

Scrutiny Review of Procurement

1. Introduction by the Chair



I am pleased to present the report of the Resources and Sustainable Communities Scrutiny Panel on the Council's performance in the area of procurement. Procurement in local government is high on the Government's agenda for improving local government. The Panel agreed to undertake this review in order to add value to the Council's continuing efforts to provide best value services and achieve efficiency savings.

Procurement covers the entire process of identifying and sourcing a range of resources for the Council from staff to stationary. The Panel was concerned with identifying the efforts being made by the Council to improve the process and to raise awareness amongst employees of the importance to local service provision and efficiency savings of effective procurement.

The Scrutiny Panel has found that the Council has a number of measures in place which contribute to success in this area and there are examples of positive action by the large service areas in particular. The efforts of the Council to equip staff with the ability and knowledge to contribute to best value services and efficiency savings appear to be making an impact. The Procurement Champions continue to develop their role and the Panel welcomes and supports further progress.

Of particular significance is the Council's position as host to the North West Centre of Excellence which provides important opportunities for greater development and sharing of good practice and of collaboration with other local authorities.

This review has covered a very complex field and the Panel is grateful to the officers and Members for their cooperation and assistance. The Panel is also grateful for the feedback provided by staff on their experiences of procurement.

Finally, on behalf of the Scrutiny Panel, I would like to thank the officers of the Scrutiny Support Unit for their support in researching this area.

The Panel is keen to ensure that the findings of the report contribute to further improvements in the procurement and looks forward to reviewing progress against the recommendations made in due course.

A handwritten signature in black ink, appearing to read 'M. Smith', written in a cursive style.

Cllr M. Smith (Chair)

2. Summary

This report presents the findings of a Scrutiny review of the Council's policies and procedures for ensuring effective procurement which contributes to improved services and efficiency savings. To achieve the objectives of the review, the Scrutiny Panel considered the development and positive of current policies and procedures relating to procurement and how these are communicated to employees.

Along with national legislation the Panel received information from officers and Members responsible for ensuring effective procurement and also from service areas which experience the greatest which procurement activity. The Panel also addressed the Council's policies for communicating the importance of effective procurement to staff by consulting Procurement Champions and staff.

The Panel finds that the Council is successfully meeting the requirements of national legislation and has adopted procedures to help ensure that the required efficiency savings set by central government are met. The two service areas which dominate procurement activity were able to demonstrate ways in which they have addressed the need to improve procurement and realise savings in their own areas and in the case of Social Care and Health, it appeared to the Panel that areas of good practice could be shared with other service areas. The North West Centre of Excellence, hosted by Tameside Council, is contributing to the identification of further opportunities.

The Procurement Champions are a key element of the Council's approach to ensuring colleagues have the knowledge and ability to contribute to improved procurement. The Panel acknowledges that the Champions have been keen to improve their approach and looks forward to reviewing the outcomes of recent development. The Panel is keen to ensure that the Champions receive continual support in their role.

The Panel welcomes the development of a 'training toolkit' for employees which will arm them with the knowledge and ability to contribute to improved services and efficiency savings particularly. Other opportunities for staff training such as during the induction for new employees may also exist. The Panel is keen that the continual development of the online procurement system is carried out with input from users to ensure that it is user-friendly.

Overall, the Panel is encouraged by the findings of the review.

3. Membership of Panel

2006/07

Councillor M Smith (Chair), Councillors Dickinson, Sidebottom, Travis, Walsh, Wareing, White, Whitley and K Wright

2007/08

Councillor M Smith (Chair), Councillors Brelsford, Buckley, Carter, W Downs, Sidebottom, Travis, White and Whitley

4. Terms of Reference

The following terms of reference and objectives for the Review were approved by the Panel at its meeting held on 16th November 2006. A copy of the Panel's Project Plan is appended to this report as Appendix One:

"To review the effectiveness of the Council's systems for communicating procurement policies and procedures throughout the Council which aim to improve procurement practices and achieve efficiency savings."

Objectives

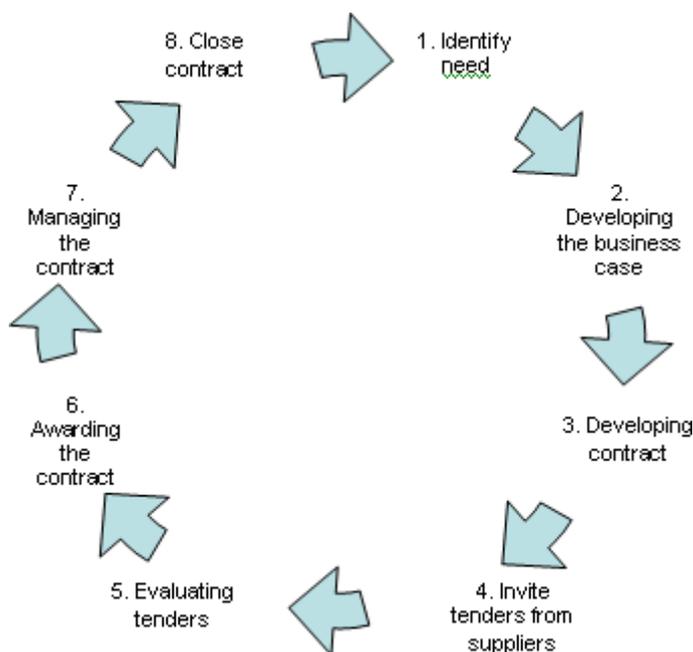
1. To enable the Scrutiny Panel to acquire an understanding of Tameside Council's policies and procedures relating to procurement;
2. To understand and evaluate the Council's systems for communicating procurement policies and procedures;
3. To evaluate the role and impact of the Procurement Champions in relation to the effective communication of procurement policies and procedures;
4. To assess knowledge and understanding within the organisation of the Council's policies and procedures and to gather views on the effectiveness of these policies and procedures;
5. To identify examples of good practice in Tameside and in other Local Authorities to support the achievement of efficiency savings;
6. To consider whether there are structures in place to achieve the required efficiency savings.

5. Methodology

- The Panel met with the Head of Procurement to discuss policies and procedures relating to procurement communication systems, Procurement Champions and good practice.
- The Panel met with officers responsible for procurement from Adult Social Care and Construction to discuss the particular experiences of these two large areas of procurement.
- The Panel met with the Council's Policy Officer with responsibility for equalities to discuss equalities issues in terms of procurement policies.
- The Panel met with the Strategic Procurement Solicitor to discuss his role in relation to the development of procurement process and practices throughout the Council.
- Consultation was undertaken with Council staff about their knowledge and understanding of the Council's procurement policies and procedures and their capacity to implement these systems and also about their views on communication and training.
- Through three discussion groups the Panel consulted with Procurement Champions about their role and experiences of Procurement.

6. Background

- Local Authorities in England and Wales collectively spend over £40 billion per year on goods, services and works. Tameside Council spends approximately £100 million each year. It is therefore vital that effective procurement policies and procedures are in place to ensure that this money is spent wisely.
- Procurement can be defined as "the process of acquiring goods, works and services from suppliers." The procurement process covers everything that the Council requires, from the stationary to agency staff and private finance initiative (PFI) projects.
- The procurement process spans the whole cycle of acquiring an asset, from the initial identification of needs through to the end of a contract or the end of the useful life of an asset. This process consists of a number of stages, displayed as a cycle below:-



- National guidance relating to procurement was produced in 2003 by the then Office of the Deputy Prime Minister in the form of the National Procurement Strategy. This Strategy aimed to enable Local Authorities to achieve the highest standards of service delivery through effective and efficient procurement and set out milestones over a three year period that all Local Authorities were expected to achieve.
- The Gershon Efficiency Review was undertaken in 2004 and identified proposed savings across the public sector of up to £20 billion a year by 2008. These savings are to be achieved by better project management, streamlined processes and more effective procurement.
- Tameside Council's Annual Efficiency Statement states that across Local Government, there is a requirement to achieve total efficiency gains of at least £6.45 billion a year by 2007/08. This document states that the target efficiency gain for Tameside Council (excluding schools) is £20 million overall, £10 million of which will be cashable. Cashable efficiency gains are defined as reducing inputs (i.e. money, people, assets, etc) whilst delivering the same outputs.
- Efficiency involves raising productivity and enhancing value for money whilst maintaining high quality services rather than cutting services.
- In the local context, it is essential that an efficient and well implemented procurement policy is in place in order to ensure that high quality and cost effective services are provided and to also contribute to the development and sustainable of the local economy.
- The Council's three-year Corporate Procurement Strategy (2006-2009) emphasises how an effective strategy is fundamental to the Council in becoming more efficient and investing more into the area. The Strategy sets out key policies for procurement and defines the role of procurement in the delivery of the Council's strategic objectives.
- The Corporate Procurement Strategy recognises that good procurement practice is crucial to providing high quality, best value public services and it is essential therefore that the Council has a clear corporate procurement strategy to ensure that best value is delivered.
- The importance of effective procurement is also incorporated into the Comprehensive Performance Assessments (CPA), as procurement now features as a key element of the overall assessment. One way of aiding the improvement of CPA scores is to learn from the good practice of other authorities within the region via the North West Centre of Excellence.

- The Scrutiny Panel agreed to contribute to the efforts of the Council in achieving these savings and standards by carrying out a review of the procurement process with a view to identifying current good practice and opportunities for further improvement.

7. Procurement in Tameside

- This section addresses the Panel's initial objective to clarify Tameside Council's policies and procedures relating to procurement. The section also introduces some of the ways in which the Council and other local authorities at the North West level are pursuing good practice, a further objective of the Scrutiny Review.

Procurement Arrangements and Challenges

- Procurement in Tameside Council is currently undertaken within individual service units where the technical specialists are located. Centralised arrangements for commonly used goods and services are administered by the Council's Procurement Unit.
- The responsibilities of the Council's Procurement Unit, as stated in the Council's Corporate Procurement Strategy include:-
 - Leading on the development, implementation and monitoring of the procurement strategy and reporting progress to the Member Champion for Procurement (currently the Cabinet Deputy for Co-ordination Services).
 - Providing support, guidance and advice on procurement practice and also providing assistance to service units undertaking major procurement exercises.
- Individual service units are responsible for procurement activity in their respective areas and for providing information on the outcomes of procurement exercises.
- One of the roles of the Procurement Unit is to arrange contracts which aim to standardise goods and services being purchased and to achieve volume discounts from fewer suppliers.
- The Procurement Unit also plays a role in contributing to the improvement of the quality of goods purchased whilst also improving the efficiency of services provided and achieving 'best value'.
- Getting 'best value' for money in procurement is not restricted to getting the lowest price. 'Best value' is defined in the National Procurement Strategy as "the optimum combination of whole life costs and benefits to meet the customer's requirement".
- A number of challenges impacting on the effectiveness of procurement within the authority have been identified. For example, one such challenge is that different service units place orders for similar products with different suppliers at different prices. This causes an unnecessary duplication of resources in terms of staff, order and invoice costs, as well as higher purchase costs which in turn leads to increased costs overall.
- It is therefore necessary for contracts to be used consistently by procurement users and to reduce one-off purchases throughout the Council otherwise substantial savings can be missed.
- In addition, the message that better procurement has a role in achieving efficiency savings needs to be emphasised to staff and procurement users within the authority.
- The Procurement Unit has also identified challenges in relation to the e-procurement system which allows users to purchase items online using a catalogue facility for contracted items. Electronic commerce in the form of e-procurement can help the Council to achieve efficiencies by reducing time spent in the cycle from initially procuring items through to payment and also by reducing transaction costs.

- However, the Head of Procurement informed the Panel that the Procurement Unit have found that free format orders are being placed (where users order products independently of the catalogue facility), for example where the range of items in the catalogue does not meet the needs of users.

7.3. Policies and Procedures

- The Council has in place Procurement Standing Orders and Financial Regulations in order to meet the requirements of Section 135 of the Local Government Act 1972 with respect to contracts. Such Procurement Standing Orders must include provision for securing competition in the award of contracts and for regulating the manner in which tenders are invited.
- Procurement Standing Orders are a set of rules designed to promote good procurement practice and public accountability. These rules help to ensure that the Council's procurement processes are fair, transparent and non-discriminatory. Following Procurement Standing Orders protects the Council, members and officers against allegations that procurement has been made incorrectly or fraudulently. Compliance with these rules is compulsory.
- It is therefore important to ensure that all procurement users understand the purpose of the Council's Procurement Standing Orders and Financial Regulations and that they are procuring in compliance with internal rules and, more importantly, with government legislation and European Union Directives.
- The Council's Procurement Code of Practice provides a user's guide to Procurement Standing Orders and is available for staff on the intranet. The Code has been produced by the Borough Solicitor, Borough Treasurer and Head of Procurement in consultation with Procurement Champions and should be used by officers who undertake procurement. This document provides procurement users with guidance on general procurement issues as well as advice and guidance on how to comply with Procurement Standing Orders.
- In addition, the Strategic Procurement Solicitor informed the Panel that part of his role is to advise service areas on the general procurement process and to offer guidance on how to procure services, as well as guidance on how to follow the tendering process. However, it is the ultimate responsibility of the relevant officer of the Senior Management Team to ensure that procurement undertaken in their area of responsibility complies with Procurement Standing Orders.
- In order to meet the necessary standards and make the savings required, the Council has also developed a Corporate Procurement Strategy (2006-2009). The Corporate Procurement Strategy recognises that good procurement practice is crucial to providing high quality, best value public services and it is essential therefore that the Council has a clear corporate procurement strategy to ensure that best value is delivered.
- The strategy, which is available for staff on the intranet, defines the role of procurement in the delivery of the Council's strategic objectives, sets out key policies for procurement based on good practice, and outlines the Council's plans for achieving efficiency through staff training and awareness. The accompanying action plan identifies opportunities for improvement in a number of areas of procurement practice including staff training, procurement planning, partnering and collaboration, equalities, sustainable procurement and electronic commerce.

7.4. Equalities

- The Council is responsible for meeting the general duty to promote race equality under Race Relations (Amendment) Act 2000 even when these services are provided by a contractor on its behalf. Therefore, the Council's Procurement Code of Practice includes guidance on how to take account of equality issues in the procurement process from planning and preparation to managing the contract.
- There is a standard approach to equality issues in procurement. A government document entitled "Equality in Procurement - Guidance and Materials" offers guidance on how to approach equality issues. This guidance document is in the process of being updated but explains that the Council has a general duty to promote race equality and that this duty applies in procurement.
- The Council is responsible for meeting this duty on equality when a contractor carries out the Council's functions on its behalf and it is therefore obligatory for the Council to promote race equality in procurement. It is also recommended that every effort is made to ensure equal treatment in other respects, including in terms of gender, disability, religion or beliefs, sexual orientation, age and marriage.
- The Code of Practice states that contracted providers of services are required to meet a relevant level of equality in employment and service delivery. This is particularly important for services which affect the public. Potential contractors are requested to complete a questionnaire covering their employment and service delivery policies in relation to race equality.
- The importance given to race equality in procurement should be proportionate to its relevance which is measured in terms of how much a function affects people. As part of the procurement process, the council is required to decide whether race equality is a core requirement of each particular exercise. An example of where race equality would be a core requirement and an essential part of the contract would be if the purpose of the contract is to provide a service directly to the public, such as in Adult Social Care contracts, as the service provider must be able to provide a service that meets everyone's needs.
- A detailed assessment of whether equality is a core requirement does not need to be undertaken for every contract. It is more effective to focus on contracts for services rather than goods (e.g. stationary) or works (e.g. construction projects).
- The "Equalities in Procurement" document contains guidance on how to take account of equality in all contracts. This document also contains additional clauses relating to equalities which can be incorporated into contracts as appropriate.

7.5. Health and Safety

- Health and Safety is a compulsory aspect of all procurement processes and compliance with health and safety is a legal obligation regardless of whether it is also a contractual obligation.
- The Procurement Code of Practice provides guidance on health and safety requirements and on ascertaining a firm's health and safety record and their record in relation to equalities.
- The Panel was informed that health and safety is a fundamental part of construction projects and therefore such clauses are included in every contract. A Construction Health and Safety Plan document is included as part of the basic information required by all contractors which needs to be taken into account in order to undertake the work required.

7.6 Identifying good practice for Efficiency Savings - the North West Centre of Excellence

- A significant contribution to the identification of good practice for efficiency savings is made by the North West Centre of Excellence.
- Regional Centres of Excellence in procurement were created across the country in 2003. These centres have a number of purposes, including:-
 - To disseminate good practice in procurement, project management and partnering.
 - To provide high quality procurement advice to authorities in the region.
 - To promote collaborative procurement where this could lead to improved value for money.
 - To act as a focus for training and development in procurement.
 - To capture learning from projects for sharing across the region and nationally.
- These Regional Centres of Excellence act as a catalyst for collaboration in each region.
- The North West Centre of Excellence (NWCE) is one of 9 Regional Centres of Excellence which support local authorities in delivering efficiencies and service improvements. The NWCE is hosted by TMBC. The NWCE has several strategic objectives to enable local authorities to effect these changes. These objectives include:-
 - Identifying, promoting and developing effective procurement structures and solutions.
 - Enabling effective partnerships to develop.
 - Promoting knowledge transfer among member authorities and organisations.
- The North West Centre of Excellence plans to develop a common procurement policy and strategy which will deliver the following outcomes:-
 - significantly reduced costs of procurement
 - significantly improved value in goods and services
 - significantly improved value in works
 - development of local economies including healthy voluntary and community sectors
 - all North West Councils to achieve the milestones set out in the National Procurement Strategy
- Tameside Council collaborates with other bodies regionally and sub-regionally through the North West Centre of Excellence. The strategic objective of collaboration is to obtain better value by bringing Councils and other public bodies together at local, regional and national levels to combine their purchasing power and to create shared services.
- The creation of sustainable partnerships between councils and other suppliers in the public, private and voluntary sectors can help to deliver better services to citizens.
- The Council is a member of the AGMA Collaborative Services Group and will identify opportunities to create shared services where appropriate.
- According to the National Procurement Strategy (2003), councils should be making the best use of their buying power by setting up framework agreements and other corporate contracts to obtain volume discounts. In addition, this document suggests that councils should also work together in procurement consortia where this would help to achieve better value for money and improved quality of services.
- The Tameside Corporate Procurement Strategy states partnering is one of the Council's preferred procurement strategies for major projects, the idea being to deliver better services through the creation of sustainable partnerships between the Council and suppliers by sharing risks and rewards.
- As is addressed in the following section, the Council's high expenditure services demonstrate the good practice approaches identified at the national, regional and local level.

Conclusions

- The Panel finds that Tameside Council has policies in place which meet the requirements of legislations and follow good practice

8. Procurement in High Expenditure Services

The Panel met with representatives from Social Care and Health and Engineering and Environmental Services as these were identified as service areas with the highest level of expenditure. The representatives were able to give an insight into their specific experiences of procurement and aspects of the tendering process that affected their areas.

Engineering and Architectural Services

- The Engineering and Architectural service areas are involved in a wide variety of works, with Engineering Services covering bridges, retaining walls, footways and highways, amongst others, whilst Architectural Services/Construction are involved in the design and construction of buildings such as schools and sports facilities as well as the refurbishment of corporate buildings. Additionally, the Architectural Service is involved in the repair and maintenance of buildings.
- The external work commissioned and carried out by these service areas can be of high value and high risk. Effective procurement in these areas is therefore highly important and significant time and costs are invested into securing the supply of services.
- The National Procurement Strategy suggests that high value/risk requirements need to have a sound business case, effective project management and risk management and be well planned and resourced.
- The expenditure of the Engineering Service is principally related to highways and associated costs, with capital spend at just under £1m per year.
- Each area of engineering has individual procurement requirements. The appropriate corporate procurement rules are followed according to the value of the project being undertaken.
- The tendering process generally involves initial product specification, consideration of best value, accreditation and record checks of companies as well as financial checks.
- Contracts for works with an estimated value of over £60,000 are required to follow tendering procedures. Contracts for works valued at over roughly £3.5 million are required to follow Public Contract Rules, where contract notices are published in the Official Journal of the European Union (OJEU).
- As part of the tendering process 'Constructionline' (a database of qualified local and national construction companies) is used by the Engineering and Architectural Services as a source of referencing information and background on companies, although it cannot be used where Public Contract Rules apply. This service enables users to search and narrow down potential suppliers based on their requirements and locality.
- This service is designed to streamline pre-qualification procedures in order to save time and resources through a reduction in the administration that is involved in maintaining lists of suppliers.
- The Council's own internal pre-qualification procedures for financial vetting, insurance, equalities and health and safety should still be followed when Constructionline is used.
- In line with the aims of the Regional Centres of Excellence, construction contractors working with local authorities are encouraged to make savings through greater partnership-working and innovation which can be beneficial on large contracts where significant cost savings are possible.

- The aim of collaboration as promoted by the Centres of Excellence is to obtain a better value by bringing councils and other bodies together to combine purchasing power and create shared services. One example of collaboration within engineering is a pilot scheme by the North West Centre of Excellence (NWCE) for the procurement of tarmac and a county-wide scale. It was noted by the Panel that contract specifications had been difficult to arrange and had taken the intervention of senior officers to resolve outstanding issues.

Social Care and Health

- The delivery of social care is a complex and demanding service and as with Engineering and Architectural Services, contracts for social services for older people and adult services can be of high value and high importance. The achievement of high quality and good value services therefore requires sound management, information and performance systems.
- In Tameside, Social Care and Health, services for older people make up the majority of spend in this area.
- All contracts used by Social Care and Health are held on a contracts register.
- Pre-placement contracts are used mainly for care homes and home care services. This involves providers agreeing to the terms and conditions of the contract although there is no guarantee of work.
- Block contracts are in place with providers but "spot purchases" tend to be made from a list of approved providers as and when they are needed.
- The list of approved providers is made up of small, local providers, including voluntary and community sector organisations, as well as large national providers.
- The Department of Health introduced the Care Services Efficiency Delivery Programme to support the implementation of the recommendations contained in the Gershon Review of Public Sector Efficiency.
- The programme works collaboratively with local councils, the NHS and service providers to develop and support initiatives to gain sustainable efficiency improvements in adult social care.
- These sustainable efficiencies are to be delivered without compromising the level of service to vulnerable adults who need care. This is a challenge faced by adult social care as it is a competitive market and process can increase.
- The Care Services Efficiency Delivery programme has identified best practice opportunities during research and collaboration with councils, with initiatives including increasing the use of longer-term contracts and reducing the amount of spot contracts, and increasing the proportion of block agreements.
- In Social Care and Health, the tendering process can be expensive in terms of both costs and time. A twelve month period for planning and advertising is required and a number of people are involved in decision making over contracts.
- In guidance from the Department for Communities and Local Government, it is advised that the resources committed to a project are proportionate to the value and complexity of the service being purchased. The tender process should therefore be reserved for higher value services. Therefore, whilst it is important that for high cost/high risk contracts such as those in Adult Social Care full documentation is completed to ensure the right provider is selected, a more appropriate level of documentation could be used for low risk contracts.
- The Service works closely with the Commission for Social Care Inspection (CSCI) and Commissioners to ensure clear requirements of a contract specification. In order that the tendering process was open and transparent, contracts were published in the Official

Journal of the European Union (OJEU), although this process lengthened the timescale of the tendering process.

- The complexity and rigour of the tendering process is significant given the extent to which the service works with small, local social enterprises and voluntary and community sector organisations which often do not have the manpower to deal with the tendering process and avoid tendering for contracts for social care. The benefits of retaining the involvement of small and medium sized enterprises and the Third Sector in providing services are recognised by the Department for Communities and Local Government who highlight how these types of organisation can often respond quickly and flexibly to customer needs and can be frequently at hand, as well as being a source of innovation. Consultation with these types of organisation is planned to discuss the tendering process and how the process can be made more accessible.
- The tendering process is also being considered across the Council and regionally. It was reported to the Panel that the Project Team for Procurement Rules would look at whether Contract Standing Orders were too bureaucratic and whether the tender thresholds were appropriate. The North West Centre of Excellence is also currently undertaking a review to ascertain whether thresholds could be standardised throughout the North West.
- The Service has also successfully bid for funds from Partnerships for Older People Projects (POPPs) which fund innovative approaches to sustained prevention activity which improves the quality of life of older people. The Tameside Older Peoples Project included the development of self-financing social enterprises which involve older people in the commissioning process and are responsive to feedback.
- Social Care and Health are also currently engaged with the Procurement Unit to identify cost savings in relation to the employment of agency staff. The service is also working with the North West Centre of Excellence map out high cost placements across the borough in order to identify where potential savings can be made.
- In guidance produced by the Department for Communities and Local Government for procuring care and support services, integrating services by jointly commissioning and procuring services can lead to better co-ordinated solutions to care and support needs and can be better value for money.

Conclusions

- Efforts being made by Social Care and Health to consult the VCS regarding the complexity of the tendering process complement the work of one of the Procurement Champion thematic groups which is evaluating the complexity of the Standing Order process.
- Good practice identified by Social Care and Health may benefit the work of the North West Centre of Excellence which is considering standardising contracting thresholds across the region.

Recommendations

- That the Council look for opportunities for Social Care and Health to contribute expertise and experience VCS to the work being carried out by the Procurement Champions' thematic group investigating the tendering process.
- That the Council consider opportunities for Social Care and Health colleagues to input in to the work being carried out by the North West Centre of Excellence for standardising tendering thresholds regionally.

9. Procurement Champions

- A further objective of the Scrutiny Panel was to understand and evaluate the Council's systems for communicating procurement policies and procedures. A particular element of this communication is the role of the Procurement Champions. As such the Panel was also keen to evaluate the role and impact of the Procurement Champions in relation to the effective communication of procurement policies and procedures.
- Guidance from the Improvement and Development Agency (IDeA), states that the primary role of Procurement Champions is to encourage, challenge and drive procurement improvement.
- In Tameside, each service area is represented by a nominated Procurement Champion who acts as a channel of communication between procurement users throughout the authority and the Procurement Unit. The Panel was informed that this model was based on a already established network of Equality Champions. At the time of this review there were 26 Procurement Champions.
- In consultation with Procurement Champions, the Scrutiny Panel found that most had been nominated as the most appropriate person in their service area due to procurement experience and responsibilities, and technical expertise.
- Part of the role of the Champions is to promote procurement policy and practice within their service area and to communicate the Corporate Procurement Strategy to colleagues in their service units.
- A Procurement Champions Group was formed in 2003 following the publication of the Council's Corporate Procurement Strategy. The group undertakes tasks listed in the Procurement Strategy Action Plan, (developed from the Corporate Procurement Strategy) and to support the development of the procurement function within the authority.
- Most of the Procurement Champions have been involved in the group since it was formed. Three of the Champions consulted for this review were relatively new to the group and have been involved for less than eighteen months.
- The role of the Elected Member Champion for Procurement involves promoting procurement at Cabinet level, raising the profile of procurement amongst Members and making recommendations to Cabinet for changes in strategy or policy. The Member Champion chairs the meetings of the Procurement Champions.
- The achievements of the Procurement Champions to date are set out in a Business Plan produced in October 2006. These achievements included the group being involved in producing a contracts register for the Council which details all contracts, agreements and partnerships, and is available on the intranet for staff.
- The Procurement Champions Group has also been involved in producing a Procurement Plan for the Council and producing the procurement Code of Practice in conjunction with the Council. These are both also available on the intranet.
- In addition, measures have been implemented by the Procurement Champions to:
 - reduce the number of low value orders being placed on the e-procurement system and also to restrict the use of free format orders.
 - improve the message system used to inform users of enhancements on the e-procurement system as well as to improve the search facility to ensure that catalogue items are found more easily. As a result of this action, a marked reduction in the number of free format orders being produced has been recorded.
- The Procurement Champions have also been involved in providing training on procurement for all officers involved in the tendering process, including training on planning, timetabling, legal requirements and contract management.

- The group has also increased collaboration between Tameside and other local authorities and public bodies and have been involved in networking and sharing information and guidance on procurement.
- A new structure for the group was adopted in September 2006 following an away-day where Procurement Champions looked at problems and issues and agreed a list of priorities.
- The new structure consists of seven project teams: partnering, identification of savings, procurement skills, procurement rules, sustainable procurement, trading with small to medium enterprises/local business and e-procurement.
- The project teams undertake specific tasks and report on progress to a steering group, consisting of several senior managers. The Procurement Champions group will continue to meet on an ad-hoc basis which was considered important for ensuring that all members are kept informed.
- Overall, the Procurement Champions were positive about the new format of the group and that it would lead to more rapid and productive progress.
- However, it was felt to be too early to assess the impact of the project groups would be, as not all of the groups had met yet and not all of the Procurement Champions had been assigned to groups.
- Procurement Champions were positive about their involvement in the group and felt it was useful. Comments made during focus group sessions related to the opportunity the group provided to learn from others and share good practice as well as being able to help and advise users. The Champions respond to queries and disseminate information through team meetings, emails, personal discussions, and reporting to management.
- The Champions generally feel supported in their role although levels of support vary depending on the awareness of line-managers of procurement issues and the significance of procurement in a given service area. The support provided by the Procurement Unit was generally considered to be useful as was that provided by the Legal department.
- None of the Champions had received any specific training to undertake their role and there was felt to be a need for focussed training. General training sessions on equalities and general procurement had taken place and were considered useful.
- The Champions consulted considered their role to be important for ensuring procurement is undertaken effectively and correctly with regard to legislation. However, there were mixed views amongst Champions as to whether they had made a difference to efficiency savings; whilst some felt that savings would have been made regardless of the Procurement Champions, others felt they had had a positive impact on improving the e-procurement system.
- Whilst some Champions felt that colleagues are generally aware that they can be contacted about procurement issues and that there are few barriers to communication (although outstations do present problems), responses from staff consultation shows that almost half of those who responded (47 out of 78 responses) were not aware who the Champion was for their area (see Section 9 for more detail about staff consultation). However, those who were aware of their Champion contacted them 'regularly' (12/47) or 'occasionally' (9/47).
- Champions also felt that their role was not always considered important amongst colleagues perhaps because procurement issues themselves are not always a major priority. Champions were keen that this level of engagement be addressed. However, Champions also indicated that they do not carry out any specific promotion of their role themselves.

Conclusions

- The Panel commends the enthusiasm of Procurement Champions and recognises great potential for their future role.
- Champions indicate a need and desire for further tailored training and support.
- The Panel welcomes the efforts of the Procurement Champions Group to addressing the effectiveness of the group through continual improvement.
- The Panel is concerned about the level of engagement between Champions and colleagues in the Council.

Recommendations

That the Procurement Champions receive tailored training and support which reflect the requirements and ambitions of the new structure of the Procurement Champions Group. That the Procurement Group updates the Scrutiny Panel on the effectiveness of the new arrangements for the group when the Panel considers progress against the outcome of this report.

That the Procurement Champions endeavour to be more proactive in communicating their role to colleagues and that they are supported in doing so.

10. Council Staff Experience of Procurement

In order to meet the objectives of the review relating to evaluating internal communication procedures relating to procurement and to assessing staff awareness and experiences, the Panel gathered information relating to staff training and gathered feedback from staff. A key theme identified in the Procurement Strategy (2006-09) is to increase procurement skills amongst Council employees and to ensure that all officers engaged in procurement are fully trained and conversant with the principles of good procurement. To this end, a training toolkit for all staff is being developed which will be updated annually.

The Strategic Procurement Solicitor noted that whilst it is the responsibility of Service Managers to ensure that employees comply with Contract Standing Orders, an on-line training course with a test for employees had been developed and would demonstrate whether that staff were aware of the rules and regulations in relation to procurement. Members noted however that the on-line training course was not yet live on the employee learning portal due to a delay in developing the software. The Strategic Procurement Solicitor suggested that training which was 'service specific' would be very effective.

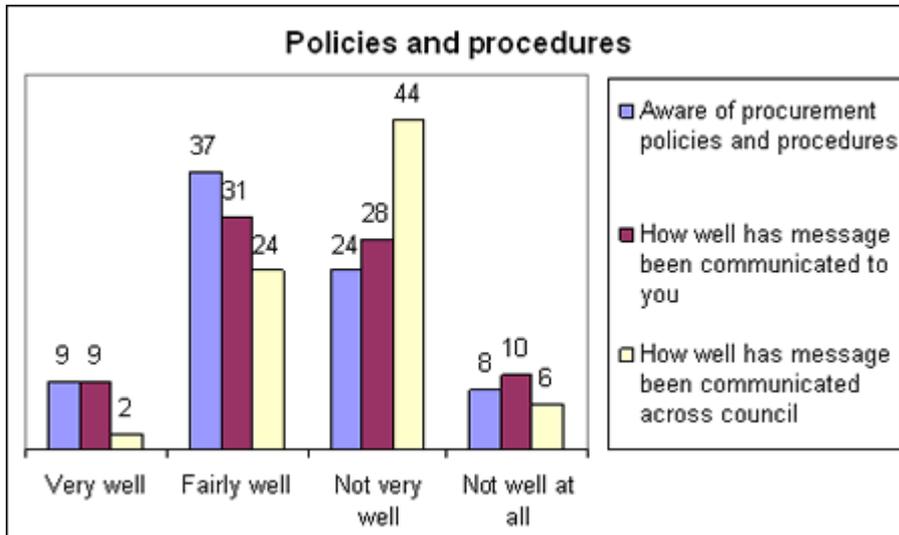
Procurement Champions also identified a need for greater awareness of the importance of effective procurement amongst colleagues. Champions suggested that procurement could feature in the induction process for new members of staff. This theme was explored through consultation with council staff commissioned from the Scrutiny Support Unit by the Scrutiny Panel. Consultation was carried out in early 2007 via an online self-completion survey. The survey asked staff about their level of awareness of procurement policies and issues and asked them to identify training and support needs.

Seventy-eight responses were received; this is a low response rate and therefore responses can not be treated as representative of general views but are still valuable feedback. Most respondents (56 out of 78) were responsible for procurement by virtue of having access to the procurement system. Three colleagues responded to the survey who had no responsibility. Nineteen responses were from people with ultimate responsibility for procurement.

Respondents were asked if they were aware that savings needed to be made; the majority (67 out of 78) said that they were aware.

Whilst people were more likely to be positive about their own level of awareness of procurement policies and procedures and of the way these had been communicated to them, they were less positive about communication across the Council as a whole regarding procurement (see Chart 1).

Chart 1

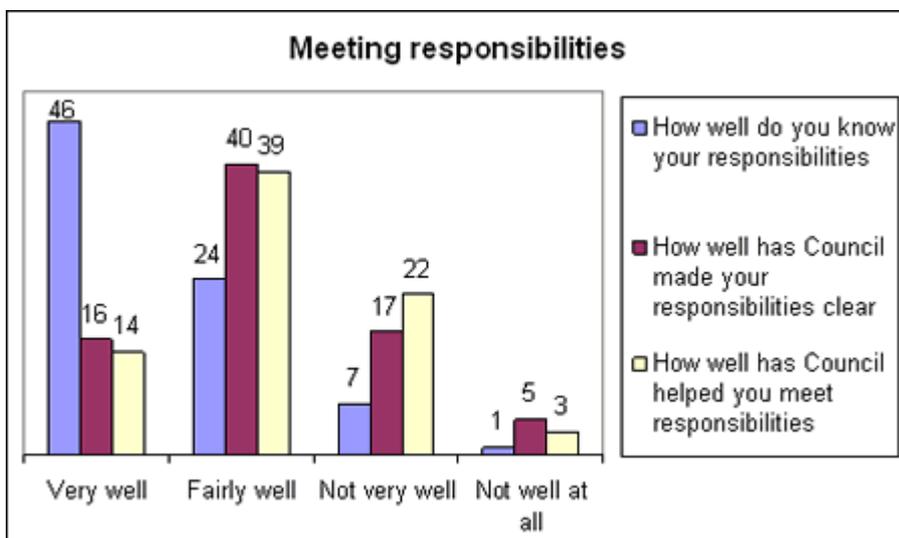


Respondents were asked about their awareness of specific procurement policies.

Respondents were more likely to be aware of procedures relating to 'free-format ordering' on the e-procurement system (71/78) and aiming for 'best value' (70/78) than those which relate to achieving 'equality in procurement' (56/78) and dealing with 'non-contracted suppliers' (51/78).

In relation to their responsibilities for procurement, the majority of respondents were happy that they understood their responsibilities and that the Council had made them aware of and helped them to meet these responsibilities (see Chart 2).

Chart 2



The majority of respondents had last had training 'over 2 years ago' or had never had procurement training (31/78 and 20/78 respectively). Eight had received training in the last two years and seventeen in the last 6-12 months.

Colleagues responding to the survey were divided on whether the online system used to procure goods and services was effective; 35/78 said that the e-procurement system met their needs 'fairly well', one respondent said it did so 'very well', whilst 37/78 said it did so 'not very well' or 'not well at all' (5/78 did not know).

An indication of the perceived effectiveness of the system is the extent to which users said they would opt to use the 'free-format' option to order goods and services not listed on the catalogue. Thirty-seven respondents said it was 'very likely' and twenty-two said it was 'fairly likely' that they would use the free-format option.

Negative comments relating to the e-procurement system related to dissatisfaction with the 'user-friendliness' of the system and extent to which goods and services available did not meet the needs of users:

"Do not feel that the system is very user friendly and find it difficult to find items when searching."

"The catalogue needs to be easier to use. You can spend quite a long time trying to find your items."

"Too complicated, not user friendly."

"The stationery catalogue is not flexible enough, the now limited number of items does not always meet needs"

"The problem is that we procure a lot of one-off works which cannot be put on a catalogue effectively and so we will always use free format to a degree"

"There needs to be more choice. We shouldn't be discouraging buying from non-contracted suppliers as they could be cheaper."

"A bigger catalogue, to include the kind of non standard items/services I have to buy."

"In my experience goods or services accessed via e-procurement system have always worked out much more expensive than purchasing directly myself"

"Where we know something is cheaper or better value it would be good if we could buy it. The stationery may have been cheaper but the material was such poor quality that it was a waste of money"

Conclusions

The Council is already working to address the training needs of staff relating to procurement through the upcoming 'training toolkit'.

Comments indicate that there could be some tension between what the Council aims to achieve through procurement policies and procedures and what colleagues require.

The e-procurement system will require continual improvement in order to make it more 'user-friendly'.

Recommendations

That the Council reiterate to colleagues, sub-contractors and consultants, the aims of its procurement policies and procedures in relation to health and safety and equalities to ensure that they are included in any sub contractual arrangements.

That the Council ensure that the forthcoming 'training toolkit' provides all staff with relevant and up to date information according to their level of responsibility.

That the Council consider introducing the theme of procurement to the induction programme for new Council staff.

That the Council involve staff in the continual improvement of the e-procurement system to ensure that it is 'user-friendly'.

11. Borough Solicitor's Comments

Whilst the Council has a statutory obligation to comply with legislative framework for procurement when seeking to engage works and/or services and failure to do so could have significant cost consequences not only in terms of litigation but loss of EU grant, procurement is also a valuable tool which allows the Council to achieve significant savings and value for money without affecting service delivery or performance.

It is disappointing that whilst legal have put considerable efforts into producing an e-tutorial toolkit on procurement for staff this has not been able to be delivered owing to the failure of software and it has been necessary to rewrite the training course owing to the passage of time to ensure it is up to date and fit for purpose.

12. Borough Treasurer's Comments

Correct procurement is vital in ensuring that the Council obtains value for money from its purchases, it also assists in achieving efficiency targets.

The role of procurement champions is important in promoting the benefits of correct procurement.

13. Recommendations

That the Council look for opportunities for Social Care and Health to contribute expertise and experience VCS to the work being carried out by the Procurement Champions' thematic group investigating the tendering process.

That the Council consider opportunities for Social Care and Health colleagues to input in to the work being carried out by the North West Centre of Excellence for standardising tendering thresholds regionally.

That the Procurement Champions receive tailored training and support which reflect the requirements and ambitions of the new structure of the Procurement Champions Group.

That the Procurement Group updates the Scrutiny Panel on the effectiveness of the new arrangements for the group when the Panel considers progress against the outcome of this report.

That the Procurement Champions endeavour to be more proactive in communicating their role to colleagues and that they are supported in doing so.

That the Council reiterate to colleagues, sub-contractors and consultants, the aims of its procurement policies and procedures in relation to health and safety and equalities to ensure that they are included in any sub contractual arrangements.

That the Council ensure that the forthcoming 'training toolkit' provides all staff with relevant and up to date information according to their level of responsibility.

That the Council consider introducing the theme of procurement to the induction programme for new Council staff.

That the Council involve staff in the continual improvement of the e-procurement system to ensure that it is 'user-friendly'.

Appendix 1

Scrutiny Review of Procurement

Aim of the Scrutiny Review

To review the effectiveness of the Council's systems for communicating procurement policy and procedures throughout the Council which aim to improve procurement practices and achieve efficiency savings.

Objectives

1. To enable the Scrutiny Panel to acquire an understanding of Tameside Council's policies and procedures relating to procurement;
2. To understand and evaluate the Council's systems for communicating procurement policies and procedures;
3. To evaluate the role and impact of the Procurement Champions in relation to the effective communication of procurement policies and procedures;
4. To assess knowledge and understanding within the organisation of the Council's policies and procedures and to gather views on the effectiveness of these policies and procedures;
5. To identify examples of good practice in Tameside and in other Local Authorities to support the achievement of efficiency savings;
6. To consider whether there are structures in place to achieve the required efficiency savings.

Value for Money / Use of Resources

The review aims to ascertain whether there are structures in place that will achieve value for money and efficiency savings and whether these are being satisfactorily communicated and used throughout the Authority.

Equalities Issues

To consider whether procurement policies and procedures meet equalities requirements.

Timescale

Estimated date for completion April 2007

Detailed Action Plan (in broadly chronological order)

| Action | Objective met | Timescale | Lead Scrutiny Panel member(s) and/or Scrutiny Support Officer(s) | Monthly update |
|---|---------------|---|--|----------------|
| (1) Meet with Head of Procurement Unit to discuss policies and procedures relating to procurement communication | A, B, C, E, F | Scrutiny Panel Meeting 14th December | Scrutiny Panel | |

| | | | | |
|--|---------------|---|---|-----------|
| systems, Procurement Champions and good practice. | | 2006 | | |
| (2) Meet with officers responsible for procurement from Adult Social Care and Construction to discuss the particular experiences of these two large areas of procurement. | B, C, D, E, F | Scrutiny Panel Meeting 1st February 2007 | Scrutiny Panel | |
| (3) Meet with Policy Officer (Equalities) to discuss equalities issues in terms of procurement policies | All | 10th November 2006 | Claire Bonser (Scrutiny Support Officer) | Completed |
| (4) Consult Procurement Champions about their role and experiences. | B, C, E, F | January/February 2007 | Focus group - Panel Members and Scrutiny Support Officer | |
| (5) Consult procurement users about their knowledge and understanding of the Council's procurement policies and procedures and their capacity to implement these systems and also about their views on communication and training. | B, C, D, E | February 2007 | E-questionnaire - Claire Bonser (Scrutiny Support Officer) | |
| (6) Meet with Centre of Procurement Excellence. | A, B, C, E, F | February 2007 | Separate Meeting - Panel Members and Scrutiny Support Officer | |