



## POLICY AND RESOURCES SCRUTINY COMMITTEE – 3RD JUNE 2014

**SUBJECT: SPECIAL INSPECTION RECOMMENDATIONS - PROCUREMENT**

**REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES AND SECTION 151 OFFICER**

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### 1. PURPOSE OF REPORT

- 1.1 The purpose of the report is to advise Members of the progress to date in relation to the WAO Special Inspection report and its recommendations for Procurement.
- 1.2 To make recommendations on the use of Procurement as a strategic enabler and future work programme.
- 1.3 To advise Members on the review of Key Performance Indicators (KPI's) for Procurement.

### 2. SUMMARY

- 2.1 The report summarizes the work to date by the Corporate Procurement Team in addressing the recommendations of the Welsh Audit Office Special Inspection Report and makes recommendations on the team's future work and monitoring processes.

### 3. LINKS TO STRATEGY

- 3.1 Good governance is a pre-requisite of the activities of any Local Authority, along with the requirement to continually improve the Authority's services.

### 4. THE REPORT

- 4.1 On 28<sup>th</sup> January 2014, the Council approved the Wales Audit Office Special Inspection Report and its Recommendations R1 to R8.
- 4.2 The Recommendations appertaining to Procurement were covered in R8 of the Welsh Audit Office Report:

*'Emphasises the importance of following appropriate procurement procedures and ensures that relevant key performance indicators are set for the procurement function'*

- 4.3 The high level action plan detailed seven action points for Procurement to address:

**Action 1** - Ensure there is a good understanding of the role of a "Strategic Enabling" Procurement Service;

**Action 2** - Build on the recommendations of the recent WG Procurement Fitness check

currently in draft format to support recommendations of the WAO Special Inspection Report

**Action 3** - Ensure all Officers involved in procuring goods and services have appropriate training and understanding of Standing Orders for Contracts and Financial Regulations.

**Action 4** - All appropriate Procurement Regulations to be available via the Authority's website and Intranet.

**Action 5** - Amend Standing Orders for contracts to alleviate misinterpretation.

**Action 6** - Procurement Structure review in respect of the Housing Services; Consolidations of Procurement team to the Corporate Centre

**Action 7** - Undertake a review of all Performance Indicators for Procurement. Introduce Welsh Government Indicators for Procurement where appropriate. Undertake CIPFA Benchmarking review on a yearly basis.

The current position in relation to each action point is detailed below.

4.4 **Action 1 - Appendix A** outlines the definition of a strategic enabler for procurement with details of Caerphilly's approach.

4.5 **Action 2** - The Authority has received its final report and recommendations in relation to the WG Procurement Fitness Check. The Authority was assessed as mature, moving towards advanced. The recommendations of the procurement fitness check will now form part of the Corporate Procurement teams' Service Improvement Plan.

Due to the nature of some recommendations it must be noted that some recommendations will need to be completed over a three year period. The report clearly demonstrates that Caerphilly are above the Welsh average on all elements of assessment. This creates limited opportunities to benchmark against our Welsh counterparts and therefore the Head of Procurement will look to work with KPMG in the future to identify best practice within English Authorities with a view to benchmarking and learning from identified best practice.

4.6 **Action 3** - The Procurement Team currently maintains a list of all Authorised Officers involved in the procurement process. Standing Orders training has been provided to Officers with the authorised officers list since 2010. More recently Principal Procurement Officers have carried out up-to-date training for individual Directorates with regard to the revised Standing Orders for Contracts approved by Council on 19 November 2013.

All Corporate Procurement Staff receive continuous Procurement Training via the Welsh Government Training Programme and have ongoing EU Procurement Legislation Training on a regular basis via our EU advisor Fred Harvey.

All staff within the Corporate Procurement Team have formal performance reviews which detail yearly training plans and this practice will continue inline with Council's policy.

4.7 **Action 4** – The Authority's Intranet and Website contains all relevant procurement information and is updated regularly as appropriate.

4.8 **Action 5** - The Authority's Standing Orders for Contracts have been updated and were approved by Council on 19 November 2013.

4.9 **Action 6** - Officers are currently in discussion with Personnel on the transfer of the relevant Officers to the Corporate Procurement Team.

Progress to date includes:-

- The budget for two procurement officers has been transferred from HRA to Procurement as of 1<sup>st</sup> April 2014.
- The Head of Procurement and the Head of Programmes are in discussions on how best to deliver the procurement service to the WHQS Programme and Housing Department.

It is proposed that a dedicated team of procurement staff will report to the Head of Procurement at the centre but be funded via an agreed service level agreement from HRA account. The central procurement team will provide all procurement support for Housing and WHQS going forward. It is envisaged that this process will be complete by June 2014.

- 4.10 **Action 7 - Appendix B** details a proposed list of new key performance indicators for the Authority in relation to procurement. These are in line with Welsh Government Policy and will allow the Authority to participate in benchmarking exercises with CIPFA and any future WG Fitness Checks. Please note that WG key performance measures are still under review therefore Officers will continue with current corporate indicators until such time that WG recommendations become available. Officers will then review and assess the benefits of adoption. The Authority will participate in the CIPFA Benchmarking Model in future years to ensure fit for purpose service is maintained.

## **5. EQUALITIES IMPLICATIONS**

- 5.1 Corporate governance is directly linked to the Council's Strategic Equality Objectives (in particular SEO 7 – Corporate Compliance), which stem from duties under the Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011 and the Welsh Language (Wales) Measure 2011.
- 5.2 Equalities Implications are a standard part of all committee reports, in order to ensure that due regard has been given to the outcome of decisions on individuals and groups from all communities of Caerphilly County Borough, regardless of their backgrounds and circumstances. Consultation and Engagement practices also reflect this due regard.
- 5.3 Guidance documents and a comprehensive training programme are available to staff members and elected members on the Equalities and Welsh Language aspects of undertaking their roles.

## **6. FINANCIAL IMPLICATIONS**

- 6.1 The cost of CIPFA Procurement Benchmarking process is £660 per annum. This will be funded from the Corporate Procurement Base Budget.

The necessary budgets will be transferred from HRA to Procurement in the coming months to accommodate the staff requirements to fulfil to the work programme for WHQS and Housing.

- 6.2 There are no other budget requirements/expenditure associated with these recommendations at this time.

## **7. PERSONNEL IMPLICATIONS**

- 7.1 The necessary staff transfer will be conducted as required. All the necessary HR consultations have taken place in line with HR policy.

## **8. CONSULTATIONS**

- 8.1 Officers and Members have been consulted on the content of the report and views have been reflected within the report.

## **9. RECOMMENDATIONS**

- 9.1 It is recommended that Members note the content of the report and the progress to date in addressing the recommendation of the WAO Special Inspection Report. As of the date of the report all actions have been completed.

9.2 That Members supports the adoption of Appendix A and B.

## 10. REASONS FOR THE RECOMMENDATIONS

10.1 To address the recommendations of the WAO Special Inspection Report.

10.2 To ensure the Authority has a fit for purpose procurement function.

## 11. STATUTORY POWER

11.1 Local Government Act 1972 and 2000.

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### Background Papers:

Welsh Audit Office Special Inspection – Caerphilly County Borough Council  
Welsh Government Procurement Fitness check report 2013.

### Appendices:

Appendix A - Procurement as a Strategic enabler  
Appendix B - Key Performance Indicators (KPI)