

**REPORT OF SERVICE DIRECTOR – FINANCE AND PROCUREMENT****PROCUREMENT CONTRACTS AND UPDATE ON THE ROLE OF THE  
PROJECT MANAGER****Purpose of the Report Briefing**

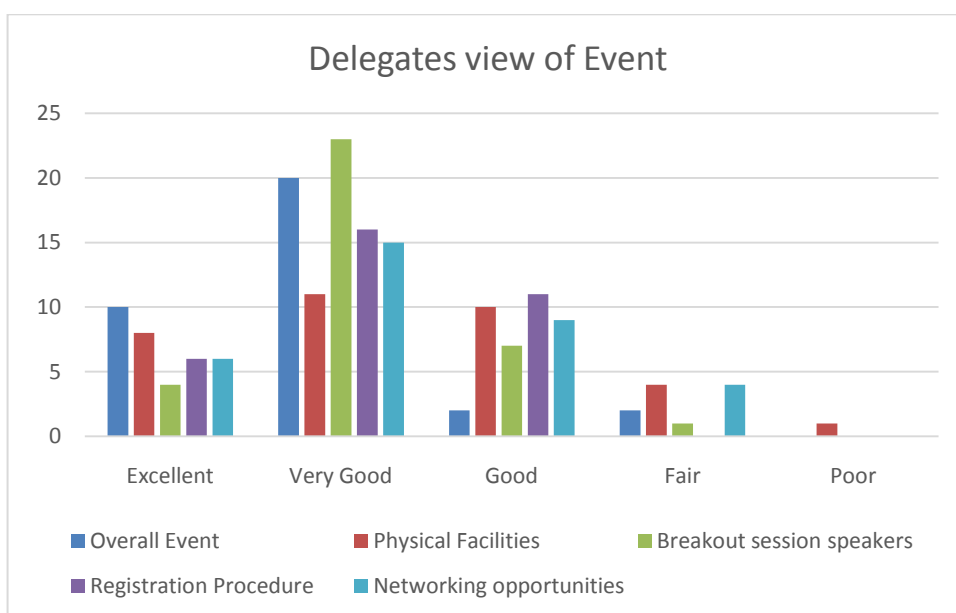
1. To provide information to Members on the progress of the procurement service, in regard to project and contract management.

**Information and Advice**

2. As of April 2016 we have a restructured department with the aim of delivering a targeted customer focussed service through the reduction of our overheads and strategies to reduce duplication and implement lean processors. The restructure strengthens our category management approach to procurement as we grow and develop our collaborative continuous process of providing procurement, commissioning and contract management support.
3. The restructure has also allowed for the development of a policy and strategy focussed part of the team. As we need to continuously improve our integration with both our internal and external stakeholders it is important that we drive strategic change within our service.
4. Our future services will be delivered through category teams as opposed to a pool of support staff for projects. This change will give us the opportunity to, grow specialist knowledge to support specific category areas, increase accountability, and deliver end to end project management of tenders with early involvement, guidance and planning to influence the approach to contract management.
5. Whilst the responsibility for contract management does not sit within the procurement function the category managers are actively involving themselves with more contract management activities, working with their customers in designing contract monitoring metrics, attending contract review meetings, working with their customers on contract variations, extensions, and providing tools and techniques to support their customers with approaches to meeting suppliers.
6. A key change in regard to our approach to contract management is the drive for the early involvement of contract management staff in the procurement process so that they are

designing the contract management requirements of awarded contracts and they have full engagement and oversight of how the project develops.

7. We have been developing some hints and tips on contract management to support the commissioners, these are being trialled with our children’s services colleagues to ascertain the value they are adding.
8. We have also been examining our own processes regarding the transition from the tendering work to contract award and how we hand that contract over to the contract manager with a support plan if required.
9. Whilst there is no corporate approach to contract management it is recognised that we do have a role to play. A small working group has been established to agree a framework for commissioning to be used as a standard for all commissioning decisions this is seen as the essential building block in establishing improved cost effective commissioning. This will involve input from the Procurement Team. The outcome from this will be reported to a future meeting of Policy Committee.
10. We have also recognised that we need to check and challenge procurement services on what we are delivering, not only to comply with our policies and procedures but also to seek continuous improvement in what we offer our customers. We plan to do this through self-audits process every 6 month.
11. We have been and continue to work on standardised documents for and reviewing our whole approach to tendering to improve how we approach the market in order to simplify what we do.
12. In order to gain more market intelligence and start the ongoing process of wider market engagement we ran a “Doing Business with Nottinghamshire County Council” event on the 15<sup>th</sup> April. The event was in the main attended by SME’s, Voluntary Sector and Micro Organisations in our region. The event was attended by 69 delegates and feedback from the attendees in the main was positive.



13. The event re-emphasised the need for the procurement team to continue to work with our supply market to develop workshops and training events that enable them to bid for contracts and to grow our markets.
14. Whilst the re-structure is now embedding the new team approach to service delivery over the past few months have been more focussed on a stronger strategic approach to what we offer. We no longer see procurement as just a tender process, for us it's about the added value we can bring as part of our offering. So whilst we are all focussed on service delivery we are also focussed on what if any additional savings can be pulled out of opportunities.
15. We have better management of savings opportunities from procurement projects which are now being reported into the finance and property committee 2015/16 savings reported here are what is achievable from the contract through having run a tender, the release of all the value is reliant on effective contract management and monitoring, therefore our focus going forward is around supporting the release of this potential

Service Area	No. tenders releasing savings	Baseline Value £	New Spend Value £	Value Saving £
ASC	4	£23,320,000	£22,391,923	£928,077
Public Health	2	£ 8,600,000	£6,342,000	£2,258,000
Place	11	£23,533,780	£21,786,167	£1,747,613
Resources	6	£9,336,848	£8,903,371	£433,477
Totals				£5,367,167.00

16. We also have a focus on negotiating early settlement discounts with suppliers (2015/16) as an additional way to seek to release costs from those contracts that we have in place.

Company	Early payment Discount	Annual Spend	Saving
Company A	2%	£750k	£15k
Company B	1.5%	£750k	£11.25k
Company C	2%	£1.6m	£32k
Company D	0.25%	£7m	£17.5k
Company E	1%	£11m	£110k
		Totals	£185,750

## **Next steps**

17. Embed the new structure and drive forward the development of strategies and policies to support these changes.
18. To develop training and development workshops for both internal and external stakeholders.
19. To develop and implement a process for self-audit of our procurement activities for development and growth.

## **Statutory and Policy Implications**

20. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

## **RECOMMENDATION/S**

- 1) That Members of the Audit Committee note the continued progress of the Procurement Service within the Authority.

**Nigel Stevenson**

**Service Director – Finance, Procurement & Improvement**

**For any enquiries about this report please contact:**

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### **Constitutional Comments (KK06/05/16)**

21. The proposal in this report is within the remit of the audit committee

### **Financial Comments (SES 06/05/16)**

22. There are no direct financial implications arising from this report.

## **Background Papers**

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- None

## **Electoral Division(s) and Member(s) Affected**

- None