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## Report of the Chief Procurement Officer

### Executive Board

13<sup>th</sup> May 2009

### Response to the Central and Corporate Functions Scrutiny Board Inquiry into Procurement of Services

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#### Electoral Wards Affected:

Ward Members consulted  
(referred to in report)

#### Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

Eligible for Call In

Not Eligible for Call In  
(Details contained in the report)

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## EXECUTIVE SUMMARY

This report provides the Executive Board with details of the recommendations from the recent Central and Corporate Functions Scrutiny Board Inquiry into Procurement of Services, and details the response of the Chief Procurement Officer.

The Chief Procurement Officer is supportive of all six recommendations made by Scrutiny Board.

## **1.00 PURPOSE OF THIS REPORT**

- 1.01 This report provides the Executive Board with details of the recommendations from the recent Central and Corporate Functions Scrutiny Board Inquiry into Procurement of Services and details the response of the Chief Procurement Officer to those recommendations.

## **2.00 BACKGROUND INFORMATION**

- 2.01 The Central and Corporate Functions Scrutiny Board conducted an inquiry into Procurement of Services between October 2008 and February 2009. The Board was particularly interested in how the authority measures the value for money received from external service providers; how quality is ensured; and how the ethical framework of the Council is translated within contracts. The Scrutiny Board Inquiry report is attached at Appendix 1. The report makes six recommendations for action.

## **3.00 MAIN ISSUES**

- 3.01 Each of the Scrutiny Board's six recommendations are listed below along with a response from the Chief Procurement Officer.

### Recommendations One

*That further work is undertaken by the Chief Procurement Officer to ascertain whether the One Council Commissioning Framework can be embedded within existing constitutional arrangements. This could involve a formalised role for scrutiny*

- 3.02 The Chief Procurement Officer supports this recommendation. Contract Procedure Rules have been identified as the main vehicle for incorporating the One Council Commissioning Framework into the Council's constitutional arrangements. The approach will be to embed the framework into existing arrangements wherever possible. The role of scrutiny in the One Council Commissioning Framework will be considered against current guidance and best practice, and will be subject to consultation and a further report.

### Recommendations Two, Three and Four

*That the Chief Procurement Officer is given responsibility for the successful development of the Category Management Approach.(Recommendation 2)*

*That Category Management plans for key spend areas are developed by the Chief Procurement Officer. These plans should cover up to a 3 period and detail what the Council plans to commission in those areas; what resources will be required to commission and manage the arrangements and how efficiencies will be made in those spend areas (Recommendation 3)*

*That a Category Manager is identified for each category who will be responsible for that category and will engage with the relevant parts of the Council who spend in that category area (Recommendation 4).*

- 3.03 Category Management is a key element of the One Council Commissioning Framework and is a procurement methodology that is advocated as best practice in both the public and private sectors. The RIEP (Regional Improvement and Efficiency Programme) 'Smarter Procurement' work programme has secured funding to develop a regional approach to Category Management and it is proposed that the Council's own approach is developed in tandem. This will allow sharing of regional expertise and resources. The Chief Procurement Officer is the Programme Manager for the RIEP 'Smarter Procurement' work.
- 3.04 A Category Management approach to procurement will take a more strategic view to improvement across a whole area of expenditure rather than looking at individual contracting arrangements. Taking a Category Management approach will facilitate, short, medium and long term planning of: demand management, contracting strategies, market engagement and management, collaborative and shared service opportunities; supply chain management; efficiency forecasting and realisation; and socially responsible approaches to procurement and commissioning. The Chief Procurement Officer supports this recommendation.

#### Recommendation Five

*That a 'certificate of competency' is developed and introduced for officers involved in procurement.*

*That contract management is incorporated in the pre-contract phase of all projects and that complex or high risk services also include the development of a Contract Management Plan identifying resources to be assigned to contract management and any training requirements.*

*That a regional approach is taken to addressing capacity and capability problems around contract management, using Yorkshire and Humber's Regional Improvement and Efficiency Plan (RIEP) funding to facilitate improvements*

- 3.05 The RIEP 'Smarter Procurement' work-strand has also secured funding to develop a regional approach to capacity and capability building, a core element of which will be a training programme. Initial research indicates that many of the issues identified in this scrutiny inquiry are common to many of the region's public sector organisations. It is therefore proposed that this recommendation is also progressed in tandem with the RIEP 'Smarter Procurement' work programme.

#### Recommendation Six

*That further discussion and agreement takes place on the most appropriate way forward to influence contractors' employment practices, which promotes our legal equality duties and helps achieve our Equality and Diversity Scheme*

- 3.06 The Chief Procurement Officer supports this recommendation and will work closely with the Head of Equality to build on the work and best practice already undertaken in this area.

#### **4.00 IMPLICATIONS FOR COUNCIL POLICY AND GOVERNANCE**

- 4.01 The One Council Commissioning Framework and the development of a Category Management approach could have implications for the Council's policy and governance arrangements in the areas of procurement and commissioning. The specific implications would be identified as the recommendations are progressed and any policy/governance changes required, would be subject to consultation and the required change procedures.

#### **5.00 LEGAL AND RESOURCE IMPLICATIONS**

- 5.01 If agreed, the implementation of the above recommendations would be met within existing resources, but would have some dependency on funding from the Yorkshire and the Humber RIEP – 'Smarter Procurement' work programme. The Scrutiny Board's recommendations would be incorporated into the Service Plan of the Corporate Procurement Unit 2009/10.

#### **6.00 RECOMMENDATIONS**

- 6.01 To recommend that the Executive Board approves the proposed responses outlined in this report.

#### Background Papers

The Scrutiny Board Inquiry report