



## Members of the Corporate Overview and Scrutiny Committee

### 2011/12

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Cllr Andrew Thornton, (Chair).  
Cllr Lynn Smith, (Deputy Chair).  
Cllr Sarah Ferriby.  
Cllr Khadim Hussain.  
Cllr Asama Javed.  
Cllr Carol Thirkhill.  
Cllr Simon Cooke.  
Cllr Matt Palmer – no longer a councillor.  
Cllr Adrian Naylor.  
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Cllr Rizwan Malik, (Chair).  
Cllr Sarah Ferriby, (Deputy Chair).  
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Cllr Malcolm Sykes.  
Cllr Martin Smith.  
Cllr Howard Middleton.  
Cllr Adrian Naylor.  
Cllr Alyas Karmani.

#### Co-Opted Members

Julie Lintern – Keighley & Ilkley Voluntary & Community Action.  
Fiona Stephens – Airedale, Bradford and Leeds PCT.

#### Alternate Members

Cllr Vanda Greenwood.  
Cllr Carol Thirkhill.  
Cllr Gill Thornton.  
Cllr Khadim Hussain.  
Cllr Andrew Mallinson.  
Cllr Valerie Binney.  
Cllr Mark Shaw.  
Cllr Alun Griffiths.  
Cllr Chris Greaves.  
Cllr Mohammed Shabir.

#### Contact for Enquiries:

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## **Chair's Foreword**

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I am pleased to present this report of a scrutiny review undertaken by the Corporate Overview and Scrutiny Committee, to examine Procurement, Commissioning and Contract Management in Bradford Council.

As is the case with all scrutiny review reports, this report is a snapshot in time, looking at the services in question knowing that situations change and develop.

I feel encouraged by the findings of this scrutiny review and I believe that the recommendations contained in this report will help improve the process of how we procure goods and services and then to manage contracts effectively.

I would like to thank the members of the committee for their sustained commitment throughout this process, as well as officers who have supported the committee throughout this scrutiny review.

**Councillor Rizwan Malik**

**Chair, Corporate Overview and Scrutiny Committee**

## Glossary

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### **What is Procurement?**

Procurement is the process of acquiring goods, services, works and consultancy from external suppliers. The process starts when a service need is identified and continues through the end of the contract.

This is the entire process of the purchasing of goods, services and works, from external organisations. The process spans the whole life cycle from identification of need, supplier identification and effective supplier management through to the end of the useful life and disposal of a product, the expiry of a service or the completion of construction related activity.

### **What is Commissioning?**

Commissioning is the utilisation of all available resources to meet people's needs and deliver the best outcomes for the District. Commissioning activities include, understanding current service provision, researching alternatives, service design, and reviewing performance, as well as analysing the market and contract management.

Other areas that require attention in Commissioning include:

- what difference we are trying to make?
- why are we doing what we are doing;
- why does the District still need the service being delivered?
- what are we trying to achieve?

### **What is Contract Management?**

Contract Management is about the way in which contracts are developed, agreed and managed, in order for them to achieve the benefits expected of them.

Contract Management activities include:

- service delivery management – ensures that the service is being delivered as agreed, to the required level of performance and quality;
- relationship management – keeps the relationship between the two parties open and constructive, aiming to resolve or ease tensions and identify problems early and to deliver continuous improvement;
- contract administration – handles the formal governance of the contract and changes to the contract documentation.

## Chapter 1 – Introduction

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### Background

As part of its work the Corporate Overview and Scrutiny Committee set out to examine the Procurement, Commissioning and Contract Management arrangements in Bradford Council. The Committee's Terms of Reference are attached as Appendix 1.

At its meeting on Wednesday 6 July 2011, the Corporate Overview and Scrutiny Committee, decided to undertake a detailed review of Bradford Council's Procurement processes.

### The Scrutiny Process

Members have received and gathered a range of information from:

- Bradford Council Officers;
- Yorkshire Purchasing Organisation;
- Yorkshire Water.

A list of the Hearings and Witnesses is attached as Appendix 2.

### Overall Aim

The key aims of this Scrutiny Review are:

- an understanding of past and present arrangements for Bradford Council's Procurement activities and arrangements for development of a new operating model;
- the effectiveness of Bradford Council's Procurement process, in delivering best value;
- transparency of decision making;
- explanation and understanding of statutory requirements in relation to Bradford Council's Procurement process;
- to explore how other public and private sector organisations are procuring goods and services and what lessons can be learnt.

## Chapter 2 – National and Local Context

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### National Context

The Local Government Association launched its first National Procurement Strategy for Local Government in 2007/2008.

Currently, the Local Government Association is in the process of refreshing the Strategy and specifically focusing on the following key areas:

- Information Communication Technology;
- Energy;
- Construction.

According to data from the Office of Government Commerce, the public sector spends each year an estimated £175 billion on goods and services with third parties. This makes the public sector the largest customer in the United Kingdom.

### Local Context

Procurement, Commissioning and Contract Management activities are undertaken in all Council Departments and are dispersed across a number of services.

Bradford Council spends approximately £350,000,000 with external suppliers each year and has around 1500 – 1700 contracts. The procurement function has a significant role to play in achieving value for money and its contribution to the delivery of the Council's corporate strategy.

There is a total of 170.2 full time employees, (2.2% of the Council resource), is allocated to procurement and commissioning activities, with all departments undertaking both procurement, commissioning and contract management activities.

There are approximately 20 full time employees in the corporate procurement team spending over 75% of their time on professional procurement activity.

The greatest number of full time employees of activity is undertaken in the Environment and Neighbourhoods Department, but there is significant time spent on procurement within Regeneration, Adult and Community Services, Performance and Commissioning and Corporate Services.

Bradford Council is forecast to spend around £380m on goods and services supplied by third parties in 2012-13.

| <b>Department</b>            | <b>Est. Third Party Spend 2012-13(£m p.a.)</b> |
|------------------------------|--|
| Adult & Community.           | £155.2   |
| Children & Young People.     | £103.6   |
| Regeneration & Culture.      | £46.8  |
| Environment & Support.       | £36.9  |
| Finance.                     | £28.6  |
| Business Support.            | £4.0   |
| City Solicitor.              | £3.5   |
| Chief Executive.             | £0.7   |
| West Yorkshire Pension Fund. | £0.7   |
| <b>Total</b>                 | <b>£380.1</b>                                  |

With regards to examining how well Bradford Council is performing in Procurement, Commissioning and Contract Management activities, the Council has revised its Key Performance Indicators for Procurement and Commissioning, adopting three corporate measures which include:

1. Total and % of third party spend that is through pre-established and market tested contract arrangements, (Procurement and Commissioning);
2. Total and % of total third party spend with suppliers operating within the District;
3. % of total third party spend that is channelled through collaborative supply arrangements.

The first is a new measure and is currently being base-lined.

The second measure, expenditure with suppliers operating within the District, was reported at around 30% in 2011-12 and is expected to be improved in the 2012-13 out-turn to between 38%-40%.

The payment of invoices within 30 days is also of importance to local business and is achieved for 95% of invoices. The measure of collaborative supply arrangements is new and the 2012-13 outturn will form a base for improvement.

#### **Recommendation 1**

**The committee recommends that the Procurement section baselines the performance measure relating to the total and % third party spend, as well as using the performance data to highlight and address areas for improvement.**

Bradford Councils uses Yorkshire Purchasing Organisation, (YPO) to provide a range of good and Services. YPO provides goods and services to all Local Authorities in Yorkshire including Bradford Council and can demonstrate value for money as they have 30,000 products in their catalogue and each has been benchmarked. YPO are now also operating across the Country. YPO provides goods and services through four different channels which are, stock and food via their own warehouses, direct items from suppliers and contractual purchases by the council direct with suppliers under YPO framework contracts.



YPO is a publicly owned specialist procurement organisation, specialising in obtaining the most effective buying solutions for members and customers.

As well as having expertise in Local Government goods and services, YPO also has expertise in the areas of:

- Education;
- Energy;
- Charities and Social Enterprises;
- Emergency Services.

Table 1.1 below shows Bradford Councils total spend through YPO in 2012, 2011 and 2010.

**Table 1 - Total spend by category 2012/2011/2010**

|                    | <b>2012</b>              | <b>2011</b>        | <b>2010</b>        |
|--------------------|--------------------------|--------------------|--------------------|
| <b>Direct</b>      | £1,937,221               | £2,216,781         | £1,917,776         |
| <b>Food</b>        | £1,722,262               | £1,676,208         | £1,659,148         |
| <b>Stock</b>       | £2,888,574               | £2,905,851         | £2,926,355         |
| <b>Contractual</b> | £15,759,135 <sup>1</sup> | £16,453,416        | £19,492,098        |
| <b>Total</b>       | <b>£22,307,192</b>       | <b>£23,252,256</b> | <b>£25,995,376</b> |

Directs are items in the YPO catalogue and tend to be bulky items such as furniture or the more fast moving expensive items. These are ordered from YPO and invoiced by YPO, but the delivery is direct from the supplier.

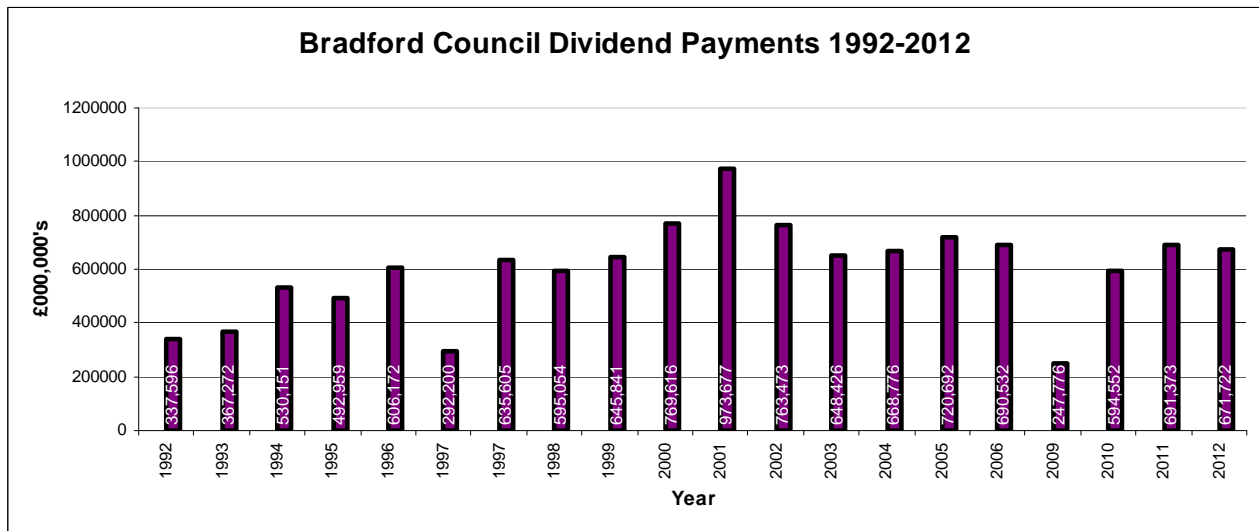
Stock are also items in the YPO catalogue that are ordered from YPO and delivered and invoiced by YPO. Such items include stationery, cleaning materials, etc.

Contractual are actually framework contracts that YPO has let on behalf of the public sector. Authorities decide to buy through these frameworks and create contractual arrangements direct with the supplier. The order, delivery and invoice is direct with the supplier. Examples of this category include electricity, gas, vehicles and temporary labour.

There has been a decrease in spend of approximately £280k with Direct products, and £20k with Stock products, and an increase of approximately £50k in Food purchases between 2011 and 2012. Contractual purchases appear to have decreased by approximately £0.7m. However, due to the timing of this report not all contractual spend information has been received, and therefore estimates have been used for quarter 4 of 2012.

Between 1992 and 2011 over £11m has been returned to Bradford MDC in dividends. Figure 6.1 depicts the amount returned each year and the cumulative trend. Due to the timing of this report the figure for 2012 is not yet available for reporting.

**Graph 1 - Bradford Dividend Payments 1992 – 2012**



The second payment of £292,200 in 1997 was due to a windfall. As per the agreement made by the committee, no dividend payments were made in 2007 or 2008.

## Chapter 3 – Findings and Recommendations

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This report presents the findings and conclusions of the Corporate Overview and Scrutiny Committee has made, as a result of this scrutiny review. It also makes a number of recommendations for action by the Council and others.

The findings and recommendations of this scrutiny review are detailed under the following areas of improvement.

### Professional Procurement Skills and Expertise

During the course of this scrutiny review, members of the Committee have been informed that Corporate Procurement is perceived as an administrative function and whilst the Corporate Procurement team do support departments, they react to requests and are often involved too late.

Members also discovered that the:

- Not all Procurement Professionals in the Council are qualified in the Chartered Institute of Purchasing Supply;
- Corporate Procurement is perceived as an administrative function;
- There is a shortage of procurement skills and expertise in the Councils Procurement team;
- Management of services, partners and suppliers is disparate and inconsistent;
- Corporate Procurement have limited resources and struggle to work pro-actively with departments. Consequently they are often asked to conduct tenders at short notice and are unable to maximise value improvement.

Members also learned that out of the 170 FTE's who were undertaking procurement activity, none were actually trained in procurement activity. Discussion with officers also revealed that there was not a widespread understanding of both UK law and European Directives relating to Procurement and Commissioning.

Moreover, it was also highlighted during the information gathering sessions that officers were often restrained and inflexible in their approach to procurement and were becoming very compliant and rules orientated, which has led to difficulties in some procurement activities.

Members of the Committee were concerned at the shortage of Procurement and Commissioning skills and subsequently identified the training and improvement of skills and expertise of all officers involved in Procurement and Commissioning activities as a key area of improvement.

#### **Recommendation 2**

**The committee recommends that regular training sessions are held for all relevant council staff involved in the procurement process, providing them with clear, concise and appropriate guidance. Such training to be compulsory for strategic managers and budget holders.**

**Recommendation 3**

**The committee recommends that all Procurement Professionals in Bradford Council are encouraged to undertake the Chartered Institute of Purchasing Supply qualification.**

## Development of a new approach to Commissioning

There was significant discussion during the information gathering sessions but particularly with Bradford Councils Strategic Directors regarding the development of a procurement hub.

It was felt that in order to undertake successful procurement as a Council, it was essential to have the following skills, which the Council did not currently have. These skills should include:

- Legal and Commercial;
- Effective negotiating skills;
- Working intelligently with stakeholders;
- Managing relationships with suppliers.

Members also heard that some Councils are ahead of Bradford Council in terms of commissioning, and that the development of a new operating principles for procurement and commissioning were crucial and should include key areas such as:

- Commissioning being managed by the Hub, but periodically commissioners will be located within services to reflect both the specialist nature of some of the commissioning and the need to be accountable to Strategic Directors;
- Commissioners focusing on outcomes working across broad service areas; commissioning bundles of services, some of which will be across Directorate boundaries. This will also allow them to work with other local organisations and consider outcomes on a multi-agency basis to commission services jointly;
- The Hub being responsible for ensuring the quality, consistency and robustness of commissioning, procurement and partner management processes and decisions across the Council. It should also be responsible for commissioning activity across directorates and with other local agencies.

**Recommendation 4**

**This committee recommends that the development of Procurement “Hub” be developed as a matter of urgency.**

During the information gathering process, members also heard that there were good examples of procuring goods and service within Bradford Council. Particularly in Children’s Social Care, where Bradford was receiving the best price from amongst the other West Yorkshire authorities for “spot beds”.

Other good examples also included Adults services, where officers were looking to replicate this. Members felt that examples of such good practice in procuring goods and services should be shared more widely within the Council.

**Recommendation 5**

**This committee recommends that such good practice of procurement activities, be shared more widely across sections/departments in Bradford Council.**

## Contract Management

Discussions with Bradford Councils Procurement and Commissioning team highlighted that the way in which contracts are developed, agreed and managed is vital for the contracts to achieve the benefits expected of them. It was imperative that as a Council, we start contract management savings and only pay for what we have received.

It was the view of members that contract management should be developed in a manner which demonstrates that contracts are governed, written and managed to help deliver the Councils priorities.

Members learned that there was room for improvement in Bradford Councils approach towards Contract Management, especially relating to the levels of service performance and quality as well as the relationships between the Council and providers.

**Recommendation 6**

**That Bradford Councils Procurement and Commissioning team develops its approach to Contract Management which includes:**

- **Ensuring that the service being delivered is being delivered as agreed, to the required level of performance and quality;**
- **Keeping the relationship between the two parties open and constructive, aiming to resolve or ease tensions and identify problems early and to deliver continuous improvement;**
- **Handling the contract administration and changes to the contract documentation.**

During the information gathering exercise members also heard that there was an opportunity to better manage procurement in Bradford Council, through Category Management.

This could be achieved through by consolidating activity, improving processes and enhancing the capability of the Procurement team to achieve a higher level of savings across the wider Council spend on goods and services.

Subsequently, it was the view of members that was a further area of development.

**Recommendation 7**

**That Bradford Councils Procurement and Commissioning team develops its approach to Category Management which includes:**

- **an in-depth understanding of supply markets;**
- **routine analysis of information and spend data;**
- **working closely with the budget holder in all Council Departments to ensure that they get maximum value from the bought-in goods and services.**

Challenging contracts that are not delivering, was a common theme that was highlighted during the information gathering sessions relating to this scrutiny review. Members heard that that once a contract is awarded it should be re-negotiated/monitored at the end of each of year by the Council. However, this does not appear to be happening.

The suggested reason for this lack of challenge was due to there being a cultural fear amongst officers to challenge when a contract is not being delivered against time/targets, as there is an assumption that this will damage the relationship with the provider. Discussions with Yorkshire Water also highlighted the importance of challenging the supplier more often and robustly, particularly when a provider is not delivering against the contractual objectives. It was felt that the Council appears to “wrap up” a commercial arrangement for say four years and will never look at it again until the end of the arrangement.

Furthermore members learned that many contracts are not measured and sometimes when we do measure contracts, the information retrieved is not actioned.

Moreover the information gathering session with Bradford Councils Strategic Directors highlighted that there are some clauses contained in contracts which do challenge, however this is not being consistently carried out across the Council.

Yorkshire Water informed members that they are constantly challenging the performance of providers, especially in the delivery of projects.

There was unanimous agreement with members that once a contract is awarded to an organisation, then it needs to be reviewed on ongoing basis and challenged to ensure that the Council and local residents receive value for money.

**Recommendation 8**

**That Council Officers review contracts awarded on an ongoing basis and where contracts are underperforming, this be reported back to the relevant Overview and Scrutiny Committee.**

**Recommendation 9**

**That the Corporate Procurement team works closely with Council Departments to build relationships with suppliers and to also develop and manage the market.**

## Relationship with Yorkshire Purchasing Organisation

As well as this, engagement with Yorkshire Purchasing Organisation identified that Bradford Council is their biggest user from the 13 member authorities. Some Members had concerns that this could reduce the incentive to pursue a more creative and smarter approach towards the procuring of goods and services.

Discussions with YPO identified that for 2011 and 2012 Bradford Council is the highest user from amongst all the members authorities, in relation to buying directly from the YPO catalogue and for spend on energy, (which the YPO sets-up on behalf of Bradford Council where the contracted relationship is between Bradford Council).

For 2011 and 2012, Bradford Council spent £2,665,042 and £2,638,691 on stock and £2,088,086 and £1,860,337 on directs from the YPO catalogue. In 2011 Bradford Councils spend on energy was £16,453,350.

Along with Bradford the other member authorities with YPO are:

- Barnsley;
- Bolton;
- Calderdale;
- Doncaster;
- Calderdale;
- Doncaster;
- Kirklees;
- North Yorkshire;
- Rotherham;
- St.Helens;
- Wigan;
- York.

Members raised concerns over the role of Bradford Council's Procurement Team and with regards to making greater use of the expertise within Yorkshire Purchasing Organisation. This concern centred around duplication of work and that Yorkshire Purchasing Organisation should be viewed as a Strategic Resource.

During the information gathering session with Yorkshire Purchasing Organisation, members learned that whilst there are over 300 procurement professionals in Yorkshire and Humber, there is also Yorkshire Purchasing Organisation which could undertake this function.

However, members did agree that key aspects such as policy, commissioning, monitoring, (in effect deciding what work should be done), needs to stay with the Council, but the procurement of good and services could very easily rest with Yorkshire Purchasing Organisation.

Members felt that in the current economic climate, where resources are diminishing, it was imperative that Bradford Council needed to address its relationship with Yorkshire Purchasing Organisation.

**Recommendation 10**

**Bradford Councils Procurement Team seeks to develop further and encourage stronger working arrangements with Yorkshire Purchasing Organisation, to develop areas where their expertise can assist the Council in the procurement of goods and services.**

## Concluding Remarks

This Scrutiny Review report identifies a number of recommendations, if implemented, would enhance and improve the overall approach of Procurement, Commissioning and Contract Management within Bradford Council.

Bradford Council's Corporate Overview and Scrutiny Committee will monitor progress against the Scrutiny Review recommendations six monthly.

**Recommendation 11**

**Bradford Council's Corporate Overview and Scrutiny Committee to receive a report back in six months which monitors progress against all the recommendations contained within this scrutiny review, including overall performance.**

In response to the Scrutiny Review recommendations, Bradford Council's Procurement Section has produced a summary of actions in response to the Review Recommendations. These are attached as Appendix 3 to this report.

As can be seen from the summary of actions, officers in Bradford Council's Procurement Section are working towards delivering the Scrutiny Review Recommendations



## **Chapter 4 – Summary of Review Recommendations**

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The recommendations set out below have come from the information gathering sessions from this scrutiny review.

### **Recommendation 1**

The committee recommends that the Procurement section baselines the performance measure relating to the total and % third party spend, as well as using the performance data to highlight and address areas for improvement.

### **Recommendation 2**

The committee recommends that regular training sessions are held for all relevant council staff involved in the procurement process, providing them with clear, concise and appropriate guidance. Such training to be compulsory for strategic managers and budget holders.

### **Recommendation 3**

The committee recommends that all Procurement Professionals in Bradford Council are encouraged to undertake the Chartered Institute of Purchasing Supply qualification.

### **Recommendation 4**

This committee recommends that the development of a Procurement “Hub” be developed as a matter of urgency.

### **Recommendation 5**

This committee recommends that such good practice of procurement activities, be shared more widely across sections/departments in Bradford Council.

### **Recommendation 6**

That Bradford Councils Procurement and Commissioning team develops its approach to Contract Management which includes:

- Ensuring that the service being delivered is being delivered as agreed, to the required level of performance and quality;
- Keeping the relationship between the two parties open and constructive, aiming to resolve or ease tensions and identify problems early and to deliver continuous improvement;
- Handling the contract administration and changes to the contract documentation.

### **Recommendation 7**

That Bradford Councils Procurement and Commissioning team develops its approach to Category Management which includes:

- an in-depth understanding of supply markets;
- routine analysis of information and spend data;
- working closely with the budget holder in all Council Departments to ensure that they get maximum value from the bought-in goods and services.

### **Recommendation 8**

That Council Officers review contracts awarded on an ongoing basis and where contracts are underperforming, this be reported back to the relevant Overview and Scrutiny Committee.

### **Recommendation 9**

That the Corporate Procurement team works closely with Council Departments to build relationships with suppliers and to also develop and manage the market.

### **Recommendation 10**

Bradford Councils Procurement Team seeks to develop further and encourage stronger working arrangements with Yorkshire Purchasing Organisation, to develop areas where their expertise can assist the Council in the procurement of goods and services.

### **Recommendation 11**

Bradford Council's Corporate Overview and Scrutiny Committee to receive a report back in six months which monitors progress against all the recommendations contained within this scrutiny review, including overall performance.

## **Corporate Overview and Scrutiny Committee**

### **Scrutiny of Bradford Council's Procurement, Commissioning and Contract Management Processes**

#### **Terms of Reference**

See Part 3E paragraphs 2.1 to 2.11 of the Constitution of the Council.

#### **Background**

At its meeting on Wednesday 6 July 2011, the Corporate Overview and Scrutiny Committee, decided to undertake a detailed review of Bradford Council's Procurement processes.

#### **Context**

Procurement is the process of acquiring goods, services, works and consultancy from external suppliers. The process starts when a service need is identified and continues through the end of the contract.

Bradford Council spends approximately £400,000,000 with external suppliers each year. The procurement function has a significant role to play in achieving value for money and its contribution to the delivery of the Council's corporate strategy.

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

The key lines of enquiry for this scrutiny review are:

- an understanding of past and present arrangements for Bradford Council's Procurement activities and arrangements for development of a new operating model;
- the effectiveness of Bradford Council's Procurement process, in delivering best value;
- transparency of decision making;
- explanation and understanding of statutory requirements in relation to Bradford Council's Procurement process;
- to explore how other public and private sector organisations are procuring goods and services and what lessons can be learnt.

## Methodology

The committee will consider a variety of evidence in different formats, which may include:

- relevant documents such as current strategies, performance data, etc;
- written submissions from, or meetings with interested parties;
- relevant visits.

## Indicative list of interested parties

| Organisation / Department            | Contact  |
|--------------------------------------|--|
| Bradford Council's Procurement Team. | Jill Campbell.   |
| Bradford Council's Legal Services.   | Suzan Hemingway.   |
| Bradford Council Strategic Directors |  |
| Yorkshire Purchasing Organisation.   | Simon Hill.<br>Paul Smith.   |
| Yorkshire Water.                     | John Herdman - Supply Chain Manager.<br><br>Phillip Purdy – Supply Chain Manager within the Capital Programme. |

## Indicative Timetable

| Date                       | Milestone  |
|----------------------------|--|
| Wednesday 5 October 2011.  | DRAFT Terms of reference presented to the committee for approval.                                |
| Wednesday 9 November 2011. | Information gathering session – Jill Campbell, Assistant Director Procurement and Commissioning. |
| Wednesday 7 December 2011. | Information gathering session – Bradford Council Strategic Directors.                            |
| Thursday 12 January 2012.  | Information gathering session – Yorkshire Purchasing Organisation.                               |
| Wednesday 18 January 2012. | Information gathering session – Yorkshire Water.   |
| Wednesday 1 February 2012. | Collating findings of the review – informal session with members.                                |

## Information Gathering Sessions

### Session 1 – Wednesday 9 November 2011 – setting the scene.

|                       |   |
|-----------------------|---|
| Cllr Andrew Thornton. | Chair – Corporate Overview and Scrutiny Committee.        |
| Cllr Lynne Smith.     | Deputy Chair – Corporate Overview and Scrutiny Committee. |
| Cllr Malcolm Sykes.   | Corporate Overview and Scrutiny Committee.                |
| Cllr Vanda Greenwood. | Corporate Overview and Scrutiny Committee.                |
| Cllr Sarah Ferriby.   | Corporate Overview and Scrutiny Committee.                |
| Cllr Simon Cooke.     | Corporate Overview and Scrutiny Committee.                |
| Cllr Arshad Hussain.  | Corporate Overview and Scrutiny Committee.                |
| Jill Campbell.        | Assistant Director Commissioning and Procurement.         |

### Session 2 – Wednesday 7 December 2011 – Bradford Council's Strategic Directors.

|   |   |
|---|---|
| Cllr Rizwan Malik.  | Chair – Corporate Overview and Scrutiny Committee.        |
| Cllr Sarah Ferriby.   | Deputy Chair – Corporate Overview and Scrutiny Committee. |
| Cllr Howard Middleton.                                      | Corporate Overview and Scrutiny Committee.                |
| Cllr Malcolm Sykes.   | Corporate Overview and Scrutiny Committee.                |
| Cllr Carol Thirkhill.                                       | Corporate Overview and Scrutiny Committee.                |
| Cllr Simon Cooke.   | Corporate Overview and Scrutiny Committee.                |
| Cllr Keith Dredge.  | Corporate Overview and Scrutiny Committee.                |
| Stuart McKinnon-Evans.                                      | Finance.  |
| Suzan Hemingway.  | City Solicitor.   |
| Barra Mac Ruairi.   | Regeneration.   |
| Mary Weastell.  | Business Support.   |
| Ian Bairstow.   | Environment and Sport.                                    |
| Cindy Peek and James Purdie<br>attending for Kath Tunstall. | Children's Services.                                      |
| Paul Hunt attending for Moira Wilson.                       | Adult and Community Services.                             |

### Session 3 – Thursday 12 January 2012 – Yorkshire Purchasing Organisation.

|                     |   |
|---------------------|---|
| Cllr Rizwan Malik.  | Chair – Corporate Overview and Scrutiny Committee.                        |
| Cllr Sarah Ferriby. | Deputy Chair – Corporate Overview and Scrutiny Committee.                 |
| Cllr Malcolm Sykes. | Corporate Overview and Scrutiny Committee.                                |
| Cllr Simon Cooke.   | Corporate Overview and Scrutiny Committee.                                |
| Simon Hill.         | Managing Director, Yorkshire Purchasing Organisation.                     |
| Paul Smith.         | Procurement and Supply Chain Director, Yorkshire Purchasing Organisation. |

**Session 4 – Wednesday 18 January 2012 - Yorkshire Water.**

Cllr Rizwan Malik.

Chair – Corporate Overview and Scrutiny Committee.

Cllr Sarah Ferriby.

Deputy Chair – Corporate Overview and Scrutiny Committee.

Cllr Malcolm Sykes.

Corporate Overview and Scrutiny Committee.

Cllr Simon Cooke.

Corporate Overview and Scrutiny Committee.

Cllr Howard Middleton.

Corporate Overview and Scrutiny Committee.

Cllr Carol Thirkhill.

Corporate Overview and Scrutiny Committee.

Cllr Keith Dredge.

Corporate Overview and Scrutiny Committee.

Phil Purdy.

Assistant Director, Yorkshire Water.

## Summary of Responses Relating to the Review Recommendations

| No. | Recommendation   | Actions to date   |
|-----|--|---|
| 1   | The team baselines the performance measure relating to the total and % third party spend, as well as using the performance data to highlight and address areas for improvement.  | <ul style="list-style-type: none"> <li>• Targets have been set for the three corporate key performance indicators; the baseline for each will be the 2012-13 results; these results will be available at the end of May 2013.</li> <li>• Indications are that around 68% of third party spend is through tendering processes; around 2% of total third party spend is through collaborative procurement; and around 38-40% of third party expenditure is with companies operating from within the Bradford District.</li> <li>• Various actions over the next year are planned both to improve these performances and the quality of data available to measure performance.</li> <li>• The improvement plan sets out these actions and the full set of corporate, regional and operational measures that will be used to manage performance improvement over the next few years.</li> </ul> |
| 2   | Regular training sessions are held for all relevant council staff involved in the procurement process, providing them with clear, concise and appropriate guidance. Such training to be compulsory for strategic managers and budget holders | <ul style="list-style-type: none"> <li>• An extensive training plan has been developed and will be implemented over the next 12-15 months. This plan will be provided to the Committee in June 2013.</li> <li>• A mix of courses using external providers and internal seminars and workshops will be used covering both general procurement issues and more specialised training.</li> <li>• This year around 20 staff across the service have undertaken the previously developed project management training and a small number of staff have completed their CIPS accreditation this year.</li> </ul>   |
| 3   | All Procurement Professionals in Bradford Council are encouraged to undertake the Chartered Institute of Purchasing Supply qualification.  | <ul style="list-style-type: none"> <li>• The training plan addresses the different areas and level of knowledge, expertise and practice required throughout the operation.</li> <li>• The potential to increase the number that are CIPS qualified will be considered through assessments of training needs and will be done in collaboration with the appropriate HR service.</li> </ul>   |
| 4   | The development of a Procurement "Hub" be developed as a matter of urgency   | <ul style="list-style-type: none"> <li>• The Council approved a new Strategic Commissioning Framework in December 2012 that sets out the approach that the Council as a whole will take in becoming a mature commissioning organisation. The delivery of this approach will be through a substantial 2-year programme implementing new practices, processes and resources to achieve good, open and transparent practices across the Council.</li> <li>• The implementation plan will have 8 building blocks for delivery. These are listed below and will</li> </ul>   |

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|     |   | <p>continue to address all of the member recommendations.</p> <ul style="list-style-type: none"> <li>○ Commissioning plans and processes</li> <li>○ Category management</li> <li>○ Commercial support</li> <li>○ Contract management</li> <li>○ Communications and engagement</li> <li>○ Standards, tools and guidance</li> <li>○ ICT resources, systems and support</li> <li>○ Training, skills and development</li> </ul> <ul style="list-style-type: none"> <li>● The Council agreed a structure and budget in February 2012. The Corporate Procurement Unit completed and internal restructure in July 2012 to form the General Services Category Team and some parts of the Hub.</li> <li>● Through various rounds of Council-wide and external recruitment the General Services Manager started in post in October 2012 and the Hub Commissioning Manager took up her post in February 2013. The Category Analyst, a Contract Officer and, very recently, the Development Manager have been recruited into the team during this period.</li> <li>● No appointments were made to the commercial team internally nor did external adverts in October result in any appointments. Job profiles and the structure have been reviewed and some adjustments made. The scope of duties for the team have been extended to include commercial support and advice to major project teams. Consultation has been undertaken with trade unions and a way forward agreed. All of these posts are now out to recruitment.</li> </ul> |
| 5   | <p>Good practice of procurement activities be shared more widely across sections/departments in Bradford Council.</p> | <ul style="list-style-type: none"> <li>● Improved practices to date include areas of consistent use of business cases, category plans, soft market testing, reduced inflation allowances in contracts, improved quality of specifications, increased consolidated and e-invoicing, consolidation of energy supplies onto best contracts and rates.</li> <li>● The redevelopment of the intranet site and other team communications will be undertaken during 2013-14 and will follow from a review and development of standards, templates and guidance on commissioning, procurement, commercial practice and contract management.</li> <li>● Embedding good practice will be supported by the delivery of training</li> </ul>   |
| 6   | <p>The team develops its approach to Contract Management.</p>   | <ul style="list-style-type: none"> <li>● A 15-18 month delivery plan for strategic contract management has been developed and is being implemented. This addresses assessment of current arrangements, improving the skills and capacity of contract managers, key supplier relationship development and developing supporting</li> </ul>   |



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|     |   | <p>policies, procedures, systems and tools. The plan is monitored quarterly and has key milestones and success measures.</p> <ul style="list-style-type: none"> <li>• The Contract Management team has identified all contracts over £100k where there may be opportunities for savings or supplier development to improve outputs/outcomes. The team has prioritised approx 100 contracts totalling £65m of annual spend and is working with Departments to assess contract management practice and identify opportunities.</li> <li>• The team directly manages 12 corporate contracts totalling £6m (agency, IT consumables, telephony etc and provides specific advice on individual contract issues where requested (Bradford-I in particular).</li> </ul>  |
| 7   | The team develops its approach to Category Management   | <ul style="list-style-type: none"> <li>• The Council has a standard template category plan and lead officers identified for all categories; there is further work to do in developing processes and training in category management.</li> <li>• Environment and Regeneration category managers have undertaken spend analysis, developed a small number of category plans.</li> <li>• Adults, Children's and Housing services are routinely developing a business case prior to any procurement of complex services &amp;/or services with opportunities for improvement. This has improved the assessment of options, identification of the best approach to delivery and provides service operational and cost data to underpin the procurement.</li> <li>• The use of dynamic purchasing systems is being assessed for two areas of contracting.</li> <li>• The use of approved lists is being reduced largely by finding or establishing framework arrangements</li> </ul> |
| 8   | Council Officers review contracts awarded on an ongoing basis and where contracts are underperforming, this be reported back to the relevant Overview and Scrutiny Committee. | <ul style="list-style-type: none"> <li>• The service is developing a SQL contracts database to replace the spreadsheet that was used for the initial capture of information. This will be rolled out across the Council in June and July 2013. This will enable us to keep track of contracting activity and give access some basic contract management information.</li> <li>• The Hub Contract management team has developed a process for routine performance reporting on high value / strategic contracts. The operating tools are being prepared and this should provide the basis for reporting to members in the second half of 2013-14.</li> </ul>  |
| 9   | The team works closely with Council Departments to build relationships with suppliers and to also develop and manage the market.  | <ul style="list-style-type: none"> <li>• Each of the service 'spokes' spend most or all of their resource supporting departmental activity and through this promoting improved practices with suppliers and the wider market.</li> <li>• Category managers have been joining project teams for key contracts at an earlier stage to bring in better preparation and market engagement. Scope of activity is huge and a key objective is to reduce the volume of tendering in specific categories through better use of collaborative and framework arrangements.</li> <li>• A new relationship is being built with public health with the transfer of around 350 contracts with an annual value of around £21m. A recruitment process is underway to appoint a commissioner /</li> </ul>   |

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|     |  | <p>category manager.</p> <ul style="list-style-type: none"> <li>• Support has been provided on request in a small number of areas where contracting processes have given rise to new or unexpected issues (e.g. regulatory changes in a specific sector, opportunity to aggregate tendering as activity goes through a peak etc)</li> <li>• Market engagement has been encouraged and supported using a variety of soft market testing techniques (e.g. homelessness services, HR support services)</li> <li>• A defined team of buyers is being established across the Council, using staff in operational and transactional services, to provide more expert support at the front-line in selection of suppliers and use of P2P processes. Benefits will be better use of existing contracts, improved speed of payment and improved data on purchasing.</li> </ul> |
| 10  | <p>The team seeks to develop further and encourage stronger working arrangements with Yorkshire Purchasing Organisation, to develop areas where their expertise can assist the Council in the procurement of goods and services.</p> | <ul style="list-style-type: none"> <li>• The Service has increased participation in the local authority regional procurement forum and is actively contributing to the development of common standards.</li> <li>• Officers participate in YPO Category Groups (such as, energy, IT, adult social care, insurance)</li> <li>• Officers participate in other regional collaborative procurement initiatives (e.g. AD forum for Adult Social Services, regional group on highways surfacing,) regional social care commissioning group (resulting in such as the White Rose Framework for fostering and residential and working towards a regional approach to SEN placements)</li> </ul>   |
| 11  | <p>The Overview and Scrutiny Committee to receive a report back in six months which monitors progress against all the recommendations contained within this scrutiny review, including overall performance.</p>                      | <ul style="list-style-type: none"> <li>• The Strategic Commissioning Framework Implementation Plan will be provided to Corporate Overview and Scrutiny in June 2013. This will include the corporate, regional and operational performance measures that will be used and the baseline position on these where available.</li> <li>• The service training plan will also be provided at this committee.</li> </ul>  |