

**Place and External Relations
Scrutiny Panel**

Councillor Bill Fairfoull
Deputy Executive Leader

Tom Wilkinson
Assistant Director of Finance

Councillor Mike Glover

Dukinfield Town Hall
King Street
Dukinfield
SK16 4LA

Email: mike.glover@tameside.gov.uk
Phone: 0161 342 2199
Ask for: Paul Radcliffe
Date: 3 December 2018

Dear Cllr Fairfoull and Mr Wilkinson,

STAR Procurement

I write on behalf of the Council's Place and External Relations Scrutiny Panel. Members would like to thank you both for attending the meeting of 6 November 2018, at which information was provided on procurement arrangements and delivering value for money.

Having read and familiarised myself with the report presented to Executive Cabinet on 20 June 2018, titled Future Provision of Procurement Support, I am aware of the past decision to review operational procurement arrangements and the need to develop effective solutions for the function going forward.

The Panel very much appreciated the honest appraisal of the challenges faced, resource pressures and the need for greater professional and qualified oversight of procurement activity in order to improve compliance and remove associated risks. It was clear that significant change was needed given the position the Council found itself in and the need for improvement.

The Panel are supportive of the decision for Tameside to enter into the STAR procurement collaboration. I am however mindful that future monitoring is required to consider the Council's ability to deliver effective and sustainable procurement solutions, in the way that future spend is planned and savings are achieved in order to account for the recurrent costs of the commitment.

The primary focus throughout all scrutiny activity is that of a 'critical friend', to support continued improvement and effective decision making. As agreed at the meeting, I have taken time to reflect on the presentation, the points raised by members of the panel during the item and also the discussion which ensued.

This letter provides a summary of discussion points and general concerns of the Panel. I hope this is something which you will find useful and can be used to inform and support future decision making.

I have listed some of the main discussion points below, which are to be viewed as individual responses from members, under the collective of the main panel. The Scrutiny Panel acknowledges all work undertaken and improvements to date.

It was encouraging and positive to hear that:

- The Council made a decision to review internal procurement arrangements and consideration was given to five future delivery options. With the final decision to join the shared procurement service with Stockport, Trafford and Rochdale councils (STAR).
- The Council has acknowledged and accepted the failings headlined in the review findings, which included:
 - Insufficient overview of spend
 - An incomplete contracts register and missed savings opportunities
 - Limited social value and local market spend
 - Little early engagement with the market and support for suppliers
 - Officers without the necessary knowledge or professional qualifications undertaking complex procurement methods
 - Collaboration opportunities were not maximised
 - Risks of non-compliance to public procurement regulations
- That STAR procurement had made significant savings for original partners of £20m since 2015/16, with prudent projections for Tameside's achievable savings at £1.25m per annum. The STAR membership would create additional running costs of £185,000 on top of the existing budget and with the total annual cost now standing at £435,000, this a viable and positive 'invest to save' option.

The Panel has identified a number of areas where future monitoring would be deemed appropriate and I have listed the specific concerns of members below.

- On reflection, the Scrutiny Panel would have liked to have been informed of findings from the initial review and for scrutiny to be considered as a consultee in the process to support the decision as to a future delivery option.
- That going forward and when deemed appropriate, the Scrutiny Panel is kept informed of any substantial variations to service delivery.
- That the net savings achieved from STAR is closely monitored, given associated costs and the need to continually identify future collaborative opportunities for the shared service to add value.
- Panel members are extremely keen for the Council to achieve improved levels of social value within contracts and for increased levels of local spend to remain a priority. In particular the desire to increase the number of suppliers required to pay the Living Wage, if not all.
- It feels appropriate for improved mechanisms to be put in place to support local suppliers and to generate improved market engagement. Attention to be placed on the potential barriers local businesses and the voluntary and community sector face when applying for contracts.
- There is a need for greater awareness and understanding of the local contracts register and improved oversight of spend. The Panel would consider it appropriate to undertake

a comprehensive spend analysis and for this to inform an effective forward plan and timetable for contracts.

This hopefully provides you with insight to the views of the Scrutiny Panel to support the work of the service. I do not consider this letter to require a formal response, but would like regular contact to be maintained and for key plans and messages shared on an on-going basis.

It was noted that a further procurement report, with specific attention to the contracts register, will be taken to Executive Cabinet in the near future. I hope that the discussion at scrutiny is something you are able to reflect within the report and that findings can be shared with the panel in due course.

If any further clarity is needed on any of the above points, please do not hesitate to contact me.

Yours sincerely

Councillor Mike Glover
Chair – Place and External Relations Scrutiny Panel