

Report To: Corporate Governance Committee

Date of Meeting: 28th September 2015

Lead Member / Officer: Cllr Julian Thompson Hill
Jamie Groves – Head of Finance, Assets and Housing

Report Author: Tom Booty – Programme Manager Procurement

Title: Procurement Transformation Programme

1. What is the report about?

A number of concerns have been raised by Corporate Governance Committee over the last 18 months relating to procurement. At the meeting of 20th May 2015 the Interim Head of Finance, Assets & Housing presented a verbal update on procurement, and outlined that to address these and other short-comings that have been identified in our procurement activity a wider programme of transformation will be required. This report outlines the structure and content of that transformation programme to provide reassurance that issues will be addressed and new structures and processes put in place to improve performance in relation to procurement.

The report will be accompanied by a presentation at the meeting providing further background, along with a breakdown of the contracts procured through the National Procurement Service (NPS) as requested by the Committee at the meeting of 20th May 2015.

2. What is the reason for making this report?

To provide confidence to the committee that issues and short-comings previously identified will be addressed and rectified through the delivery of the Procurement Transformation Programme.

3. What are the Recommendations?

This report is for information.

4. Report details.

New, more robust arrangements have been put in place to ensure the effective delivery of the Procurement Transformation Programme. This has included the appointment of a dedicated Programme Manager to direct the transformational change required in the way the council procures goods, services and works. This approach is expected to have the key outcomes of:

1. saving money through more effective and efficient procurement;

2. delivering more and better community benefits through the procurement process; and
3. providing more and better support to local businesses to improve the quality of bids they submit and improve their chances of winning council contracts.

The programme will be organised into 5 distinct projects:

- **Strategy Document** – which will provide the council with an adopted procurement strategy and detail our position on key policy areas such as community benefits and engagement with local businesses, along with detailing how performance will be measured and monitored;
- **Use of Technology** – which has the key objective of ensuring the eProcurement system is in place and operational;
- **Local Supplier Development** – which will identify and deliver mechanisms that will help local businesses bid and win business from the council and other public sector organisations;
- **Upskilling the workforce** – which will ensure that officers who are involved in procurement activity throughout the council are provided with the right training and support to enable them to undertake their role effectively; and
- **Organisational Structure** – which will review the way in which the current corporate procurement service operates and propose improvements to provide a more effective and cost effective service.

The Transformation Programme is directed by a high level transformation board who will monitor and direct the delivery of the programme. Key roles will be to ensure the constituent projects of the programme are being delivered on time, budget and to an acceptable quality threshold, and that identified benefits of the programme are on track to be delivered. Membership will include the Heads of Service where there is significant procurement activity, relevant Cabinet Members, the Chairs of both Performance Scrutiny and Corporate Governance Committee, along with an external representative from the Federation of Small Businesses (FSB) to ensure the views and requirements of the business community are considered.

More comprehensive details of the programme and governance structures are attached as Appendix 1. Key milestones of the programme include:

- 30 Sep 15 – A “Brief Guide to Procurement” produced and distributed
- 01 Oct 15 – internal & external (businesses) electronic procurement training starts
- 31 Oct 15 – draft Procurement Strategy complete and consultation begins
- 31 Dec 15 – final Procurement Strategy complete following consultation
- 31 Dec 15 – “Selling to the Council” guidance for businesses published
- 23 Feb 16 – Procurement Strategy & revised CPR’s adopted by Council
- 04 Apr 16 – all DCC tender opportunities undertaken electronically

Failure to address the concerns with procurement activity in the council identified in various audit reports has been identified and recorded as a specific risk within the project to develop the revised procurement strategy. This will mean that as the strategy develops it will be constantly checked against this risk, which will ensure that

any new policies or processes proposed will address these issues and ensure that mistakes are not repeated and any existing shortcomings in processes or approach are addressed.

5. How does the decision contribute to the Corporate Priorities?

Key elements of this programme relate to priorities within the Economic & Community Ambition Strategy and in relation to this will address the two specific pieces of work within the Corporate Plan of:

- How the council works with suppliers; and
- Community Benefits

6. What will it cost and how will it affect other services?

The main financial cost of delivering the programme is the 12 month appointment of the Programme Manager. This role is essential in order that a robust transformational programme is developed and delivered, and the cost of this has been met within the existing budget for the corporate procurement function.

The development and delivery of the programme will impact on all services, as all services procure. A presentation on the programme has already been made to Senior Leadership Team (SLT) and regular updates are programmed in. The development of the strategy will consult with Heads of Service and relevant officers within their teams to ensure that the strategy is realistic and deliverable.

7. What are the main conclusions of the Equality Impact Assessment (EqIA) undertaken on the decision? The completed EqIA template should be attached as an appendix to the report.

The main driver of the Procurement Transformation Programme will be the development and delivery of the revised Procurement Strategy. Once this is developed we will have a clearer understanding of the potential impact of any changes recommended in the strategy on staff and the community. A full equality impact assessment will be undertaken in December 2015 (included as a milestone for the project) following the strategy consultation period. It is at this stage we expect to have a clearer understanding of the procurement policies and proposals and thus will be able to undertake the assessment.

8. What consultations have been carried out with Scrutiny and others?

The development of the procurement strategy will be subject to a comprehensive consultation exercise that is scheduled to commence on completion of the draft strategy document at the beginning of November 2015. This will involve engagement with a wide number of stakeholders both internally and externally, and will include Heads of Service and other key council officers, other North Wales Authorities, partner organisations and the business community. A report detailing the outcome of the consultation will be available in December 2015.

Prior to the formal consultation exercise detailed above, the Federation of Small Businesses (FSB), Business Council for Wales and Business Wales are involved in developing the draft strategy and are there to ensure that the needs of the business community are reflected and that appropriate support and advice is put in place for local businesses.

9. Chief Finance Officer Statement

The new arrangements should enhance the council's procurement processes and help ensure compliance with internal and external regulations. A robust procurement framework will help ensure value for money is achieved.

10. What risks are there and is there anything we can do to reduce them?

Full details of the risks associated with the Procurement Transformation Programme have been entered into Verto – the council's project management system, and include:

- Lack of programme/project management resource – managed through appointment of Programme Manager and ongoing assessment of resource requirements by the Head of Service;
- Lack of impact on the local economy – managed through engagement with the local business community and regular updates to the Economic & Community Ambition Board to ensure the needs of local businesses are considered and appropriate measures put in place to support them to make quality bids in response to requests by the council for quotes or tenders;
- Failure to address concerns identified in various audit reports – managed by full consideration of relevant reports (such as the audit report on construction procurement) and then proposing and implementing new processes to address shortcomings and encourage a “right first time” approach.

11. Power to make the Decision

No decision required.