

Corporate Overview & Scrutiny Committee

Procurement Update

Procurement Strategy and Delivery Model

The attached Procurement Strategy has been praised by our external inspectors and the Category Management approach is seen as a best practice model for the delivery of procurement in Local Authorities.

http://www.cheshireeast.gov.uk/business/procurement/procurement_strategy.aspx

Nevertheless we have had difficulty in gaining acceptance of this approach across the Authority, in establishing a strong role for the Corporate Procurement Unit and in developing a fully understood and embedded relationship with front line services.

The Procurement Team has also had difficulty in trying to fully engage Services in the completion and ongoing maintenance of a comprehensive Contracts Register and timely forward plan for Procurement activity over the three year planning period.

An independent health check conducted by NWIEP/AGMA and completed in March 2011 recommended that we should:

- a) Review the role and structure of the Central Procurement function to develop a team that is adequately staffed and skilled to deliver the service required by service areas to ensure the Council's significant buying power is used to maximise the social, economic and environmental benefits to your local communities.
- b) Undertake a skills analysis of the Procurement staff to identify any gaps where training is required to ensure the staff have the required commercial knowledge and procurement skills to fully support departments in delivering value for money in all procurement activities.
- c) Maximise membership in AGMA to develop detailed spend analysis and increase engagement in collaborative procurement opportunities and the improvement and efficiency programme.
- d) Produce a comprehensive central contract register covering the contracts in place within each individual Department.
- e) Develop a detailed Procurement Forward Plan for the next 3 years.
- f) Implement a detailed savings sheet identifying the areas targeted to deliver savings in each financial year for the next three years.

Current Progress:

The Chief Executive has had high level discussions with AGMA representatives about an initiative to establish a 'leading edge' Procurement Service for AGMA, whether this be a Shared Service or a strategic collaboration. The initiative is in its early stages, with 4/5 authorities expressing an interest, but Cheshire East has given a firm commitment to join this major project. Jackie Gray – Shared Services Manager is leading on the project for Cheshire East. We also have an existing commitment to the AGMA Improvement & Efficiency Programme as an Associate Member.

The end to end process for Procurement is being transformed and reviewed through a number of mechanisms:

- The P2P process straddles the HR & Finance Shared Service and the CE corporate procurement process. This is being reviewed and improved through the Business Management Programme.
- The HR & Finance Shared Service, including the shared element of the P2P process, is part of the major Shared Service improvement programme that is likely to culminate in the creation of a Separate Legal Entity (SLE).
- The Shared Service situation has been significantly rationalised further through the closure of CBS Supplies, the stocks and supplies service inherited from the County Council.

The major update of the Contract Procedure Rules is to be re-considered by the Constitution Committee, to be recommended to Council, following the deferment at the last Council meeting. However, as an interim measure, the increase of the £50k threshold to £75k for the requirement to undertake the Council's formal tender procedure was agreed.

It must be said that the Procurement Team has made significant progress to date, such as:

- The establishment and operation of the Procurement Board
- The identification and operation of the Procurement Co-ordinators network across the authority
- The development and implementation of the Procurement offer on centranet, including the Procurement Knowledge Map (links attached below)

<http://centranet.ourcheshire.cccusers.com/procurement/Pages/Procurement.aspx>

<http://centranet.ourcheshire.cccusers.com/Procurement/map/Pages/default.aspx>

- The securing of major corporate contracts in partnership with corporate Service areas e.g. Energy, Agency, Recruitment Advertising, Mobile Phones
- The early adoption, in partnership with the Asset Management Team, of the North West Construction Hub with Cheshire East using the medium and high value

frameworks, which deliver added value objectives such as training and apprenticeships

- The establishment of a contractors panel framework for low value construction, in partnership with the Asset Management Team, in the main to increase the use of local SMEs
- The development and implementation of the web based system Chest, which is the North West region's Contract and Tender Management System
- The development and implementation of Spend Pro, the AGMA spend and supplier analysis tool
- The initiatives, in partnership with the Economic Development Team, to improve Cheshire East's relationship with Local Businesses and their ability to successfully engage with the Council.

Proposed Actions:

- 1.1 Procure external support for:
 - The development of an effective Procurement delivery model for Cheshire East
 - The acceleration of work to fully develop Spend-Pro, the Contracts Register and the three-year forward plan for Cheshire East
 - The development and establishment of an AGMA shared service/collaboration as part of the AGMA Procurement project
- 1.2 Agree the new Procurement Strategy principles and new Procurement delivery model with CMT and secure full buy-in to the implementation of the model.
- 1.3 Work with the Extended Management Team to implement and embed the Procurement delivery model.
- 1.4 Refresh the Council's Procurement Strategy to be effective from the 1st April 2012 based on the agreed principles and delivery model and also to reflect any changes in procurement best practice, particularly focused upon sustainable procurement.
- 1.5 Re-establish the strategic Procurement Board with a new remit based on the agreed Procurement Strategy aims and the need to drive the delivery model across the Council.
- 1.6 Engage the Portfolio Holder in the improvement process, the identification of the refreshed Cheshire East Procurement Strategy and successful implementation of the delivery model.

Lisa Quinn – Director of Finance and Business Services

