

IDeA Procurement Fitness Programme

Visit to Wakefield Metropolitan District Council 3rd – 4th November 2004

1. Introduction

The visit to Wakefield Metropolitan District Council was part of a national programme of Procurement Fitness Checks (peer reviews) carried out by the Improvement and Development Agency (IDeA) at the invitation of the council's chief executive. The purpose of the Fitness Check is to identify current strengths and the issues that need to be addressed if procurement best practices are to be adopted.

The basis of the assessment was a 'benchmark' of procurement best practice. The benchmark is based on the recommendations contained in the National Procurement Strategy for Local Government under the themes:

- Providing leadership and building capacity;
- Partnering and collaboration;
- Doing business electronically;
- Stimulating markets and achieving community benefits.

The IDeA developed the Procurement Fitness Programme as part of its contribution to Towards a National Strategy for Local Government Procurement, the LGA/ODPM joint response to the Byatt Report. The subsequent, National Procurement Strategy for Local Government advocates that every upper tier council should have carried out a health check on their progress against the Strategy by 2005 – the Fitness Check satisfies that expectation. The Fitness Programme has the endorsement of the Chartered Institute of Purchasing and Supply (CIPS) and the Society of Procurement Officers in local government (SOPO).

The visit forms the first stage of the IDeA Fitness Programme, the second stage being continuing support to the council in the development of a Fitness Plan to address the issues raised during the visit and the third stage being a review of progress, at the council's request, in approximately 12 months time.

The Fitness Check Team were Ray Forbes, Principal Procurement Consultant and Steph McCahill and Steven Locker, Procurement Consultants. Ray Forbes is your Relationship Manager.

Alan Kirkham was the council's co-ordinator for the visit.

The visit took place during the period 3rd – 4th November 2004.

The Fitness Check comprised desk research, interviews and workshops. In all 15 interviews were carried out together with two workshops. The Fitness Check Team appreciates the contribution of all those members and officers who participated, particularly their frankness and openness. Appendix 1 lists the names of all those who contributed to the Fitness Check.

The findings that follow are presented under the four themes of the National Procurement Strategy for Local Government.

2. Findings

Providing Leadership and Building Capacity

Strengths

- 1) The Team were impressed to find an enthusiastic leadership open to modernising procurement, and recognition of members' contribution to strategic procurement projects.
- 2) The Team were pleased to find an openness to embrace external challenge. This had previously included an IDeA Peer Challenge. The Procurement Fitness Check adds further external challenge.
- 3) The Team were impressed to learn that both member and officer procurement champions had been appointed. The council may find the IDeA discussion paper on the role of procurement champions of use http://www.idea.gov.uk/procurement/procurement_champions_roles.pdf.
- 4) We were pleased to find evidence of a risk management culture, supporting a clear risk management policy and methodology.
- 5) The Team were pleased to find evidence of cross-functional team working on procurement projects.
- 6) We were pleased to learn that workforce issues, including the TUPE transfer of council staff to contractors in the PFI street lighting and NPS contracts, had been managed well and in accordance with Best Value and Improvement circular 03/2003.
- 7) The Team were impressed to find that a PRINCE 2 project management methodology is being used to manage procurement projects and that there is a business case culture in the organisation.
- 8) The Team were pleased to find a clear set of contract procedure rules and code of practise and that training had been carried out to embed them throughout the council.
- 9) The Team were impressed to find that the council had completed a spend analysis and had identified a number of areas where savings (Quick Wins) could be made. The Team were also pleased to note that the council had started to develop a plan to meet the challenge of the Efficiency Review.
- 10) The Team were pleased to find that the council had reviewed and updated the council's approach to Best Value Reviews to include a more robust

process of external challenge. We were also pleased to find that a more strategic and crosscutting approach to Best Value Reviews.

- 11) The Team were pleased to find that the council awarded contracts on quality/costs criteria.
- 12) The Team were impressed to find the council had introduced a performance management system that measured the effectiveness of procurement, and, includes reporting and reviewing mechanisms that assist in targeting areas for improvement. The Procurement Excellence Model for local authorities could also provide base-line information and be utilised as a tool for targeting future areas for improvement. The Audit Commission, in conjunction with the IDeA has recently published a library of local performance indicators for procurement indicators <http://www.local-pi-library.gov.uk/library.asp>. The council may wish to consider these indicators as part of their performance management system and as a useful benchmark to compare procurement performance. Your Relationship Manager would be delighted to assist the council in selecting the most appropriate indicators.

Issues to Consider

- 13) We would suggest that the council adopt a wider strategic procurement management approach and embed that within its service planning. This would include the council mapping its procurement expenditure using a 'portfolio' approach (risk/value matrix) and developing appropriate strategies. From that the council should identify areas where procurement resources can have most impact, the appropriate skills and techniques for each type of procurement, the appropriate level of senior officer and member involvement, and the preferred procurement strategy. The Team were encouraged to find that the council had used or are intending to use gateway reviews for the Housing Strategic Partnership Project and the Waste Management Project. The council should however develop a 'procurement approach' at the start of every major procurement project and integrate 'gateway reviews' into its project management methodology for major procurement projects as a means of controlling risk and ensuring accountability. We felt that the use of 'gateways' could provide a potential opportunity for the further engagement of scrutiny in the strategic procurement process.
- 14) Whilst recognising that members have contributed to strategic procurements, the Team felt the council would benefit from formalising the roles of members (overview and scrutiny) in strategic procurement management and the associated processes. Consideration could be given, for example, to how members can be more effectively engaged earlier in the process (defining the desired outcome), challenging the options appraisal, scrutinising the procurement processes, and in post-contract monitoring and management. In progressing this issue the council may

find it beneficial to refer to both the 'IDeA Members' Guide to Procurement' (<http://www.idea-knowledge.gov.uk/idk/core/page.do?pageId=187390>) and the Centre for Public Scrutiny's briefing document, 'Scrutinising strategic procurement' (which can be downloaded from <http://www.idea.gov.uk/procurement/cfps-procurement.pdf>). We would also encourage the council to make further use of the IDeA and 4ps' Member and Senior Manager training; further detail can be obtained online: www.idea.gov.uk/procurement/?id=consulting.

- 15) The Team felt that the council should monitor all low value procurement activity (less than £15k) in order to reduce the risk of maverick spending.
- 16) The Team felt the council had made progress in developing a corporate procurement strategy but the challenge is now to embed the strategy throughout the council and monitor progress against the council's corporate objectives and the milestones in the National Procurement Strategy.
- 17) The Team would encourage the council to continue the work of mapping the procurement processes, identifying all those involved and carry out a further corporate procurement training needs analysis. Subsequent to that, the council could develop a strategy for both members and officers to develop the associated competencies (the IDeA procurement skills framework could assist the council in addressing this issue). We would also suggest that the council consider including procurement awareness training in the induction process for new staff.
(<http://www.idea.gov.uk/procurement/?id=skills>).
- 18) The council need to consider what capacity, skills and expertise are required to manage partnering and business change projects that may be financially, legally and technically complex.
- 19) The Team would encourage the council to agree a Procurement Plan setting out its current contracts and contracts to be procured for the forthcoming three to five financial years.

Partnering and Collaboration

Strengths

- 20) The Team was impressed that the council has demonstrated openness to partnership working in areas such as the street lighting PFI and the recent contract with Norfolk Property Services (NPS) for professional construction services.
- 21) The Team were impressed that the council has carried out joint commissioning between the Primary Care Trust and Social Services. We

would now encourage the development of a joint procurement strategy in this area.

- 22) We were pleased to hear that the council is using OGC Buying Solutions and the Yorkshire Purchasing Organisation for a variety of goods and services. We were also impressed that there was regular benchmarking of prices to ensure that consortia contracts provided good value for money.
- 23) The Team were encouraged to find evidence of effective collaboration with other neighbouring councils through forums such as the West Yorkshire Procurement Partnership.
- 24) The Team were please to find that the council had recently entered into a long-term partnering agreement with NPS for the provision of professional constructions services. We would also encourage the council to continue to adopt an incremental approach to construction procurement by developing a plan for further embedding Constructing Excellence into its processes. The Team felt that the lessons learnt by the Rethinking Construction Beacons Councils may be helpful <http://www.idea.gov.uk/idk/core/page.do?pageld=72123>. Should you want to identify how one of the Beacon Councils may be of further assistance, please contact the Beacons enquiry line on 0207 296658.

Issues to Consider

- 25) The Team would encourage the council to continue to include commercial incentives into long-term partnering and collaboration arrangements in order that suppliers are motivated to continually improve their performance.
- 26) The Team felt that the systems to ensure compliance with internal and external requirements such as EC Procurement Directives should be continually reviewed. We were encouraged to find that there is currently an effective system for disseminating any changes in the law affecting procurement and implementing such changes.
- 27) We suggest that the council should baseline the average timescales for current OJEU contracts (financial year 2003/2004) in order to meet the milestones set out in the National Procurement Strategy of reducing the average time from OJEU notice to contract award.
- 28) We would encourage the council to continue to strengthen their relationship with the Yorkshire and Humber Regional Centre of Excellence (RCE) with a view to establishing a collaborative working relationship. The contact for your RCE is tony.wiltshire@leeds.gov.uk.
- 29) The Team would suggest that the council work collaboratively with the RCE and the proposed DfES Centre of Procurement Performance in areas such as education brokerage.

Doing Business Electronically

Strengths

- 30) We were impressed that the council through the West Yorkshire Procurement Partnership had developed a strategy and business case for the adoption of e-procurement in Wakefield.
- 31) The Fitness Check Team were also pleased to find that the council successfully completed an e-auction, were rolling out the use of the Roses Marketplace, had used e-tendering and were carrying out a pilot on purchasing cards.
- 32) The Team were impressed to find that Procure-to-Pay cycle had been mapped and critically assessed to make it more efficient and effective.

Issues to Consider

- 33) The council will need to carefully consider the change management and business process re-engineering issues surrounding the various e-Government procurement projects being implemented in the council. The Team felt the council would benefit from developing a change management strategy to address this issue.

Stimulating Markets and Achieving Community Benefits

Strengths

- 34) The Team were encouraged to find that the council used regular supplier surveys and structured 'internal customer' perception surveys to target areas for procurement improvement.
- 35) The Team found that the council were proactive in encouraging the supply market to do business with Wakefield and there is a target in the corporate plan of increasing the level of council expenditure going to small businesses by 10% by 2006.
- 36) The Team were pleased to find that the council have a 'selling to the council' guide.
- 37) The Fitness Check Team also utilised a 'mystery shopper' exercise in which we took on the role of an SME trying to sell services, which we deemed relevant to the council, through the council's website. We were pleased to receive a response that indicates a proactive approach to new suppliers looking to do business with the council.
- 38) We were also pleased to find that the council had developed a strategy for Small and Medium Enterprises (SME) in line with the recommendations of

the Better Regulation Task Force report 'Government Supporter and Customer': www.bruf.gov.uk/docs/pdf/smeprocurement.pdf

Issues to Consider

- 39) We suggest the council develops a comprehensive contracts register and publicise details of its procedures, forthcoming contracts and persons to contact regarding those contracts, on a section of the council's website aimed at suppliers (including SMEs and voluntary organisations).
- 40) Although the council have a compact with the Voluntary and Community Sector (VCS), we felt that there was potential to increase the use of the VCS in service areas, where this is deemed appropriate council.
- 41) The Team would encourage the council to embed sustainability into the procurement process. The recent IDeA guidance 'Sustainability and Local Government Procurement' (<http://www.idea.gov.uk/procurement/?id=sustainable>) may be helpful in respect of sustainability; the CRE guidance 'Race Relations and Local Government Procurement' (www.cre.gov.uk/duty/pdfs/proc_local.pdf) should also prove useful.

SUMMARY

Based on our findings the Fitness Check Team concluded that the priorities for action in the Wakefield Metropolitan District Council are:

1. Further extend the strategic procurement management approach to include clarifying the respective roles and responsibilities of executive, scrutiny and officers in the procurement process (including, for example, definition of outcomes, robust options appraisal, contract management and gateway reviews);
2. Evaluate the skills and expertise required to manage long-term partnering contracts and develop an Skills Development Plan;
3. Develop and implement a medium term procurement plan (3-5 years);
4. Embed the corporate procurement strategy throughout the council and monitor progress against the corporate objectives and the milestones of the National Procurement Strategy;
5. Implement the revised best value review guidance;
6. Implement the sustainability guidance more fully into the procurement process;

3. NEXT STEPS

The IDeA welcomes feedback on this report. We would also welcome the opportunity to work with Wakefield Metropolitan District Council on the development of a Fitness Plan which tackles the issues raised in this report and helps you achieve the best practice standard. Support with the development of a Fitness Plan is available at no cost from IDeA. Please contact Ray Forbes, your Relationship Manager, (ray.forbes@idea.gov.uk) to access this continuing support.

IDeA recommends that you review progress with the Fitness Plan in approximately 12 months time and that you invite the Team back to assist with that process.

Ray Forbes
Principal Procurement Consultant
IDeA
4 November 2004

Appendix 1

IDEA PROCUREMENT FITNESS PROGRAMME

List of Interviewees/Participants

Wakefield Metropolitan District Council 3rd – 4th November 2004

Interviews

John Foster	Chief Executive
Phillip Dobson	Deputy Leader
Cllr Graham Stokes	Member Procurement Champion
John Pitt	Corporate Director Resources
Mary Dowson	Head of Corporate Performance
Jackie Pepperell	Head of Legal Services
Tony Wiltshire	Director Y&H RCE
Richard Hodgson	Managing Director NPS
John Baker	Head of Property Management
John Hurst	Head of Waste and Environmental Health Services
Elaine McHale	Director of Social Services and Health
Paul Whiteley	Head of ICT
Kevin Dodd	Head of Housing
John McLeod	Corporate Director Education & Culture
Jonathan Hall	Head of Regeneration & Economic Development

Officers' Workshop

John Hurst	Head of Waste and Environmental Health Services
Paul Whiteley	Head of ICT
Andrew Hughes	Head of Financial Services
Richard Lee	Corporate HR Manager
Mary Dowson	Head of Corporate Performance
Ian Thompson	Head of Planning
Cheryl Hobson	Head of Resources & Performance, Social Services Health
Sam Pratheepan	Head of Strategy, Performance & Commissioning Social Services
Kevin Jones	Assistant Chief Education Officer, Resources and Performance Management

Members' Workshop

Cllr Hilary Mitchell
Cllr Melvyn Taylor
Cllr Trevor Ivan