



Belfast City Council

Report to:	Strategic Policy and Resources Committee
Subject:	BCC Procurement Improvement Programme including alignment to the Investment Programme
Date:	22 June 2012
Reporting Officer:	Ronan Cregan, Director of Finance and Resources Gerry Millar, Director of Property and Projects
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1.0	Relevant Background Information
1.1	A key strand of the council's Efficiency Programme and subsequently the Investment Programme (IP) is the effective procurement of Supplies, Works and Services.
1.2	The high level procurement improvement programme, as agreed by SP&R in September 2012, is on target with a number of the key recommendations either in progress or already having been carried out within the Property and Projects Department. For example, the appointment of a Head of Service and the introduction of a procurement cost savings programme yielding savings in year 1 in the region of £230k with estimated savings for year 2 (2013/14) in excess of £500k.
1.3	The next stage is to move to a detailed improvement programme. A detailed Programme Management Document has been prepared which captures the review recommendations and in addition takes into account the council's Investment Programme, procurement initiatives, RPA and ICE agendas.
1.4	During this next stage improvement actions will begin to impact on how departments and services carry out procurement. In line with the review recommendations and the current emergent issues the aim is to have a change in the organisational approach to procurement by June 2014.

2.0	Key Issues
2.1	<p>Current Situation</p>
	<p>Emergent Issues</p>
	<p>In order to deliver other facets of the Investment Programme further significant changes are required within the procurement approach throughout the organisation. For example, the PQQ process requires review to incorporate social clauses, where appropriate, and to aid the delivery of the capital programme it is planned to establish a procurement framework for design teams.</p>
2.2	<p>Currently some aspects of procurement and contracts management are devolved to budget holder level and appears in a number of staff job descriptions. The new approach for procurement is to remain a decentralised function but with a licensed buyer approach. The need for a licensed buyer will be either at a service or departmental level depending on need. These buyers will then be coordinated via a category manager, whose role will be to ensure efficiency, a consistent market approach and aggregation of spend and compliance. They will also work with Economic Development in the supply chain management for the purposes of the above and local economic stimulus.</p>
2.3	<p>It is intended to use the quotation process to achieve the latter as well as the associated IP target of 60%. This will be managed through a central system and will be dependent on the licensed buyers inputting and managing quotations in accordance with policy. Work has already begun in taking this a stage further in understanding the impact of the council's total spend which will include identification of spend within its geographical region. In conjunction with the Centre for Local Economic Spend (CLES), and the use of its model for determining spend analysis, officers have begun to research a better understanding of the economic impact our council has on its local economy. A further report will be brought to SP&R in due course.</p>
	<p>Risk Management</p>
2.4	<p>Subject to mainly capital variations the council spends between £50 to £80 million annually on supplies and services. The way in which this spend is executed is subject to procurement legislative frameworks, financial regulations, best value as well as internal scheme of delegation controls.</p>
2.5	<p>It is imperative of the improvement process to enable the organisation to remain as agile as possible. To do this it requires better planning by middle management, a more coordinated approach to spending profiles as well as procedure to be developed that determines the risk to which the organisation exposed to should it step outside agreed guidelines.</p>
	<p>The Way Forward</p>
2.6	<p>A Programme Management Document has been developed around the initial review recommendations, including risk management, as well as the recent emergent issues</p>
2.7	<p>A steering group has been established, specific actions required for completion under each recommendation have been determined taking account of the emergent issues; resources required have been identified with an overall responsible officer being assigned for each improvement project; and timeframes have been allocated to each action. This has allowed for the improvement</p>

	activities to be prioritised, linkages and interdependencies to be established and a critical path to be identified including stakeholder communication and engagement.
2.8	The timeframe is underpinned by a number of assumptions and has been expedited in order to meet the needs of the organisation for RPA.
	The progress of the improvement programme will be reported to SP&R in line with the Investment Programme.

3.0	Resource Implications
3.1	<p>In conjunction with Human Resources and the Efficiency Unit:</p> <ul style="list-style-type: none"> • Licensed buyers will be designated within departments and services on a needs basis with each Departmental Management Team being fully engaged; • There will be a requirement to carry out a review of all staff with a procurement role specified in their job description in order to co-ordinate procurement activities on a council wide basis and remove duplication; • Supporting evidence will be necessary in order to determine appropriate procurement resources which will have an underlying invest to save premise; • The Corporate Procurement Unit will be reorganised with newly defined roles, responsibilities and a clearly defined purpose.

4.0	Recommendations
4.1	Members are asked to note the update on the implementation of the procurement improvement plan.

5.0	Key to Abbreviations
	<p>DMTs – Departmental Management team RPA – Review of Public Administration PQQ – Pre qualification Questionnaire IP – Investment Programme CLES – Centre Local Economic Spend ICE – Improvement Collaboration and Efficiency EU – European Union</p>