

Wiltshire Council

Organisation & Resources Select Committee 16 September 2010

Report of the Corporate Procurement Strategy Scrutiny Exercise Held on 20 July 2010

Purpose and Background

1. The Overview and Scrutiny Management and Resources Select Committee on the 2nd of July 2009 considered a report on the Corporate Procurement Strategy. Due to the limited timescale before the document was to be released for consultation, a decision was made to carry out a rapid scrutiny exercise to look at the strategy in more depth.
2. As a result of Scrutiny meetings held in August and January, the Councillors recommended a further meeting be held in July 2010 to review the progress made in implementing the strategy and achieving targets.
3. This meeting was held on the 20th July 2010 and attended by the following:

Mr Nigel Carter	(Lead Councillor)
Mr Tony Deane	(Councillor)
Mr John Noeken	(Cabinet Member for Procurement)
Caroline Bee	(Acting Head of Strategic Finance and Procurement)
Tony Brett	(Head of Procurement)

Summary of Concluding Views

4. It was discussed that currently the Corporate Procurement Unit is using figures relating to accounts payable and the processing of invoices for monitoring performance. It was acknowledged that the recent Audit report highlighted a number of issues with this particular area; however, the focus on it reflects the interest in reducing process times. Councillors asked if the specific contract information relating to payments is being communicated with the shared service team. It was explained that this is not linked currently however it is being investigated to improve communication.
5. The figures for accounts payable for the percentage of invoices matched to purchase order, and the average time between date of the invoice and payment, does show a downward trend. This report is produced by the Shared Service Team and the most up to date figures had not been passed to the Procurement Unit at the time of the meeting. The report presented only showed until April 2010. Councillors requested the Procurement Unit update this report and redistribute it.
6. The original targets presented in the Procurement Strategy for achieving results were based on 08/09 figures. Depending on which report is looked at, each contained different data that makes it complex to get an accurate idea of where they authority stands. Since then better management information has become available showing that targets around the number of transactions and the number of suppliers need to be amended and made SMARTer. These reports have now been updated with 09/10 figures and are being reviewed to decided which will be used to set targets and monitor progress. These revised targets will be set by September and once set, will have better protocols for monitoring where spending is happening.

7. Other than those commented on above, the Corporate Procurement Unit stated that they did not have any real concerns over the targets. Councillors commented that they were pleased with the progress made in the last 12 months and felt generally that the authority is moving in the right direction to achieve procurement savings.
8. One of the completed targets is the implementation of the new Contracts Register. Extensive training has been carried out on how to use the system and the information is being used and has been fed into the Procurement Plans, however it is not being used to monitor if contract terms link up with how invoices are paid. Processing invoices through SAP provides information, which is used to correlate against categories of spend. Where spending occurs outside of the category, it would be picked up and challenged.
9. Councillors queried the implications of the target for allocating departmental responsibilities to Corporate Procurement Staff. Officers explained that this has meant arranging the team to provide a point of contact for each department within procurement to offer support and advice. In addition to these Business Partners, each department will have professional buyers who look after categories of spend. These buyers will not have budget responsibility; this will be with the budget manager.
10. It was acknowledged that quite often professional buyers do have a burn out period; however, Officers reassured Councillors that through having generic roles staff could be moved around into different market areas with support from Procurement colleagues. To understand the relationship between these roles, and others, councillors requested a matrix that will explain the structure in more depth.
11. It was clarified that performance against budgets will be picked up by the relevant service director and where overspend occurs it will be their responsibility to decide whether to proceed. The Corporate Procurement Unit now have visibility of budgets and a month-by-month view of what each directorate are spending which is aiding the improvements to financial management. It was acknowledged that some overspend will always happen, due to the nature of our business, however, as long as it is identified then it can be managed.
12. To deliver real savings there are detailed plans and resource mapping which will incorporate a RAG system. This will be completed by September with the thrust of the work looking at limiting risk and coming up with alternative options. This is a two-pronged approach, the first to make savings and the second to have greater control and monitoring. It was discussed this is to deliver real tools, which will realise savings with departmental information pulled into one document presenting the overall position for the authority.
13. To make the savings a reality all service directorates are saying that buying strategies will need to be under the normal price to what the council has received in the past. With the work to create professional buyers, it was commented that these would provide complete coverage for the organisation and heavily involved in delivering the procurement plans. The long-term aim is to have a central point with a negotiating team involving the elected members.
14. Currently the Corporate Commissioning Board leads on procurement work with representatives from across the directorates. It was requested that the membership of this board be distributed to Councillor Deane and Carter.
15. It was felt that officers have achieved a lot of good work over the last year; however, it was considered that a number of the elected Councillors would value some more information on Category Management and the move to procurement being a money saving area. It was discussed that a DVD has been developed that will be circulated to all members explaining more about procurement and does touch a little on Category Management. Councillors also

recommended that an information seminar should be investigated to run for 15 minutes before a full council meeting and information communicated through the Elected Wire.

16. As a number of targets are being revised, Councillors recommended that a meeting be held in September or October to review progress towards implementation. It was requested that at this meeting Councillors are provided with more detail on the types of statistical information used and how it is performance managed. It was also requested that for this meeting it would be useful to invite an appointed buyer to discuss how they perceive their role.

Recommendations

17. Scrutiny Members thanked Councillor Noeken and Corporate Procurement Unit Representatives for attending the meeting.
18. Acknowledgment was given to the Cabinet Member and Officers for the achievements made so far in implementing the Corporate Procurement Strategy and making efficiency savings.
19. The following recommendations on behalf of the Overview and Scrutiny Organisation and Resources Select Committee:
 - a. The SST Statistics on SRM spend are brought up to date and distributed to Councillors Deane and Carter.
 - b. A matrix of the relationships between different roles is given to Councillor Deane and Carter.
 - c. Nigel Carter requested that he attend one of the training sessions organised by the Corporate Procurement Unit.
 - d. To provide more information to Councillors on category management and how Procurement is turning into a money saving area for the authority, a 15-minute seminar before a Full Council meeting is suggested.
 - e. Another Scrutiny Exercise should be carried out in September or October 2010 to review progress and the revised targets.
 - f. At the meeting in September/October Councillors would value more information on performance management and would value a buyer attending to discuss their perceptions of the role they carry out.