



Leicester
City Council

WARDS AFFECTED
All Wards

**FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:
CABINET**

14th DECEMBER, 2009

CONTRACT MANAGEMENT AND PROCUREMENT

REPORT OF THE DIRECTOR OF LEGAL SERVICES

1. PURPOSE OF REPORT

To report progress made in improving the Authority's Contract Management and Procurement standards and to recommend further action.

2. RECOMMENDATION

Cabinet is asked to note the report, progress which has been made and agree that further action be addressed via the Commissioning and Procurement Project.

2. REPORT

The District Auditor has carried out an audit of progress being made in implementing the DA's recommendations following a Public Interest Report in 2007. A full copy of the DA's progress report is available on request. .

The report featured in the DA's Annual Letter for 2008/9 which was presented to the Audit Committee on 30th June.

In response to the DA's Public Interest Report, 2007, a corporate officer group was established which created and oversaw the implementation of an Improvement Plan which is shown as **Appendix A**. This plan is now complete except that there is a need to arrange for further assurances to be provided by Divisional Directors in December, 2009. An audit in March identified some serious gaps in the assurances which have been provided by Directors to date.

The overall picture presented by the DA in the progress report is positive but it does include recommendations:

DA's recommendations and action to be taken

Recommendation 1 – Ensure that procurement training is provided to members and that all members involved in the procurement process attend as appropriate.

The Head of Corporate Procurement, Support and Income Services is organising training for Labour Group members and this will be offered subsequently to other groups.

Recommendation 2 – ensure that reporting on all aspects of the procurement function is aligned so that members can receive a rounded view of the value achieved in procurement and the procedures and controls applied.

This has been actioned by the Head of Corporate Procurement, Support and Income Services. Evidence of reports will need to be provided to the DA.

Recommendation 3 – the Corporate Improvement Plan should be directly linked to recommendations in the PIR or a separate report should be made to members on progress against the PIR action plan.

This has been actioned and is complete.

Recommendation 4 – ensure that regular monitoring of procurement activity through RMS is introduced as soon as possible to ensure appropriate governance and scrutiny of lower value contracts.

The position needs to be kept under regular review until this action has been completed.

Further action recommended:

- (i) Procurement and Commissioning should be one of the first group of support services to be reviewed. Improvement Group members are of the view that there is a need for category management to be implemented ASAP.
- (ii) Further assurances need to be provided by Divisional Directors in December, 2009. An audit in March, 2009 identified some serious gaps in the assurances which have been provided by Directors to date.
- (iii) The current training programme for members needs to be implemented and its benefits assessed. Evidence will need to be presented to the DA.
- (iv) A recent Internal Audit “compliance with the procurement toolkit and Contract Procedure Rules” identified that the current procurement toolkit is useful but needs to be improved to be more user friendly and accessible to officers dealing with purchasing on behalf of the Authority. Consideration is required on better IT design; access and navigation of the toolkit.
- (v) CPRs have been updated and Internal Audit has assessed that there have been significant improvements in compliance but it would be useful for a further review

to ensure the rules reflect contemporary best practice and complement the toolkit and current business needs.

- (vi) Completion of the RMS project is vital to ensure effective management of corporate wide information.

Procurement Transformation Project

A Procurement Transformation Project has been launched which will focus on transforming our structures and processes and in particular focused on developing a category management model which seeks to ensure procurement is done by fewer staff with the right skills and expertise. The project will also seek to make savings via the procurement of goods, services and works.

A mini-competition was undertaken between suppliers on the tier 2 consultancy framework and Bluefish have been appointed to lead this work. Following an initial phase it is planned that their work will be funded on a risk reward basis linked to achievement of savings. Trade unions and other key stakeholders are being briefed on the work and the Procurement Leads Group which was established as part of the Supplier Management programme is being linked into the work. The project will build on the initial work done as part of the ODI Supplier Management work. Mark Noble will be the Senior Responsible Officer and Miranda Cannon the lead Director for the work.

Strategic Management Board

Strategic Management Board approved and signed off this progress report on the 29th September and agreed as follows:

- * Future recommendations are to be picked up through the Commissioning and Procurement Project which needs to look at cultural /behavioural compliance; simplification and improved performance and the implications of planning, do and review cycle.
- * This needs to be linked in with the Strategic Commissioning and Procurement Transformation Project.
- * A staff briefing is to be scheduled via the Commissioning Group.

And SMB asked that this report be forwarded to Audit Committee and Cabinet for review.

Audit Committee

On the 11th November Audit Committee received this report, noted the progress which has been made and expressed interest in monitoring implementation of plans for further improvement.

Audit Committee asked that officers produce a handbook of key facts and issues for Audit Committee members. The Committee noted the significant level of corporate expenditure via procurement and the importance of this improvement work.

3. FINANCIAL, LEGAL AND OTHER IMPLICATIONS

Financial implications

None additional at this stage.

Legal implications

These are covered in the report.

4. OTHER IMPLICATIONS

OTHER IMPLICATIONS	YES/NO	Paragraph References Within Supporting information
Equal Opportunities	yes	Relevant to Commissioning and Procurement Strategy / Contract Compliance .
Policy	Yes	
Sustainable and Environmental	Yes	Relevant to Commissioning and Procurement Policy / Contract Compliance.
Crime and Disorder	No	
Human Rights Act	Yes	Relevant to Commissioning and Procurement Strategy / Contract Compliance .
Elderly/People on Low Income	Yes	Potential impact re commissioning policy

5. RISK ASSESSMENT MATRIX

Delete if not required and renumber paragraphs.

This only needs to be included if appropriate with regard to the Council's Risk Management Strategy

Risk	Likelihood L/M/H	Severity Impact L/M/H	Control Actions (if necessary/appropriate)
1. Failure to follow Contract Procedure and EU Public Procurement Rules	M	H	Divisional Directors to ensure sufficient, fully trained, approved procuring officers are identified and that the rules are always followed.
2. RMS: the Council needs to confirm that we	H	H	As above, and close monitoring of project implementation.

are to continue to develop all necessary elements of RMS to deliver the Procure to Pay Module, sufficient to enable full interrogation of council spend and to ensure that sufficient resources are made available.			
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6. CONSULTATIONS

Miranda Cannon, Mark Noble, Laurie Goldberg, Martin Male.
 All members of the Improvement Group: Beena Adatia, Adam Archer, Colin Sharpe, Geoff Organ, Martin Judson, Mukund Kumar, Pradeep Gadhok, Anthony Kennon, Andy Morley
 Strategic Management Board
 Audit Committee

7. REPORT AUTHOR

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Key Decision	No
Reason	N/A
Appeared in Forward Plan	N/A
Executive or Council Decision	Executive (Cabinet)