

## APPENDIX 1

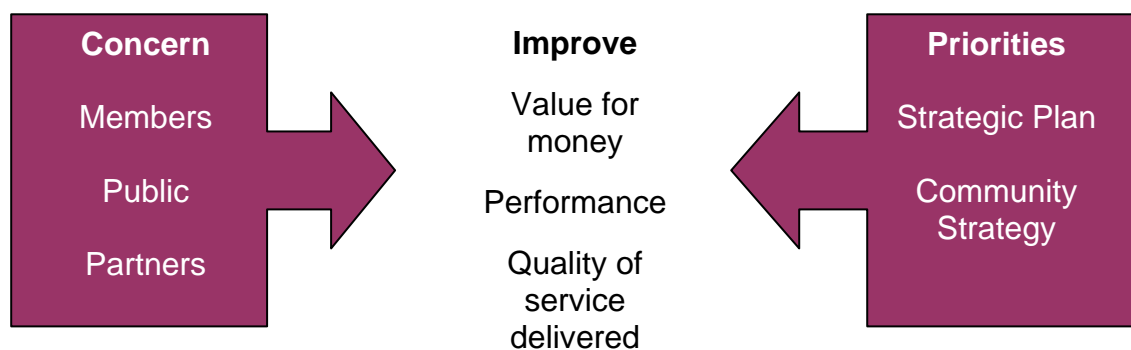
### Procurement Topic Select Committee

#### Scoping Questions

The Overview and Scrutiny Committee is asked to consider the following questions when scoping a Scrutiny review:

Issues for Scrutiny should reflect:

- i. Concern of Members, the Public or Partners
- ii. Strategic Priorities for the delivery of services and
- iii. Clear Outcomes to improve value for money, performance or to change the priorities of the Council.



#### A. Aims

What are the aims of the review? (the key question)

The National Procurement Strategy for Local Government (ODPM 2003) gives the following definition under the heading – “What do we mean by procurement?”

*"Procurement" is the process of acquiring goods, works and services, covering both acquisition from third parties and from in-house providers. The process spans the **whole cycle** from identification of needs, through to the end of a services contract or the end of the useful life of an asset. It involves options appraisal and the critical "make or buy" decision which may result in the provision of services in-house in appropriate circumstances.*

*In the context of a procurement process, obtaining "best value for money" means choosing the bid that offers "the optimum combination of whole life costs and benefits to meet the customer's requirement".*

*This is not the lowest initial price option and requires assessing the ongoing revenue/resource costs as well as initial capital investment. The council's requirement can include social, environmental and other strategic objectives and is defined at the earliest stages of the procurement cycle. The criterion of best value for money is used at the award stage to select the bid that best meets the requirement.*

*Procurement is also about making choices. The choice that members make about a particular contract or form of partnering is a very clear signal of what type of authority the council wants to be and how it wants to be seen now and in the future.” ( ODPM 2003 )*

Nottinghamshire County Council has a Procurement Strategy which is currently under review. The County Council has also completed an up to date spend analysis for the Authority, has selected an external partner to work with us to define key areas for savings, and is currently generating a business case for change. Deloitte are our preferred partner to help us develop a 3 year plan. This draft business plan is anticipated to be available for Members’ consideration in September 2006.

**In this context it is suggested that this scrutiny review should aim to address the following question:**

**Will the County Council maximise value for money through its procurement processes by implementing the new 3 year procurement business plan?**

How does the review link to priorities?

The County Council’s Strategic Plan “All Together better “(2006 -2010) says that the Council wants to address challenges and lead the community by:

putting the customer at the heart of everything we do

delivering excellent but affordable services

being a civic leader, helping to develop strong communities across the county

The Strategic Plan also says that the national context for local government includes:

the need to make significant **efficiency savings** and minimise council tax rises whilst coping with increased demand

the re-shaping of services around **children and adults**

higher **performance** standards

an expectation that public services will be more **accessible, responsive and able to offer greater choice**

an ability for local government to **respond to and empower local communities** whilst establishing priorities at a strategic level

#### How does the review link to community concerns?

The County Council's total "influenceable" spend is in excess of £200 million spent annually on goods and services (this amount excludes staff costs and spend in schools). It is this amount of spend that the procurement business plan will be focussing on.

We need to address procurement as part of the national Comprehensive performance assessment / Gershon – Review of public sector efficiency - agenda, and most importantly we have a duty to examine whether we are achieving value for money on behalf of the people of Nottinghamshire – through the goods and services we procure.

#### What outcomes are sought?

The review will seek evidence that the new procurement business plan is robust, and that its implementation is likely to maximise value for money through improving the County Council's procurement processes. The review should also seek to make recommendations for further/other improvements to procurement processes, should they be suggested by the evidence presented to the topic Select Committee.

#### Which specific areas will the review examine?

Procurement is a vast and complex area involving all the goods and services of the County Council, and linked to major aims which include improving the efficiency and quality of service to our customers. Freedom of information and procurement is a very current issue, as is e –procurement, and should be examined as part of the review.

For this reason it is suggested that the review should specifically seek to examine the following areas.

Whether the new Business Plan will facilitate;

- **Maximum collaboration / alignment of procurement opportunities - across the County Council**
- **Compliance to procurement rules in awarding contracts**
- **Awareness of procurement issues across the County Council**
- **How the authority best uses the contracts that will be established as part of this business planning process**

**In all cases the review should not simply examine the new “rules”, but should look at whether/ how they will help ensure we achieve best practice and maximise value for money.**

#### **Key Lines of Enquiry**

- Is the service achieving what it set out to achieve?
- What can we improve?
- How do we compare with others?
- Are we delivering value for money?
- How do we know we are delivering value for money?
- What are the community's priorities?
- What are the regional/national/international priorities?
- Are we doing what users / non users / local residents want?
- Are users' needs central to the service?
- What are the strategic and operational risks?
- What intelligence is available to predict future change?
- Is there effective partnership working?
- Why are we doing/providing this?
- Should we still be doing/providing this?
- Who is the most appropriate deliverer of the service?

#### **B. Timetable**

##### When will the review commence?

The review should aim to commence in July 2006

##### When will the review conclude?

The review should aim to conclude by January 2007

It is suggested that 9 Members should carry out this review

The draft business plan, due in September 2006, is intended to suggest a number of procurement projects for the County Council; on average a procurement project takes 6 months to complete. The Committee could reconvene at a future date to examine how one of these projects has worked out in practical terms.

## **C. Information and consultees**

### What information do Members require to enable them to start work on the review?

Members will be provided with a copy of the County Council's procurement strategy

Members should also commence the review with a presentation by Richard Ratcliffe, Assistant Treasurer Trading, Resources Department, who is the project manager. The presentation should include information about the work of Deloitte, the County Council's preferred partner in developing the 3 year business plan – to cover progress /issues to date and analysis of the County Council spend. The presentation should include information about past work on procurement in the County Council which has led to the new business plan being developed, to include work by Members.

### Are there any key witnesses/visits/documents?

As procurement involves all Council departments and services there are a number of witnesses that Members may decide to speak to during the course of the review.

The relevant portfolio holder should be asked to talk to the topic Select Committee

It is also suggested that Richard Ratcliffe will be the initial key witness and that the topic Select Committee will need information about the work being carried out by Deloitte.

Perry Holmes, Solicitor - from the Chief Executive's Department will be able to provide specialist input to the topic in the area of Freedom of Information and Procurement

### How will the review involve the public?

The review should examine how/ whether public, customer, or other stakeholder views and comments on our procurement processes have fed into the development of the business plan.

Nottinghamshire County Council's website says;

"The Freedom of Information Act 2000 gives you, the citizen, the general right of access to all types of "recorded" information held by public authorities (and those providing services for them). For more information please visit our Freedom of Information web pages. "

Types of freedom of information requests to the County Council on procurement issues could be examined as part of this review.

## **D. Resources**

Are there any specific resource implications for the review?

Not specifically; Members will receive support from a member of the Scrutiny Team.

## **E. Departmental View**

What does the department responsible say about the review?

Procurement issues involve all departments and services. Richard Ratcliffe has provided information to assist with the scoping of this review.