

**Commissioning and Procurement Task Group**

**Purpose of report**

1. The purpose of this report is to recommend a change to the way Select Committees carry out scrutiny of contracts and procurement.

**Background**

2. In July 2009, the Select Committees formed four task groups to review major contracts within each of their remits. The rationale for these task groups was to increase the accountability of those who provide services to/on behalf of the authority.
3. The work of the Major Contracts Task Groups cover 12 contracts, each valued at over £1 million per annum. These Task Groups not only receive annual or mid year reports but also pursue areas of poor performance or concern and are involved in the run up to contract renewal.
4. In addition to the work of the Major Contracts Task Groups, the Organisation and Resources Select Committee has been involved in the development of the Corporate Procurement Strategy (CPS) and more recently this has included a rapid scrutiny exercise by Cllrs Tony Deane and Nigel Carter.
5. Details of the current memberships and activity is set out in appendix 1
6. At the last meeting of the Select Committee the Director for Resources gave a confidential presentation on the 'Procurement and Commissioning Programme – Proposed Strategy and Approach'. The delivery of this 4 year programme will be led by the Corporate Procurement and Commissioning Board. A copy of the Terms of Reference and membership of the board is attached at appendix 2. As members are aware the recent communication from CLT the need to make cost reductions equivalent to a reduction of £9m by April 2011 on how we purchase goods and services as part of the overall £40m savings in the Business Plan and next years budget. At the conclusion of the presentation, the Select Committee asked for a paper to the next meeting on the options available for scrutiny to revise its current approach to procurement in light of the intended arrangements to meet the challenges ahead.

**Rationale for Change**

7. As the organisation has matured, Scrutiny has demonstrated good practice through reviewing contracts, strategies and building effective relationships with the executive, officers and suppliers. However, the scope of the current arrangements is considered relatively narrow when looking at the work covered by procurement and commissioning. In addition, the four different Task Groups

covering contract scrutiny could be viewed as resource and time intensive compared with the value added, due in part to the robust specifications and monitoring arrangements that exist with this level of contract.

8. A number of service metrics have been set within the Corporate Procurement Strategy including the implementation of Supplier Relationship Management (SRM). Category Management, which is part of SRM, groups similar types of purchasing spend into categories and captures spend against products or service type. This information is then used to optimise monitoring of the level of spend within each category and to develop proposals to secure contracts which reflect optimum value.
9. In light of the challenges referred to above, it is proposed that the current scrutiny activity should be streamlined to focus on the key priorities within the programme, without losing the knowledge and achievements already gained.

## Options

10. Three options emerge for consideration by the Select Committees, all of which would involve the abolition of the current four Major Contracts Task Groups:
  - a. New Single Task Group – this would act as a non-executive policy development body. However, it would also hold the Board (and cabinet member) to account for the delivery of the programme. Part of the programme will involve driving savings from the current major contracts. On that basis, membership might be drawn from among the existing members of the current Major Contracts Task Groups. Possible Terms of Reference and reporting diagram are circulated at appendix 3.
  - b. Representative on the Corporate Procurement and Commissioning Board – appointment of a Scrutiny representative to serve as a 'lay' member on the board. It is suggested that perhaps a member who gained experience during the rapid scrutiny of the CPS, or a Chairman of one of the Task Groups, would be potential candidates.
  - c. Reports to Select Committee – the Committee could ask for progress reports at key milestones in the programme to undertake questioning and challenge of the Cabinet Member and Corporate Director of Resources at the main committee meetings. This could be supplemented with rapid scrutiny exercises as necessary.

## Conclusion

11. The proposal to change the current scrutiny arrangement in this area is driven by a more focussed and professional approach to future commissioning and procurement. This approach is intended to secure efficiencies and savings in the overall spend for the authority. The Select Committee needs to think about how it should respond within the capacity it has available to ensure effective influence and challenge.
12. The options offered for change have been applied successfully in other areas and members are aware of the advantages and disadvantages of each.

Following the decision of this Select Committee, the other three committees will need to be consulted along with the Scrutiny Liaison Board.

## **Proposal**

13. The Select Committee is asked to:
  - a. Determine a favoured approach for future scrutiny of the procurement and commissioning programme.
  - b. Add this proposal to the next available agenda of the Select Committees for endorsement (and nomination of members).

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**Current Arrangements for Scrutiny of Contracts and Procurement**

**Appendix 1**

<b>Service Area</b>	<b>Process</b>	<b>Membership</b>	<b>Activity</b>
Overview and Scrutiny Organisation and Resources Select Committee	Major Contracts Task Group	Cllr Richard Britton (Chairman) Cllr Nigel Carter Cllr Judy Rook Cllr Roy While Cllr Helen Osborn Cllr Ricky Rogers	Monkton Park Facilities Management Contract Energy Sodexo (Building Cleaning Services, Grounds Maintenance Services, County Hall Facilities Management) Logica
	Corporate Procurement Strategy Rapid Scrutiny Exercises	Cllr Tony Deane Cllr Nigel Carter	
Health and Adult Social Care Select Committee	Major Contracts Task Group	Cllr Peter Hutton (Chairman) Cllr Tom James Cllr Peter Hutton Cllr Nina Phillips Cllr Peter Davis Dr Peter Biggs (Stakeholder)	Order of St John Care Trust Medequip Assistive Technologies Retendering of the Integrated Community Equipment Services Contract
			Quarriers Sodexo (School Catering) Sure Start Children's Centres White Horse Education Partnership
Children's Services Select Committee	Major Contracts Task Group	Cllr Bill Moss (Chairman) Cllr Carole Soden Cllr Jon Hubbard Cllr Jacqui Lay Cllr Peter Colmer	
Environment Select Committee	Major Contracts Task Group	Cllr Peter Doyle (Chairman) Cllr Tom James Cllr Nigel Carter Cllr Peter Colmer Cllr Mark Packard	Mouchel and Ringway Hills Waste Retendering of the Salisbury and Amesbury Area Bus Contracts DC Leisure (although this was cancelled in light of the wider leisure review)

**Terms of Reference**

**Purpose of the Board**

The Board will champion and communicate initiatives, to improve procurement and commissioning policy and practices within the Council to ensure modern, whole life, best value and sustainable outcomes and support for the customer.

**Specific responsibilities will be to:**

- Steer corporate initiatives to improve procurement and commissioning policy and practice;
- Ensure organisation and service restructuring are implemented with customer and individual choice in mind;
- Design and implement a strategy to achieve cost reduction, efficiency targets, simplifying supply chain and commissioning arrangements and performance management indicators;
- Establish and monitor a single corporate register of all procurement, commissioning, partnership and grant funded activities;
- Direct procurement and commissioning policy and practices in all departments;
- To act as the Project Board for significant procurement and commissioning exercises and undertake 'Gateway Reviews' for significant or high risk procurement or commissioning projects;
- Emphasise more engagement with service users and providers at all stages of the commissioning process and linking procurement issues with community development strategies;
- Develop the understanding and opportunities for the 'third sector', the existing Compact with the Voluntary Sector and the role and benefits of Small and Medium Enterprises;
- Identify the opportunities for synergy and collaboration within projects across different services ensuring links to other Corporate Programme Boards;
- Development of toolkits for improving procurement and commissioning;
- Review existing arrangements and encourage development of decommissioning strategies, where appropriate.

**How the Board will Work**

- The Board will monitor compliance with Finance and Contract Regulations;
- The Board will be responsible for agreeing business cases and timetables for significant or high risk procurement and commissioning projects;
- The Board will be responsible to CLT and Cabinet for the establish of a 3-year procurement and commissioning plan with indicative resource implications;
- The Board will negotiate within CLT for the release (allocation) of resources required to deliver projects;
- Where decisions have a significant impact on other areas, or are of a strategic importance, they will be referred up to CLT.
- The Board will ensure that Procurement and Commissioning policies and practices achieve maximum benefit from the use of resources;
- The Board will be supported by resources from the Corporate Procurement Unit;
- The Board will develop clear links to the other Corporate Work Boards, particularly the Partnership Board.

## Frequencies of Meeting

The Board will meet at least once a month with the minutes of the meeting published on the Intranet. Work programme may determine the meetings are held more frequently.

## Policy Issues

Due regard to the Finance & Contract Regulations;  
Support the Corporate Budget Process;  
Recognise developments in Joint Commissioning and the development of client direct payments;  
Engagement with a developing Corporate Initiatives, such as BMP, Shared Services, One Council for Wiltshire, etc.

## **Membership**

Carlton Brand, Corporate Director, Resources - DoR  
John Noeken, Cabinet Member for Resources  
James Cawley, Service Director Adult Care, Strategy & Commissioning – DCS  
Julia Cramp (JCr), Service Director, Commissioning & Performance – DCE  
Caroline Bee (CBee), Head of Procurement & Contract Management - DoR  
Sandie Lewis, Head of Strategy – DCS  
Stella Udell, Head of Business & Operational Support, Public Health & Wellbeing  
Tracy Carter, Service Director, Waste Management Services – DNP  
Parvis Khansari, Service Director, Strategic Services - DNP  
Mike Swabey, Head of Procurement & Contract Management – DoR  
Estelle Sherry, Principal Auditor - DoR  
Mary Higgins, Head of Supplier Relationships – DoR  
Nick Darbyshire, Policy Officer – CE  
Kerry Chisholm, Principal Auditor – DoR  
Ian Gibbons, Service Director, Legal & Democratic Services – DoR  
Jacqui White, Service Director, Shared Services – DoR  
Darren Law, Acting Head of Finance – DoR  
Tony Brett, Head of Procurement – DoR  
Tom Smith, Contracts Manager – DCE  
Simon Jeffery, Contracts Manager – DCS  
Paula Tucker, Secretary (Minutes) – DoR

To encompass the key areas of procurement and commissioning, it is advised the task group should focus on six main elements (see below). These would form the basis for the terms of reference, yet be broad enough to give the task group flexibility to pursue enquiries as they feel appropriate.

- a) Monitoring and influence performance of procurement metrics and cost reduction savings.
- b) Monitoring and influence performance of the development of Category Management .
- c) Monitor delivery of the Procurement Strategy
- d) Receive reports of procurement/commissioning from departments linked to the departmental procurement plans.
- e) Establish links with the Joint Commissioning Board, Corporate Commissioning Board and any others to ensure appropriate involvement in tendering activities.
- f) Receive annual major contract performance reports and meet by exception.
- g) Contribute to the development of Procurement and Commissioning policy and strategies.
- h) To report to the Organisation and Resources Select Committee annually and by exception at key milestones.

A diagram of the proposed structure is detailed on the next page.

# Proposed Structure for Procurement and Commissioning Task Group

## Appendix 3

