

AGENDA ITEM

REPORT TO EXECUTIVE SCRUTINY

30 NOVEMBER 2010

REPORT OF CORPORATE MANAGEMENT TEAM

EIT REVIEW OF PROCUREMENT AND COMMISSIONING

SUMMARY

This report is the conclusion of this EIT Review. The report recommends how the principles of category management are to be practically implemented for Stockton.

RECOMMENDATION

That the Members of Executive Scrutiny Committee recommend to Cabinet the centralised approach detailed within this report.

DETAIL

1. The baseline and challenge elements of this review were presented to this Committee on 19 October and recommended a centralised approach to category management procurement for Stockton. This recommendation was accepted with the requirement for a further report to detail how this principle will be practically implemented. In undertaking this consideration due regard needed to be paid to the current circumstances facing local authorities and their public sector partners. In particular the impact of future budget reductions and organisational change. It has therefore been decided that a phased approach to implementation is the most sensible solution, thus ensuring we do not overstretch officer resource capacity. An approach that tried to cover all categories in one go may well be impractical, and counter-productive in the current situation. Attached at **Appendix A** is the suggested phasing.
2. The task shows 12 main category headings and detailed within each one the individual categories that are part of the main category. Within Phase 1 there are four categories that are considered to be Corporate categories. Namely, Business and Office Support, Energy and Utilities, Professional Services, and Printing, Advertising & Marketing. These are accompanied by three Service categories, Building and Construction, Facilities Management and Schools Education.
3. The second phase concentrates on the Social Care elements for both Adults and Children. As Members will be aware, there are many changes being contemplated, or implemented in this particular area. Personalisation of services, the abolition of the PCT, the movement of the Public Health budget to local authorities and significant changes in commissioning for those services that are to remain within the NHS. It is therefore felt that it would be sensible to delay these categories to the second phase so that greater understanding of these changes is known before we start to assess them.
4. Within Phase 3 the two categories of Transport and Fleet, and Frontline and Environmental Services have a high concentration within Commercial Trading Services. The EIT review into that area has produced a number of alternative ways forward for that area, such as partnering, that are currently being explored and again it seemed sensible to allow these initiatives to be developed before implementing category management in full in this area. For the other main category in Phase 3, ICT and Telecoms, a large proportion of this is procured corporately already, we have just entered into a new contract for hardware and software via e-auction, and so it is proposed this is included in this later phase.

5. Returning then to Phase 1, the centralised approach suggested will be different for Corporate categories and Service categories. For the Corporate categories all procurement activity will go through the Corporate Procurement Team. They will on a category by category basis co-ordinate the procurement of these goods and services to ensure consistency and aggregation of purchasing power for the authority. It is believed that the team will be able to deal with two categories at a time and it is suggested the first two categories will be, Office & Commercial Furniture, and Consultancy. The Procurement Manager will report to the EIT Sub-Board at regular intervals on progress and quarterly on savings made.
6. With regard to the Service categories, the report on 19 October stressed that category management should not have an adverse impact on service delivery, but also emphasised that we cannot conduct category management effectively with over 300 employees involved in procurement. The proposed approach for Service categories is that for each of these the appropriate Head of Service will nominate a Category Lead who will co-ordinate and communicate category management in their area. In most instances this will be within one Service Grouping, but in some instances will cross Service Grouping areas within the Council. It is recommended the Category Lead must be at least a third tier officer to ensure this approach is owned at a Senior Management level. In a vein similar to the Corporate categories, the Category Lead, supported by the Procurement Manager, will implement category management for each of the categories under the main heading one at a time e.g. for Facilities Management the first category may be Building Repairs and Maintenance. In assessing these categories there will be a review of current working with a view to finding improvements in procurement techniques, market intelligence, supplier rationalisation, demand management, etc. In line with EIT service reviews the Category Lead will present a report to the EIT Sub-Board on their findings, making recommendations for improvements and setting a savings target. It may be possible that in some instances there is no room for improvement or ability to deliver additional savings, but if this is the case it will have been evidenced. Again in line with other EIT reviews, once the recommended options and targets have been agreed they will be monitored and reported on a quarterly basis.
7. Members may recall that one of the issues associated with the baselining report, is that with over 300 employees currently involved, the level of management information to support category management is not of the level we would require. To improve the collection and analysis of this information and market intelligence, it is intended to provide a post within the Corporate Procurement Unit that will undertake this task, and support the Category Lead in the Service categories. In recent times the two employees in Performance Management in Resources have spent less time on this role as requirements have diminished and have instead been utilised to provide procurement information analysis. This has been in the areas of learning disabilities, advertising and print, foster agency contract, communications EIT review, construction contractors spend analysis and the baselining for this report. A sensible resolution then would be to move one of these two employees into this spend analysis role for future Service category assessments.

CONCLUSION

8. It is felt that the suggested centralised approach is a pragmatic approach to category management. For those categories that are deemed Corporate they will be managed by the Corporate Procurement Team with the authority-wide co-ordination done in the centre. In those categories where there is a service element, they will be lead by a Service Officer with support from the central team, and a requirement to report corporately to ensure we maintain that balance between service delivery and corporate accountability.

Name of Contact Officer: P J Saunders
Post Title: Head of Finance, Procurement & Performance
Telephone No. 01642 527010
Email Address: paul.saunders@stockton.gov.uk

CATEGORY PHASING

Business & Office Support	Energy & Utilities	Professional Services	ICT & Telecoms	Printing, Advertising & marketing	Building & Construction
Stationery	Electricity	Consultants	Hardware & Software	Advertising	Buildings
Clothing & Uniforms	Gas	Debt Collection & Recovery	Maintenance & Support	External Design & Print	Open Spaces
Insurance	Water	HR Professional & Advisory Services	Consumables	Photography	Civil Engineering
Subscriptions	Heating Oil	Recruitment & Assessment	Reprographic Equipment	Publicity & Marketing	Roads
Banking		Temporary & Agency Staff	Telecoms (Fixed & Mobile)	Market Research	
Office & Commercial Furniture		Legal Services	Disaster Recovery		
Domestic Goods		Medical Services			
Mail Services		Audit & Accounting Services			
Travel & Subsistence		HR Training			
Cash Collection		Interpreters			
Training & Conferences		Interims			
Transport & Fleet	Facilities Management	Social Care - Adults	Social Care - Children	Front Line and Environmental Services	Schools & Education
Passenger Transport	Cleaning & Janatorial	Advice & Counselling Services	Adolescent Mental Health Services	Waste Management & Recycling	Adult & Further Education Services
Fuel	Document Archiving & Storage	Alcohol & Drug Rehabilitation	Adoption Services	Street Cleansing Equipment & Materials	Childrens Education Services
Vehicle Leasing and Hire	Energy Efficiency	Day Care	Advice & Counselling Services	Street Lighting	Examination Fees
Vehicle Purchase	Lifts	Domicillary Care	Childcare Services	Animal Services	Arts & Craft, Toys & Audio Visual Supplies
Vehicle Maintenance	Removals	Independent Living Support	Family Intervention	Highways Equipment & Materials	School & Library Books

Vehicle Parts	Room Hire	Mental Health Services	Fostering	Grounds & Horticultural Equipment & Materials	School Musical Instruments
Plant Hire	Catering	Nursing Homes	Residential Care	Street & Traffic Management	
	Building Alarms & Security	Residential Care	Youth Offending Services	Cemetery & Crematorium	
	Building Repairs & Maintenance			Arts & Leisure Services	
				Events	
				HVE Equipment & Materials	

Phase 1

Phase 2

Phase 3