

Corporate and Scrutiny Management Committee

12 January 2015

Procurement Update

Purpose of Report

1. This report sets out an overview of current procurement activity across the Council.

Current Position

2. There have been improvements in the reach of the Commercial Procurement Team from 18% in 2012/13 to 32% in 2013/14. The procurement team comprises of 9 posts and is fully occupied with the delivery of current category plans.
3. The Council spent £142m on goods and services during 2013/14 and of this some £46m did not have a contract in place and a further £17m needed a waiver from financial regulations. This means that 44% of expenditure on goods and services could potentially benefit from greater commercial involvement.
4. In order to actively promote the need to use the correct process when spending money, the procurement team have put together a toolkit which can be used by all staff across the Council. The toolkit is available on COLIN and a series of training sessions will be run in the new year to introduce the toolkit to managers, to improve their skills and to raise awareness of the benefits of engagement with the Commercial Procurement Team across the Council.
5. There have been positive improvements in working relationships across the Council and the profile of the Procurement function has been raised by increased engagement with staff in a range of different services.
6. There are areas for improvement and the following paragraphs give an overview of each category and demonstrate that each is at a different stage in terms of procurement activity.

Construction, Capital & Highways and Property & Facilities Management

7. For 2014/15 there is £28m of spend on the work plan. The main areas of current activity include Council House Building, Fulford School extension and street lighting. The Commercial Procurement Team are involved with the majority of spend.

8. In addition to the £28m identified above, the Procurement team have a role in supporting all major projects across the Council and have been much more actively engaged at an earlier point in many of these projects. These include, amongst others, the Community Stadium, Burnholme redevelopment, Solar Photovoltaic's project and the Guildhall.

Adult Social Care, Children's Services and Public Health

9. The combined contracts register for this category area includes contracted service or waivers to continue current service provisions that total £25.7m, which the Commercial Procurement team have sight of at this point.
10. Current activity includes Public Health contracts, customer transport and respite care / short breaks. Almost all Adult Social Care procurement continues to be carried out by the service, which has a dedicated Commissioning Team.
11. At the commencement of the Rewiring transformation programme Adult Social Care extended (with waivers) 95 currently commissioned services with a total contract value of £10m in order to undertake a comprehensive review of its contracted services. This will include looking at joint and integrated service options with Health colleagues. The involvement of Procurement will include exploring the opportunities where joint commissioning with Children's Services and Public Health can be achieved. The Commercial Procurement team are currently supporting £2m of current contract services that are to be subjected to a procurement exercise, including the provision of respite care and transport services.
12. The Procurement team have worked with Children's Services to review areas where historically spot purchase and off contract spend has occurred predominantly due to the urgent nature of some aspects of the service being provided. This has resulted in utilising regional frameworks to bring fostering placements on to a formal contract footing through the White Rose Independent Fostering Framework with £1.6m spend now through this framework.
13. When Public Health transferred over to CYC a number of commissioned contracts were novated over in whole or part. These have now been extended to allow commercial challenge on £10.8m of spend. An example of this is the Integrated Sexual Health Service with a contract value of £1.5m per annum. The challenges in this area of spend would include bringing commercial tension (competition) into an area that has overspent against budget and to assess, if the service is not part of the council's statutory obligations, how customer outcomes could be achieved with reduced or no funding from the Authority.

Professional and Support Services

14. The Professional Services category is responsible for at least £8.5m spend every year. There are large savings to be made across various projects and work is

being undertaken to draw up business cases and project mandates to release savings. There are several large scale targets: learning, training and development, printing, postage, and consultants/consultancy, which will make up the majority of the potential savings identified.

15. There are currently two major procurements live at the moment, a replacement Children's Social Care Case Management System and a replacement Customer Relationship Management system and associated links to web-based front ends. Both of these will be absolutely critical in delivering savings as part of the transformation agenda, and the nature and cost associated with the systems has meant detailed support from the procurement team which will continue through the buying and implementation processes.
16. Work has also begun to meet with suppliers to identify savings and reductions in prices to create immediate cashable savings. This work will continue with suppliers to generate new ways of saving and/or rationalising products and services in order to reduce revenue expenditure. Work will continue to investigate areas of high spend against lower tendered contracts, particularly in software and digital infrastructure areas. Establishing why contracts often cost more than predicted is key to future tendering and information gained from any reviews will help establish better whole-life estimates in the future.

Progress made and challenges

17. Some positive improvements over the last 9 months include
 - Category management approach appears to be working well
 - Procurement team improving and strengthening skills and knowledge of services
 - Improving visibility of expenditure
 - Better relationships with services
 - Increased involvement in expenditure decisions
18. The key issues still being faced include
 - Lack of visibility of expenditure in some areas
 - Inconsistent record keeping and decision logging, which can result in off contract spend
 - Inconsistent contract management
 - Ensuring Procurement are part of strategic decision making about future business models

Next steps

- Complete procurement toolkit and Contract Procedure Rules
- Roll out training and access to Yortender for all awarding managers
- Explore control regime and consider restricted purchases
- Strengthen governance regime through engagement with Corporate Management Team in January 2015

- Clearly define roles and responsibilities for departmental procurement teams

Recommendation: To consider and note progress made on current procurement activity across the Council.

Reason: To provide an overview of Procurement activity, including details of the Rewiring Public Services Programme, for the Committee.

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Wards Affected: <i>All</i>			
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Annexes - None