overspends.

- 18 Major efficiency savings arise through all corporate frameworks and this year has seen the procurement and implementation of three new frameworks (Legal, Property and Agency) The legal framework will provide a single focus for commissioning legal support services across the organisation while the property framework will provided suppliers for many of the professional services required by the Property division saving time and money on having to go to tender on a regular basis.
- 19 A full summary of the major procurements supported or managed by the CPT which have generated cost savings is set out at Exhibit 1 below.

Exhibit 1

Procurement	2007/08	Future Years
Managed Agency Services for Temporary Staff	£125K (Est)	£125K PA (Est)
Electricity (Street Lighting Contract)	£100K	£100k
P&R Tender	£0	£210K PA
School Bus/Taxi contracts (Transport review)	£70K	£312K PA
Rail Travel Services	£5 (Est)	£10 PA (Est)
Abandoned Vehicles	£18K	£18KPA
O2 XDA Contract recovery	£8K	£0
Total	£326K	£775K

Training & Communication

- 20 The Corporate Procurement Strategy set out the necessity to develop and deliver a coordinated training and communication programme across the organisation to ensure procurement best practice is embedded and compliance with financial and EU regulations is understood. The focus on other key priorities within the CPT workplan has meant that this work has not yet started and needs to be delivered during 2008/09 once the tender evaluation model work (Para 8) has been completed.
- 21 In the mean time the team have provided priority training which has been well received and successful, providing a good basis for developing a full training programme next year. This has included:
- 2 specialist training sessions to school bursars;
 - 7 SCMS training courses to procurement practitioners.

Consultation

- 22 Not applicable.

Options & analysis

23 Not applicable

Corporate Priorities

24 Efficient and effective procurement activity provides cross cutting support to the 10 priorities of the revised corporate strategy as well as our imperatives, values and vision

Implications

25 There are no financial, HR, Equalities, Legal, Crime & Disorder, IT or Property implications to note.

Risk Management

26 In compliance with the Council's risk management strategy. There are no risks associated with the recommendations of this report.

Recommendations

27 The Advisory Panel are asked to advise the Executive Member for Corporate Services to:

- a) note the contents of this report and the progress made by the Corporate Procurement Team to date.

Reason

To advise Members of the progress made to date in delivering an effective and efficient procurement service to the Council

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Report Approved



Date 28/11/07

Specialist Implications Officer(s) Not applicable

Wards Affected Not applicable

All

For further information please contact the author of the report

Background Papers

Corporate Services EMAP Report - Supplier & Contract Management System (SCMS)

Corporate Services EMAP Report - Future organisation and function of procurement services in Resources

Corporate Procurement Strategy

Annexes

Annex A – Role and Remit of CPT

Annex B – Progress against medium term action plan

Annex C – Progress against workplan 2007/08

Annex D – Corporate Contract Portfolio