

APPENDIX F - FSR SUMMARY: Procurement & Payments

Update as of 5th January 2017

Work Programme

The work programme and contracts register is about 90% complete. The remaining 10% is about fine tuning or clarifying particular lines with Service Areas.

To maintain both documents going forward quarterly review meetings will be held with Procurement, Management Accountancy and the relevant Service Area. Working together all three parties should be in a better position to identify and achieve savings going forward.

Client Survey

Client satisfaction/feedback was invited on the P2P system and on the Procurement & Payments Team itself.

Delegates from the Leadership & Development programme were invited to attend a P2P workshop on 24/10.

Main area of frustration relates to the setting up of suppliers and the time involved and infrequent users being able to use the system effectively. Feedback will be used in the design process for the new experience pack and upgrade to Milestone 6 for the Agresso system to be implemented in 2017-18.

With regards to the perception of the team and processes in general 24 individuals from across the organisation were invited to attend an interview over a two-week period. The interview was facilitated by Tim Martin, Business Partner from Business Improvement.

Main points taken from the survey:

- Level of knowledge and satisfaction is largely attributed to level of engagement and opportunity to work with Procurement team. Comments from participants is contradictory in parts i.e. positive and negative comments neutralise one another.
- Procurement champion training should continue.
- Some frustration exists for lower level contracts.
- Some simplification of process requested.
- Frustration with time delays or aspects of the process, particularly for infrequent users.
- Revision of procurement toolkit needed.

Service Delivery

Payments

The function of the team has been compared to other organisations and it is broadly in line with duties undertaken by other teams. The team of 5 fte staff cost around £263k per annum and process around 30,000 invoices per annum on 3 different systems. In addition the team process payments into the authority using the Paris Income Management system. 95% of invoices are processed within 30 days of receipt. Whilst benchmarking with other organisations indicates relatively high cost at £9 compared to £3 there does seem little scope to make further savings unless major system changes are made which in the short term is unlikely..

Over the past 12 months the performance and cohesion of the Payments Team has improved significantly. Work will continue to improve performance indicators and streamline processes. No changes to the staffing structure are proposed

Procurement

The procurement team consists of 3 fte specialists, a contract and procurement officer and a Strategic Procurement and Payments Team Manager. The cost of the team is around £266k per annum. Of late workloads have necessitated the introduction of an additional post and 2 members of the team are temporary partly reflecting the difficulty in recruiting to these posts on a permanent basis. Experience from other authorities suggests the same set up as exists at Oxford with strategic and specialist procurements being led by a central team and lower level procurement led by trained staff within services. Given the current workloads of the team reductions in staffing at this time do not seem achievable but equally the temporary nature of staff does allow changes to be made at a future stage should this position change

Part of the focus of the review was the development of a comprehensive contracts register to identify the incidence of tenders and quotations for services previously contracted. Whilst there are no guarantees planning for contract renewals will give the best opportunity to drive savings. By working with the service heads a further £230k on going revenue savings have been included in the Medium Term Financial Plan from 2020/21 onwards. Ongoing savings by 2020/21 of around £1.6 million have been factored into the Councils MTFP. Further savings are also being achieved through the Councils capital programme.

The team will progress the actions highlighted in this report to further support a devolved procurement model.

Actions to take forward

- Finalise work programme by January 17 (complete)
- Finalise details for the new procurement champions programme and launch for new intake in April 17.
- Contract Management Framework being presented to the One Council Board on 9/1/17.
- SLA's to be introduced with internal customers.
- Payments to continue to work on improving resilience and interaction with other parts of Financial Services to ensure that the reputation of the service is seen as good.
- Subject to the endorsement of the revised Contract Management Framework organise a Host Meet the Buyer event in March 17 with key suppliers. The focus of this event will be to introduce the new the Council's approach to managing supplier performance, provide an insight to suppliers as to the Council's priorities and challenges, and to plant the seed about trying to secure savings through existing contracts (to be followed up by Contract Managers).
- A review of the Procurement Toolkit with a cross selection of Procurement Champions and delegates from the Leadership & Development programme to commence February 17.
- Introduce new mentoring programme with Procurement Champions by April 17. The aim of this will be to provide another way for officers to engage with the team, share learning and best practice, as well as facilitate continuous improvement and provide a feedback mechanism. These will be branded as "Chat with..." and it is proposed that such meetings will provide an opportunity for either Procurement or Officers from other teams to lead on conversations that are relevant to commercial activity or internal processes.
- Replace D-Cal with new Barclaycard system for recording transactions by March 17. This will generate a £10k saving in itself!
- Implement P2P experience pack as part of the Agresso upgrade and use the opportunity to try to introduce process improvements which should improve user experience when raising orders.
- Finalise analysis of p-card spend and propose new strategy for their use in the organisation by January 17.

- Re-establish links with local partners (local authorities, universities, police etc) in an attempt to encourage collaboration and share best practice. A database of procurement colleagues has been established; a date for hosting a meeting in early February is to be agreed shortly.
- Simplification of processes to include a revision to Contract Rules regarding the quotation process and exemptions. An example would be to allow for particular exemptions to be approved by Procurement and the Service e.g. non-use of the procurement portal, where the required number of quotes not received and where there is evidence that competition was encouraged. Consultation on Contract Rules to commence January 17. Implementation is subject to achieving Council approval. Below is a list of some of the proposed amendments to Contract Rules:
 - Clarity on roles – this may help to avoid some of the confusion that appears to exist.
 - Exemptions – exemptions from using the portal to be delegated to myself. Exemptions to be approved by the relevant HoS and the Councils Head of Financial Services below £100k, above £150k Monitoring Officer to also be involved.
 - Evaluation – be clear that 60:40 model can be modified...there is a perception we might be paying more because of placing a higher weighting on quality.
 - Exceptions – reclassify types of purchases which do not lend themselves to a procurement process which would remove some bureaucracy e.g. land type transactions (rental of car park), booking performing artists such as a dancer.
 - Sealing threshold – suggest this is increased and sealing based on risk/value instead of all contracts valued < £100k.
 - Not getting sufficient competition – if the service can demonstrate that they attempted to seek multiple quotes, can we do away with the need for seeking an exemption.

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