

Member Briefing

Category Management

25 January 2013

East Wing, County Hall, Trowbridge

1. Present

Cllr John Noeken, Cabinet Member

Julian Ingram, Interim Head of Procurement

Michael Hudson, Director of Finance

Scrutiny Members

Cllr Peter Doyle

Cllr Tony Deane

Cllr Nigel Carter

Cllr Mark Packard

Cllr Mike Hewitt

Teresa Goddard, Scrutiny Officer

2. Background

A progress report on optimising the procurement service was presented to the Overview and Scrutiny Management committee on 13 December 2012.

At this meeting it was proposed that to aid the Committee further in its understanding of the risks, that the structure and implementation of the new approach undertaken by other local authorities should be investigated further, including those where Category Management had been implemented successfully, such as Leicester Council. As a consequence, the committee agreed to hold a half-day briefing session to be delivered by the procurement leads.

The Committee also proposed that further reporting on how the benefits were being realised and risks overcome would be required and therefore decided that the

Procurement Strategy would remain on the Forward Work Programme of the Committee to ensure regular scrutiny at time-specific dates to be identified by the Cabinet Member.

3. Category Management

An explanation and update on Category Management within Wiltshire Council was presented to the members by Julian Ingram. This covered the basics of Category Management, what it meant for Wiltshire Council including some cultural shift challenges that may occur. He also presented some alternative procurement models and information on other authorities benefitting from implementing Category Management.

Following the presentation, general discussion took place which included the following points:

- Category Management will involve a mini culture change through strategic procurement using modern tools and detailed supply and demand analysis. The two big contracts (Elior and Highways) offer significantly greater savings and more efficiency through using this process.
- The strategic level of activity is not currently in the existing scope. We are pushing for a wider scope, with Category Management becoming a part of that process.
- Category strategy includes the agenda for employing local people, there has been few changes to the workforce for the Elior contract. This is a co-operative approach and is not about procurement exercising control.
- The objective of Category Management is to provide a better service and add value through more options, rather than just monitor compliance. Through use of better controls, you have better options.
- There is currently much disaggregation within large projects, through service by service procurement rather than by category and has resulted in paying over threshold to one supplier which should have gone to tender.
- Contract management should be monitored. As a local authority we do not have a standard for the overview of contracts and it is the responsibility of the individual service to do so (excluding the four contracts currently in procurement).
- Category Management also focuses on the skills of officers, and it was noted that with the right skills in position to carry out the research and market

analysis – including what the market is developing into – then there is more chance for efficiency.

- The Hills waste contract is a good example of a challenging contract that would lend itself to Category Management. It is a 20 year contract, where the technology and approach to waste (including a dependency on Fleet strategy) changes regularly, making this a challenge for the local authority to maximise its return.
- It will be necessary to shape policy and strategy at a high level for category management to deliver maximum benefit. Scrutiny will be there to challenge on a regular basis.

The Management Committee requested feedback from this briefing session and an update on the future report to CLT at its next meeting on 28 February 2013.

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