

 Finance & Audit Scrutiny Committee 10 March 2015 Executive 11 March 2015		Agenda Item No. <div style="font-size: 2em; text-align: center;">4</div>
Title	Procurement Strategy and Action Plan	
For further information about this report please contact	Susan Simmonds, Procurement Manager Mike Snow, Head of Finance	
Wards of the District directly affected	N/A	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No	
Date and meeting when issue was last considered and relevant minute number	November 2014	
Background Papers		

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	No
Equality Impact Assessment Undertaken	

Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive	24/2/2015	
Head of Service	24/2/2015	Mike Snow
CMT	24/2/2015	
Section 151 Officer	24/2/2015	Mike Snow
Monitoring Officer	24/2/2015	Andrew Jones
Finance	24/2/2015	Susan Simmonds
Portfolio Holder(s)	24/2/2015	Cllr Stephen Cross
Consultation & Community Engagement		
Insert details of any consultation undertaken or proposed to be undertaken with regard to this report.		
Final Decision?		Yes/No
Suggested next steps (if not final decision please set out below)		

1. Summary

- 1.1 In November 2014, the action plan on the procurement issues raised in March 2014 was reported to the Executive. This report presents a further update.
- 1.2 The Procurement Strategy and Action Plan are regularly reported to the Finance & Audit Scrutiny Committee. The updated document is presented here for the Committee's consideration.
- 1.3 This report also proposes a change to the Code of Procurement Practice.

2. Recommendation

- 2.1 That the Executive note the report and the progress on addressing the actions within the March 2014 Action Plan (Appendix 1).
- 2.2 That the Executive agree that any further action in addressing the on-going issues within the March 2014 Action Plan is addressed as part of the updated Procurement Strategy and Action Plan, and this is monitored by the Finance & Audit Scrutiny Committee.
- 2.3 That the Finance & Audit Scrutiny Committee consider the updated Procurement Strategy and Action plan.
- 2.4 The Code of Procurement Practice is amended so that for Contracts Type 1, up to £4,999, the Head of Service to arrange contracts directly in consultation with the Procurement Manager. Regard must be given for best value.

3. Reasons for the Recommendation

- 3.1 In March 2014 the Executive considered a report entitled "Housing and Property Services: Contracts Update". The report included March 2014 Action Plan bringing together the recommendations from investigations on which the original report was based. An interim report was submitted to Executive in November on progress on the actions, with a further update requested for March 2015 Executive.
- 3.2 The Head of Finance has led on the co-ordination of progressing the actions within the Plan. Whilst some of the issues were specific to Housing and Property Services, many of the actions are corporate ones need to be addressed by the Procurement Team or by officers across the Council.
- 3.3 The Council's Procurement Strategy and Action Plan, which has previously been considered by Finance & Audit Scrutiny Committee, has been updated for 2015/16. This document details the planned actions to be undertaken during the year. These actions include all aspects of procurement, including actions by the Procurement Team and by officers across the Council with responsibility for specific contracts.
- 3.4 Most of the actions within the March 2014 Action Plan have now been completed. However, the actions which have not been totally completed, or are on-going, are included within the new Procurement Strategy and Action Plan. Monitoring of the Procurement Strategy and Action plan is undertaken by the Finance & Audit Scrutiny Committee Plan, with bi-annual monitoring reports from the Procurement Manager. Accordingly, it is not intended for a further report to the Executive on the March 2014 Action Plan.

- 3.5 Within the Code of Procurement Practice that was reported to Executive in December for Type 1 contracts, up to £9,999, the Head of Service should obtain at least three quotations, with regard having to be given for best value. In the previous version of the code, Type 1 contracts were up to £5,000, with the requirement for the Head of Service to arrange directly in consultation with the Procurement Manager, with regard having to be given for best value.
- 3.6 The requirement for three quotes is proving unrealistic for many small acquisitions and services. For many ad hoc low value purchases, seeking three quotes is unrealistic. In addition, this requirement contradicts the use of procurement cards which are intended to be used for such as hoc purchases.
- 3.7 It is therefore recommended that the previous provision is reinstated for contracts up to £4,999, with three quotes needed for contracts in the range £5,000 to £9,999. The subsequent contract types, 2-5, will need to be renumbered 3-6. This change to the Code of Procurement Practice will need to be formally agreed by Council. The contract thresholds would then be as follows:-

TYPE	CONTRACT PRICE	PROCEDURE
1	<£4,999	Head of Service to arrange directly in consultation with the Procurement Manager, with regard having to be given for best value.
2	£5,000-£9,999	Head of Service to obtain at least three quotations. Regard must be given for best value.
3	£10,000-£49,999	Formal quotation exercise to be advertised extensively via e-tendering portal using the 'quick quote' function and through advertising on Contracts Finder.
4	£50,000-EU Threshold	Formal Tender opportunity for goods, works or services above £50,000 advertised extensively via the e-tendering portal and any other portals, specialist forums etc and through Contracts Finder, to ensure that as wide a market as possible has the opportunity to respond to the opportunity (as detailed in 10.7), to be sought in accordance with the tendering procedures.
5	>EU Threshold	Tendering in accordance with EU procurement directive. Threshold values can viewed at http://www.bipsolutions.com/html/thresholds.htm
6	Frameworks	Following the procedures set out in the framework without the need to go to back to the market.

4. Policy Framework

4.1 Code of Procurement Practice

The Code of Procurement Practice is a fundamental element of the Council's policy framework. Its purpose is to ensure that appropriate contracts are procured to meet service requirements and are subsequently properly managed. The Code of Procurement Practice also supports the ability of the Council to demonstrate that it is achieving value for money from its expenditure and that its contracts and services are being managed in an open and transparent manner, in line with the Council's Core Values. The Procurement Strategy sets out the responsibilities and actions to be undertaken to ensure that the Code of Procurement Practice is adhered to across the Council.

4.2 Fit for the Future

As part of the Council's policy framework, the Code of Procurement Practice underlines how the Council acts in securing and managing its supplies and services to meet its aspirations as part of Fit For the Future.

5. Budgetary Framework

5.1 Following Procurement best practice should ensure that the Council obtains value for money in procuring goods and services. This is more vital than ever with the current financial climate facing local authorities.

5.2 The work progressed within the action plan has all been undertaken within existing budgets.

6. Risks

6.1 It is important that all procurement across the Council complies with the relevant procurement regulations and directives and also the Council's Code of Procurement Practice. By following this approach the Council will reduce the risk of challenge. Also it should ensure that the Council obtains Value for Money.

6.2 The actions taken to date should have reduced the risks that were uncovered and reported upon within the March 2014 report. However, many actions are on-going, presenting part of the work of the Procurement Team and officers across the Council.

7. Alternative Option(s) considered

7.1 Members may choose to make further observations or recommendations on the Actions Plans and updates Strategy, or to consider alternative reporting arrangements.

8. Background

8.1 The following updates members on recent progress on the main actions in the March 2014 Action Plan.

8.2 Contracts Register

The updated contracts register for the council continues to be published quarterly on the Council's website. Department contract registers are updated on an on-going basis, with plans in place for a full annual review to include details of prior year actual spend. The Finance & Audit Scrutiny Committee

have now scrutinised the Housing & Property Service and cultural Service contract registers, with plans in place for the remaining registers.

8.3 Procurement Training

The pilot "workshop 1" training carried out in January by the Procurement Manager and WCC Legal services. Further rollout planned to progress from March. Workshop 2 later in the Summer to cover specification writing and the general principles of contract management.

8.4 Procurement awareness

Regular dialogue at all levels has raised the awareness of procurement across the Council. This has in turn increased the number of enquires to the Procurement Team.

8.5 Orders

Order training continues to be rolled out, with the majority of those involved in the order process having attended the in-house course. This is supplemented by on-line training. Details are regularly supplied to managers to highlight where orders continue to be raised after invoices are received and the actions that need to be taken to stop this.

8.6 Code of Procurement Practice

The updated code was agreed by Council in January, with an amendment proposed as part of this report. Subject to the agreement of this amendment, the updated Code will form the basis of the Workshop 1 training.

8.7 Agency Staff

Procedures for the management of agency staff have been tightened by HR. The number of agency staff currently in place is now 8.

8.8 Signing of Contracts

All of the Housing & Property Services property contracts commencing April 2013 have now been signed. The Procurement Manager ensures that all new contracts are promptly signed prior to the completion of the contract.

8.9 Procurement Team resources

Based on the planned work coming out of the updated contract register, the need for an additional Procurement staffing resource has been highlighted. Accordingly, the Employment committee in January agreed to an additional Procurement Officer for three years.

8.10 Procurement Strategy and Action Plan

The updated documents seek to explain how the procurement function contributes towards the Council's overall priorities. Within the new action plan are specific actions intended to be carried out during 2015/16 along with on-going work by the Procurement Team and officers across the Council.