

CABINET RESPONSE TO : MEMBER LED REVIEW – GETTING MAXIMUM VALUE FOR MONEY IN PROCURING GOODS SERVICES AND WORKS

To: **Cabinet**

Date: **15TH June 2010**

From: **Nicholas Dawe, Director of Finance, Property and Performance**

Electoral division(s): **All**

Forward Plan ref: **Not applicable** *Key decision:* **No**

Purpose: **To consider the Member led review on Getting Maximum Value for Money in Procuring Goods, Services and Works.**

Recommendation:

i) To thank Scrutiny for producing a valuable and detailed report.

ii) To approve the proposed response to the Member Led Review on Getting Maximum Value for Money in Procuring Goods, Services and Works as set out in Section 2 of this report.

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1. BACKGROUND

- 1.1 The Member Led Review from the Corporate Services Scrutiny Committee on Getting Maximum Value for Money in Procuring Goods, Services and Works has produced a report which contains eleven recommendations for consideration by Cabinet.
- 1.2 Cabinet would like to thank Scrutiny for producing the report and seeking the views of officers and members during the study.
- 1.3 The report is comprehensive and detailed, and is welcomed by Cabinet and officers within the Authority with procurement and contracting responsibility.

2. RESPONSE TO RECOMMENDATIONS

- 2.1 The proposed response to the recommendations of the Member Led Review are set out below. Dates for the commencement and completion of activities are shown. These dates take into account the recommendations of the member led review, necessary lead-in times and where appropriate the prospective timetable for Local Government Shared Services (subject to Cabinet and Council decision).

2.2 Recommendation 1: Senior Officer and Member Ownership

Strategic contract management arrangements should be bolstered through the establishment of a senior officer contract board and a Member panel.

Proposed Response

In terms of an officer group involving leads from each Service the recommendation is agreed and the group will be set up to work as the Risk Group does, i.e. membership will be at Director and Head of Service level supported by procurement and other professionals as appropriate. Action by 1st October 2010.

In terms of establishing a Members panel, it is proposed that further discussions are required to clarify the remit of this group and its constitutional position. Currently for major business activities separate groups, including members, are established and decisions are made at Cabinet level (unless specific delegations have been agreed). Issue to be clarified by 31st July 2010.

2.3 Recommendation 2: Head of Profession

A Head of Profession for Procurement should be recruited as a priority. The Head of Profession should be mandated by Cabinet and Strategic Management Team to lead on all procurement activity.

Proposed Response

The post was established as part of the 2009/10 corporate restructuring and recruitment has been held pending the results of the member led review. The

recommendation is therefore agreed with recruitment taking place within the context of the Local Government Shared Service Initiative. Action, postholder should be in place no later than 1st January 2011.

2.4 Recommendation 3: Collaborative Procurement

The Council's Procurement Strategy should ensure that collaborative procurement takes place unless there are compelling not to.

Proposed Response

The majority (although not all) of the Council's procurement spend takes place within collaborative arrangements, the most notable partners being Eastern Shire Purchasing Organisation (ESPO), Cambridgeshire Primary Care Trust (PCT), and where appropriate Northamptonshire County Council and other local public bodies. The recommendation to extend this approach to be the "default" position is therefore accepted. Action to be undertaken on a rolling basis as contracts come up for renewal from 1st July 2010.

2.5 Recommendation 4: Category Management

The Council should introduce a category management procurement model, funded by rationalising existing procurement resources or through use of the Invest to Transform Fund.

Proposed Response

Operationally the Authority has a partial category response to procurement and contracting e.g. buildings and works is led by experts within Property Commissioning, highways maintenance and projects is led by experts in Highways and access, however the central procurement team has and still adopts generic advisory roles. The recommendation to develop category knowledge and expertise in the central procurement is accepted and this is the approach which has been assumed within the Local Government Shared Service Model. Action by 1st October 2010.

2.6 Recommendation 5: Shared Services

- A. The Council should ensure that the new shared service organisation develops a category management model encompassing procurement across all Council services.
- B. The Shared Service organisation should develop an action plan to address the issues within this report as a matter of priority.

Proposed Response

- A. The recommendation aligns with the draft procurement policy that has been produced for Local Government Shared Services.
- B. The Shared Service organisation will be mandated to address the issues and adhere to the timetable set out in this report (through the proposed Joint Committee arrangements).

2.7 Recommendation 6: Procurement Professionalism

The Council should seek to expand the pool of procurement expertise within the organisation.

Proposed Response

The recommendation is agreed. In line with the approach taken in other areas e.g. finance, the requirement to hold a professional procurement qualification will become an essential requirement for new recruits to the central procurement team. Current post holders will be encouraged and supported to gain such a qualification (if they currently do not hold it). For other officers involved in procurement and contracting activity appropriate seminars will be held as part of a general programme of professional development event. Action, rolling from 1st October 2010.

2.8 Recommendation 7: Individual Performance Management

The performance of officers with significant procurement responsibilities should be systematically reviewed through the appraisal process.

Proposed Response

The recommendation is agreed. In practice if roles have procurement responsibility and / or significant procurement activities are in train, the suggested review should already be happening as part of the Individual Performance Review process. However appropriate reminders will be sent. Action from 1st July 2010 (as new reviews are carried out).

2.9 Recommendation 8: Shared Learning

The Council should seek to enhance the ability of procurement professionals to share learning and exchange information.

Proposed Response

A Cambridgeshire wide procurement group already exists but can be refreshed in the light of this report. A Cambridgeshire County Council procurement group did exist but ceased to meet approximately a year ago. The group will be relaunched and revitalised. As part of proposed improvements to the Oracle E.Business Suite and as part of the introduction of the "Compete For" tender portal, a database of tenders and contracting activity and learning will be formed. Action on reforming group by 1st October 2010. Action on system and database improvements, rolling from 1st October 2010.

2.10 Recommendation 9: Management Information

The Council should adopt processes that enable the collection of data about the overall performance of the Council's procurement functions so that it can inform decision making.

Proposed Response

The recommendation is agreed. Work is in train to ensure that the E.Business suite is used for all requisitioning, ordering, acquittal and payment activity will produce a rich database on customer, supplier activity volumes and values. Action rolling from 1st October 2010.

2.11 Recommendation 10: Procurement Transactions

A clearer policy on the appropriate and most efficient transaction process for staff to use for different purchase categories should be communicated. A two-year target to be established for the increased take up of purchase cards and SSP and a target for a reduction in the use of certification slips.

Proposed Response

The recommendation is agreed. Work is in train to ensure that the E.Business suite is used as originally intended, i.e. that all purchasing transactions are electronic and completed within the system with an expected target of 100% compliance over time. Targets for this and there issuing of mandatory directions around the use of purchase cards will be issued. Action from 1st October 2010, to be completed no later than 30th September 2012.

2.12 Recommendation 12: Compliance

New incentives for compliance should be investigated and implemented. For example simpler and quicker processes, charges from budget holder cost centres for consistently not complying to procedures, and charges per certification slip transacted. Procedures for systematic monitoring of non contract spend should be implemented.

Proposed Response

The recommendation is agreed. Linked with the response set out in 2.11 it is proposed that orders will only be placed and payments will only be made if the E.Business suite has been used and mandated, i.e. no “work arounds” will be tolerated or supported, obviating the need for penalties. During the period of transition, compliance reports will continue to be produced (as it the case now).

3. SIGNIFICANT IMPLICATIONS

3.1 Resources.

The cost of the response to the recommendations either already exists in the Integrated Plan or is built into the Business Case for Shared Services.

3.2 Statutory Duties

The recommendations and responses will improve the likelihood that the authority will comply fully with procurement rules and legislation.

3.3 Climate Change

No direct implications arise from the recommendations or the response to the recommendations.

3.4 Access and Inclusion

No direct implications arise from the recommendations or the response to the recommendations.

3.5 Engagement and Consultation

No direct implications arise from the recommendations or the response to the recommendations.

Source Documents	Location
None	NA