

Appendix 4

Merger of Denbighshire and Flintshire Strategic Procurement Units

During the last 18 months, the Strategic Procurement Manager has been undertaking a part-time management role in overseeing and developing the Corporate Procurement Unit in Flintshire CC.

During this period, it has become increasingly apparent that there is not only a common procurement agenda but also a clear duplication of effort across various procurement initiatives within both Councils.

There are clear opportunities to leverage the current level of procurement resource by joining together the DCC & FCC Strategic Procurement Units, since both Councils still have a limited procurement resource and capability.

The procurement capacity and capability issue seems to be a general and common issue across Local Government in Wales, since it was highlighted in the recent McClelland Review, that there is currently up to 50% procurement capacity shortage in Local Government in Wales.

In order to continue and build on the procurement progress already made the time is right to take further formal steps and to merge both Corporate Procurement Units. The model of a collaborative procurement service with Flintshire would harmonise well with the Welsh Agenda of increased collaborative working.

It's proposed that the Strategic Procurement Manager will be tasked to develop and implement a new target operating model, to potentially being in place by January 2014. This work will be supported by a project team with officers from Denbighshire and Flintshire.

It's anticipated that the new outline Target Operating Model (TOM) will include the following themes:

- Category Management
- Contract Management and Supplier Relationship Management
- Procurement Policy
- E-Procurement
- Contract Solicitor Support

Benefits of a Joint Strategic Procurement Unit

The new joint service of a combined Strategic Procurement Unit working across both Councils, would derive the following benefits:

- To leverage the current level of limited procurement resource capacity across both Councils
- To reduce the duplication of effort across various procurement projects and initiatives, where staff in both Councils undertake similar tasks
- To maximise the cashable efficiencies through economies of scale by greater collaboration across a combined total spend of £270 million

- To introduce a Category Management structure by ensuring officers are focused on individual category areas with specific savings targets allocated. This would be a pilot and proof of concept to the proposed Three County Procurement Service
- To ensure a greater cohesive approach in the implementation and management of the common e-procurement solution, which will have benefits of not duplicating implementation effort and also sharing system support helpdesk facility
- To implement more robust contract management especially across strategic critical contracts
- To ensure greater focus can be allocated in ensuring procurement policy is integrated within all procurement projects, especially around delivery of community benefits and supporting SME friendly procurement initiatives.

THE FUTURE OF PROCUREMENT

The following diagram is an illustration of how the various procurement initiatives outlined in this report as well as existing arrangements would complement each other. The joint DCC / FCC service would undertake the strategic procurement function, with the Three County Procurement Service through category management structure taking responsibility for 40% of the total spend.

The newly created National Procurement Service would be responsible for 20% of the spend that's deemed common and repetitive spend, with the Welsh Purchasing Consortium taking responsibility for another 20% of the spend.

The remaining 20% spend mainly social care related would be allocated to the North Wales Commissioning Hub. The Hub is a prime example of how a collaborative procurement structure on a specific category, can deliver efficiency savings.