



**Oversight and Governance**

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## **Performance, Finance and Customer Focus Overview And Scrutiny Committee**

### **Supplement Pack**

Wednesday 24 July 2019  
3.00 pm  
Warspite Room, Council House

**Members:**

Councillor Kelly, Chair  
Councillor Winter, Vice Chair  
Councillors Derrick, Hendy, Mrs Johnson, Singh, Vincent, Ms Watkin and Wigen.

Please find attached additional information for your consideration under agenda item 7.

Members are invited to attend the above meeting to consider the items of business overleaf.

**Tracey Lee**  
Chief Executive

# **Performance, Finance and Customer Focus Overview and Scrutiny Committee**

**7. Update on the Corporate Procurement Services**

**(Pages 1 - 6)**

# Performance, Finance and Customer Focus Overview and Scrutiny Committee



Date of meeting:	24 July 2019
Title of Report:	<b>Update on the Corporate Procurement Services</b>
Lead Member:	Councillor Chris Penberthy (Cabinet Member for Housing and Co-operative Development)
Lead Strategic Director:	Andrew Hardingham (Service Director for Finance)
Author:	Steve Sandercock – Head of Procurement (interim)
Contact Email:	steve.sandercock@plymouth.gov.uk
Your Reference:	n/a
Key Decision:	No
Confidentiality:	Part I - Official

## Purpose of Report

This report sets out an update on the Procurement Services within Plymouth City Council and provides details around the make-up of the team, update on current procedures and policies / processes, and an assessment on how we procure big contracts/ do we get best value for money.

## Recommendations and Reasons

That Overview and Scrutiny Committee note the current activity and status around the Procurement Service, endorsing the proposed plans for the Service is the right way forward for the Council, whilst acknowledging the challenges in advancing the changes.

Where relevant Overview and Scrutiny Committee put forward additional considerations to be taken into account.

## Alternative options considered and rejected

n/a

## Relevance to the Corporate Plan and/or the Plymouth Plan

The work to enable and enhance the Procurement Services will make a positive contribution towards the Corporate Plan through ensuring resources are used wisely, supporting environmental and social responsibilities, plus helping to create the right economic outcomes for the City. Through advancing and adopting a Social Value Policy it will link and drive outcomes as set out in the Plymouth Plan.

## Implications for the Medium Term Financial Plan and Resource Implications:

Procurement as a function is a key enabler towards delivery of both financial savings and wider efficiencies.

## Carbon Footprint (Environmental) Implications:

Main areas of considerations on Carbon Footprint relate to ensuring procurement enables positive outcomes

**Other Implications: e.g. Health and Safety, Risk Management, Child Poverty:**

\* When considering these proposals members have a responsibility to ensure they give due regard to the Council's duty to promote equality of opportunity, eliminate unlawful discrimination and promote good relations between people who share protected characteristics under the Equalities Act and those who do not.

All considerations which would typically be included as part of wider considerations around the subject matter of procurement and tendering considerations.

**Appendices**

\*Add rows as required to box below

Ref.	Title of Appendix	Exemption Paragraph Number (if applicable)						
		If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.						
		1	2	3	4	5	6	7
A	Briefing report title							
B	Equalities Impact Assessment (if applicable)							

**Background papers:**

\*Add rows as required to box below

Please list all unpublished, background papers relevant to the decision in the table below. Background papers are unpublished works, relied on to a material extent in preparing the report, which disclose facts or matters on which the report or an important part of the work is based.

Title of any background paper(s)	Exemption Paragraph Number (if applicable)						
	If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.						
	1	2	3	4	5	6	7
None							

**Sign off:**

Fin	djn.l 9.20. 62	Leg	ALT/ 3050 9/07/ 16	Mon Off	Click here to enter text.	HR	Click here to enter text.	Asset s	Click here to enter text.	Strat Proc	Yes – as author of the report
Originating Senior Leadership Team member: Andrew Hardingham (Service Director: Finance / S151)											
Please confirm the Strategic Director(s) has agreed the report? Yes											
Date agreed: 16/07/2019											
Cabinet Member approval: Cllr Penberthy approved by email.											
Date approved: 18/07/2019											

## **Background**

The Procurement Service within Plymouth City Council is the support service in respect of related procurement and commercial activity, leading in the areas of support for spend within corporate areas, Facilities Management, Environment and Construction. The team are sited within the Finance Department.

During late 2018 the Council set out the vision for the Procurement Service that seeks to:

- Advance the function of procurement as a Strategic enabler e.g. inclusion of Social Value considerations;
- Increase early procurement engagement both internally and with external stakeholders, e.g. forward planning and monitoring procurement and commercial impact;
- Streamlining of processes to make transactional and operational buying simpler, e.g. creation of more catalogues as opposed to ad hoc spend;
- Overhauling of policies to make them more proportional, in particular the review of Contract Standing Orders.

Whilst there is a clear vision for procurement and as set out in the report progress is being made there is more to do to ensure the right foundations and building blocks are put in place to take this forward in a sustainable way.

## **Current spend**

- Overall headline annual spend with third party suppliers for 2018/19 was £226m\*\*
- Based on 2018/19 spend 25% with Small Medium Enterprises and 47% PL Postcode
- Exempted spend for period of Sept 18 to March 19 was £5.6m (e.g. spend not applying the Contract Standing Orders)

\*\* Not all will be addressable for example includes Child Independent Placement payments

## **Budget and resources**

The budget for the service consists mainly of staff costs and totals £500,176 for the 2019/20 financial year.

A key challenge for the team has been and remains the recruitment into key roles.

Based on previous failed recruitment attempts, primarily into the role of Head of Procurement and Category Lead positions, there has been work to review current structure and role during the summer (2019) with a view to increase the likelihood of appointing into the positions.

There has also been activity to strength focus on dedicated role with responsibilities to procurement and commercial governance arrangements.

At the time of writing this report there is a recruitment process in place for the following:

- Head of Procurement (no appointment made)
- Category Lead (x2)
- Category Manager (Systems and Governance)

Overall structure of the team consists of the following (note this will be subject to verbal update at Committee due to current recruitment campaign):

Title	Grade	FTE	
Head of Procurement	L	1	Interim
Category Lead **	I	1	
Category Lead**	I	1	
Category Lead**	I	1	Vacant (from 2 Sept 19)
Category Lead**	I	1	Vacant
Category Manager (Operations)	H	1	Appointment 1 July 19
Category Manager (Systems and Governance)	H	1	Vacant
Procurement Analyst	E	1	Vacant
Procurement Analyst	E	1	Vacant
Procurement Analyst	D	0.6	
Procurement Analyst	D	1	
Procurement Analyst	D	1	

The implications of carrying vacancies has a knock on impact around advancing the delivery of the vision for the Service at a pace which the Council would have wanted.

#### Current Activity within the Procurement Service

In addition to advancing the recruitment for the Service since January 2019 activity has included:

- Engagement on key procurements, including The Box Catering (£4.5m); Local Full Fibre Network (£3m); Food Provision (£4m); Agency Workers (£5m p.a.)
- Improved focus of resources to specific category areas of spend
- Active discussions on embedding the Construction Charter
- Provision of interim management support to the Service
- Adoption of a Modern Slavery Statement
- Improved visibility around contract
- Review of fitness of the Council's supply chain in event of "no deal" Brexit

There is also a piece of work in progress to realign some areas of transactional processing from the Procurement Service into the Customer Service Team to remove areas of duplication and process inefficiencies.

#### **Contracts and Value for Money**

Key features for ensuring value for money in commercial arrangements is includes having good visibility at strategic level of contracts, clarity on forward plans for procurement activity and early engagement Procurement professionals on strategic and critical arrangements.

Whilst improvements are being made it is acknowledged that currently the balance around reactive versus proactive engagement of Procurement support on both commissioning, procurement and contract management considerations remains too weighted on reactive inputs.

During the summer work has been in place to gain a better understanding on current contracts and future opportunities from these contracts. This work has included improving the overall visibility of contracts which the Council has and updating on a Council Contract Register.

Work to improve the balance from reactive to proactive has been recognised within the Service's Procurement Improvement Plan and specific areas aimed at improvements on Contracts and Value for Money are:

- Review of Contracts
- Improving reporting to CMT / Senior stakeholders on procurement and commercial matters
- Developing clear forward procurement plan
- Creation of savings and efficiency targets

**Policy and Strategic matters**

During the Spring 19 work was undertaken to develop a Procurement Improvement Plan with main areas of focus:

**Policy and Processes**

- Review & update Contract Standing Orders / working practices (docs & guides)
- Establish Contract Management Framework
- Finalise and embed key commercial policy, to include
- Social Value Policy (Inc Single Use Plastic)
- Modern Slavery
- Construction Charter
- Embed approach to Fairtrade
- Review & implement actions from Internal Audit – P-Cards; Contract Mmt
- Formalise Procurement Strategy
- Identify / implement training & guidance programme for key stakeholders

**Systems**

- Business Case for Contract Management System

**Procurement Team**

- Undertaking training needs analysis of team
- Set out training plan based on training needs analysis
- Undertake & finalise recruitment (Procurement Service)
- Confirm resourcing for Public Health / Clinical / Children's Category
- Production of Communications Plan (inc. internal / external newsletter)
- Align Category team to key stakeholders
- Reconfirm individual objectives

**Internal Stakeholders**

- Set up regular elected Member briefings (Portfolio Holder)
- Set up key regular contact with key stakeholders, inc. attendance at SMT's
- Create Team / Customer charter
- Establish Customer feedback approach / systems
- Overhaul Procurement / Commercial Intranet pages

**External Stakeholders**

- Define key contacts to collaboration groups
- Further contribute to setting up Public Plymouth Procurement Partnership
- Overhaul Procurement / Commercial Website pages
- Define prioritised Contract Management / Supplier Relationship approach

**Category Approach**

- Define Category areas and allocation of work to those areas
- Undertake spend analysis
- Explore Market intelligence needs (e.g. IBIS / Porge)
- Decision points on self-service approach
- Establish forward plan
- Review and update contract register
- Establish Category tools, including;
  - Options Appraisal
  - Risk Issues log

- Category Plan
- Business Case
- Establish category plans for key Category areas

Work has commenced on review and update of the Contract Standing Orders (CSO) which has included a survey of key staff around fitness for purpose of the current arrangements. Work is already in place to overhaul the current CSOs with the aim of:

- Improving the structure and clarity of the documents
- Improving the approach to proportionality and balance of commercial risk
- Enabling more routine activity to be undertaken within services without the need for heavy involvement from the Procurement Service which in turn enables more focus on strategic value add elements.

The Council has been leading early discussions around the formation of the Plymouth Public Procurement Partnership, with the aims of helping to build a stronger more joined up approach around common spend and shared procurement / commercial policies. This has also included engagement with the Devon and Plymouth Chamber of Commerce to explore how the Partners could better improve awareness and processes for suppliers to bid for local opportunities.

The Council's Social Value Policy is also being updated with the specific aims of ensuring that the intended outcomes are both embedded and direct positive social value outcomes from how the Council tenders and contracts with third party suppliers.

#### Planned progress

As outlined above whilst positive progress is being made to advance the Procurement Service in a way that is much more focused, engaged and adding value there is still more to do in order to ensure that the vision and intended outcomes of the Procurement Improvement Plan are delivered.

It should be noted that there is both the commitment from Senior Management and staff to advance this but at the same time recognises the challenge of ensuring that the right resources are recruited to help make this happen.