

Agenda

PROCUREMENT TASK & FINISH GROUP

Date: Thursday 11 November 2010
Time: 1.00 pm
Venue: Mezzanine Room 2, County Hall, Aylesbury

Agenda Item	Time	Page No
1 APOLOGIES AND CHANGES IN MEMBERSHIP	1.00pm	
2 DECLARATIONS OF INTEREST		
3 CHAIRMAN'S INTRODUCTION		
4 PRESENTATION BY GRAHAM COLLINS, COMMERCIAL MANAGER, FINANCE & COMMERCIAL SERVICES TEAM	1.05pm	1 - 20

Contributors:

- Graham Collins, Commercial Manager, Finance & Commercial Services Team
- Richard Ambrose, Head of Finance and Commercial Services
- Patricia Hook, Senior Procurement Manager, Finance & Commercial Services Team

Context: Graham will provide a 20 minute presentation on procurement followed by a question and answer session. The presentation will cover the following issues:

- definition of procurement and how it fits into the commissioning cycle;
- overview of procurement structures and activity at Buckinghamshire County Council;
- recent changes and progress in implementation of category management;



INVESTOR IN PEOPLE



- strengths and weaknesses of procurement practices in BCC; and
- future developments.

Purpose: To enable the effective scrutiny of future witnesses by providing members with an overview of current procurement activity at Buckinghamshire County Council.

Papers: Background papers on procurement are as follows:

- Procurement service model slide
- Contract Management Framework

5 SCOPE OF REVIEW 2.05pm 21 - 24

Context: The Overview and Scrutiny Committee agreed the outline scope for the Procurement Review on 19 October, which was circulated to Task and Finish group members on 27 October for comment.

Purpose: For members to agree the scope and witness programme.

Papers: Scoping document

6 KEY QUESTIONS

Purpose: For members to agree the key questions to put to witnesses.

7 DATE OF NEXT MEETING 4.00pm

The next meeting will take place on Tuesday 18 November 2010 in the Judges Lodgings, County Hall. The meeting will start at 1pm.

If you would like to attend a meeting, but need extra help to do so, for example because of a disability, please contact us as early as possible, so that we can try to put the right support in place.

*For further information please contact: Liz Wheaton on 01296 383856
Fax No 01296 382538, email: ewheaton@buckscc.gov.uk*

Members

- | | |
|----------------|-------------------|
| Mr D Anson MBE | Mr S Kennell |
| Mrs M Aston | Mr M Phillips (C) |
| Mr H Cadd | Ms J Puddefoot |
| Mrs L Clarke | Mr R Reed |
| Mrs M Clayton | Mr B Roberts |



Contract Management Framework

Purpose of this document

This document is intended to map out an approach to Contract Management activities across BCC and to gain a consensus around the approach to be developed and implemented over the next 18 months.

It draws upon existing good practice and NAO/AC guidance and should be considered in the context of the Category Management approach to procurement that is being implemented.

Definition

Contract Management is part of the procurement and commissioning cycle (see Appendix 1).

There are a number of definitions of contract management. For the purpose of this document the definition used is 'a management process that ensures the contract yields the outcomes and benefits envisaged and that any market advantage secured during the tendering phase of the procurement process are realised and improved further through proactive performance management during the term of the contract'.

This definition does not include those activities that trigger the provision of a service under an existing contract such as may be undertaken by a broker or operational service function. These services are more often characterised as 'fulfilment services'.

Benefits of contract management are;

- To ensure that service expectations are met or exceeded
- To secure further savings of at least (average 3-5% pa) and other non commercial benefits such as sustainability, local economic and health outcomes.
- Monitor and reduce supply chain, supplier or contract risk.

Situation

- The trend toward greater reliance on external market solutions and the development of BCC's role as a commissioning organisation is gathering pace. The dependency on external market solutions is therefore increasing.
- Contracts are of greater commercial complexity which increases typical contract duration, sourcing difficulty and migration costs
- The current approach to contract management is fragmented and inconsistent and those with contract management responsibilities may be ill suited or lack appropriate skills



Contract Management Framework

- Commercial relationships are not being proactively managed and performance improvement and savings opportunities may be being missed
- BCC's supplier risk profile is not being routinely monitored or linked to adequate continuity provision
- There is inadequate management of the supply base with over 1000¹ relationships of varying complexity, risk profile and sensitivity
- The most important and critical supplier relationships² are not systematically identified, managed or developed.
- The number of FTE's involved in contract management activity or its current cost is not known.

Target

1. To create a consistent approach to Contract Management across BCC that can be applied to all external third party relationships.
2. To significantly upgrade the performance of contract management activity and its contribution to the transformation agenda by;
 - a. Developing a culture of continuous improvement systematically across the supplier base
 - b. Identifying and delivering savings of at least 3-5% per annum and working co-operatively to maximise non commercial benefits such as sustainability or better local economic or health outcomes
 - c. Ensuring that there is a strong link between sourcing strategies and market knowledge and contract management activity across the business
3. To recognise the distinctive commercial skills and capabilities that contract management requires and ensure these are embedded as business as usual and factored into new business activity.
4. To manage BCC's exposure to commercial, contractual and reputational risk through better contract management
5. To build a pragmatic and flexible approach that draws upon NAO/OGC and other best practice.

Proposal

6. Roles and responsibilities.
 - This framework and its deployment within BCC should be owned and managed by Procurement. Specifically the Contract Management lead role.
 - The Commercial Board should have executive oversight and commercial accountability.

¹ Relationships with over £30k spend in 09/10

² Over 50 relationships have a spend of over £1m pa



Contract Management Framework

- Responsibility for the successful application of this framework to contracts and the delivery of contract management tasks rests with the sponsoring business unit.
- The responsibility for delivering contract management tasks could be transferred to others (for example a shared support function) so long as business unit accountability is retained. This consolidation of skills could bring efficiency gains particularly where there is a high number of relatively low value contracts.
- This approach is consistent with the ultimate accountability for value for money and service delivery vesting with the sponsoring business unit
- A draft roles and responsibilities (RACI) chart is shown in Appendix 2 (details to be completed)

Table 1 - Summary Roles & Responsibilities

Procurement – Contract Management Lead Role	Responsibility for the contract management framework and its implementation across BCC
Commercial Board	Executive oversight and commercial accountability/overall effectiveness within BCC
Business Units	Application of the framework to specific contracts

7. Contracts should be managed consistently and involve a standard range of tasks;
 - The level/scope of these tasks should be commensurate with the value and risk associated with the contract
 - For consistency contracts should be assessed and managed in a standard way. Four contract types are proposed Appendix 3.
 - A draft high level summary of tasks relating to each contract type is also shown in the Appendix.
 - A degree of judgement is required in classifying contracts in this way
8. Contracts should be managed by individuals who have appropriate skills and training;
 - A role family should be developed which recognises the distinctive capabilities required to undertake contract management tasks at varying levels of complexity (see Appendix 4)
 - An outline role profile for a Senior Contract Manager is attached (Appendix 5)
 - Although a basic level of commercial awareness is required for the management of level/low value contracts (those categorised as type



Contract Management Framework

- D), the risk profile is such that the tasks do not need to be undertaken by a commercial specialist.
- The procurement contract management lead should ensure the development of a 'community of practitioners' through the provision of;
 - information, benchmarking and external good practice,
 - the development of appropriate training provision
 - hands on support
 - knowledge sharing through formal and informal networking.
9. Contract management resource needs to be sufficient to undertake the necessary tasks;
- Contract management should be considered during the early stages of any new service or commissioning need. The segmentation approach should be applied to define the necessary tasks and resource provision and appropriate funds should be allocated in the business case.
 - The recipient contract management owner should be involved as early in the commissioning or procurement process as possible and as soon as possible after Business Case Approval (Gate 2) and before Implementation Readiness (Gate 3). See Appendix 6 for Commercial Management process flow
 - NAO/OGC research shows that typical contract management costs are between 1.5-2.5% of a contract's value. Whilst this will vary by contract it is unlikely that contracts of less than £2m would justify dedicated resource.
 - Business units may secure efficiency benefits by consolidating contract management tasks for contract types A/B and C.
 - The Commercial Board will assess the adequacy of contract management arrangements as part of its assessments across the lifecycle of commercial activity (See Appendix 6).
10. Critical relationships, i.e. all type A and B contracts should have executive ownership and a stronger level of governance;
- An SRO (senior relationship officer) should be appointed to provide oversight and governance for those suppliers who have contracts that are of strategic significance or are particularly high risk (types A and B).
 - The responsibility of an SRO and key stakeholders is detailed in Appendix 2
 - A Supplier Commercial Board should be established under the auspices of the Commercial Board to provide commercial oversight to the most critical and high risk contractual relationships (Type A).



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Initial analysis suggests there are between 15 and 20 relationships of this type.

- The procurement Category Manager is responsible for providing the SRO and key stakeholders with the necessary support, management information and guidance for these relationship management activities and for considering these as part of a Category strategy or plan.

Next Steps

- a. Commercial Board to continue to further develop this framework including terms of reference and structure of the Supplier Commercial Boards.
- b. AOP project be established to oversee implementation of the framework and the significant contribution to the ongoing savings flow
- c. Work to baseline existing practices should begin (two tranches of contracts a) with a value >£3m and b) with a value of between £1m-£3m
- d. Pilot this new way of working for the new Dom Care contracts.

Graham Collins

August 2010 (revised November 2010)

Appendices

1. Procurement and commissioning cycle
2. Roles and responsibilities (RACI)
3. Contract Management risk based classification
4. Example role family for contract management
5. Outline role description for a senior contract manager (as agreed with AFW for the Domiciliary Care Contract)
6. Commercial management workflow (draft)



Contract Management Framework

Appendix 1

The procurement and commissioning cycle

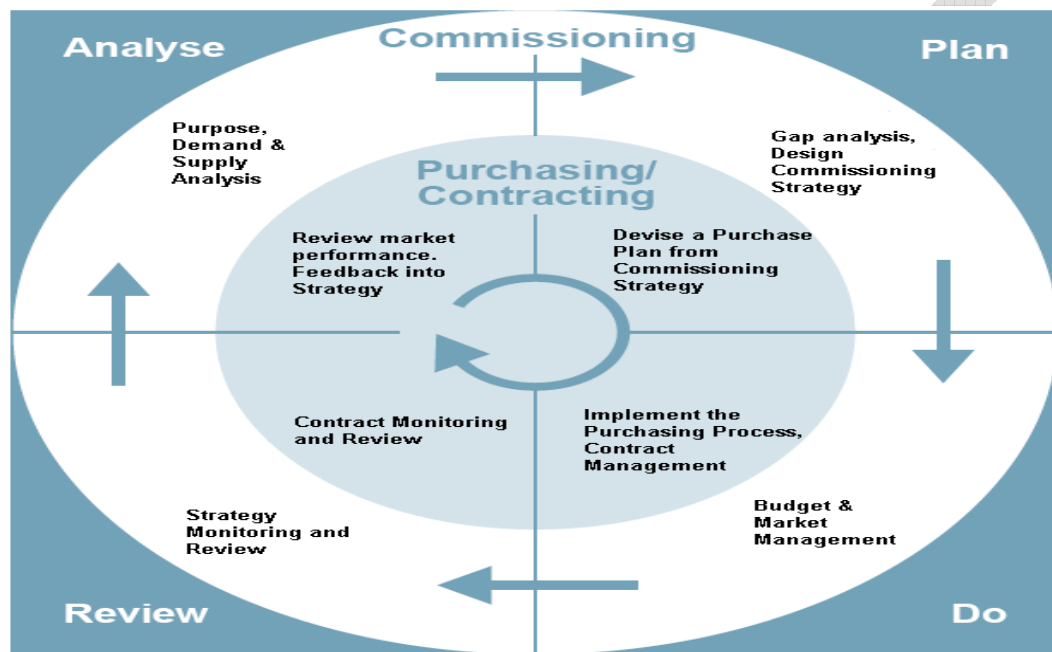


Figure 1 – Institute for Public Care Commissioning Framework



Contract Management Framework

Appendix 2

Overview of Contract Management Responsibilities (RACI roles and responsibilities to be completed)

		BU Contract Manager	BU Head of Service	Senior Responsible Officer (Designated High Risk/High Value Realisations)	Procurement HOP	Procurement Category Manager	Procurement SRM/CM Lead	Commercial Board	Users
Contract Management Responsibilities	What this entails								
Maintain appropriate governance	<ul style="list-style-type: none"> Ensure appropriate governance including management boards and review groups. Appoint a senior responsible officer for the contract or supplier as required by BCC policies Ensure that changes in demand, service profiles or BCC strategies are considered early and that appropriate action is taken to avoid a discontinuity between the contract and business requirements. 								
Skills and knowledge	<ul style="list-style-type: none"> Ensure the contract is managed by an appropriate number of skilled resource (who have recognised contract management skills in line with the Contract Management role family descriptions) Ensure knowledge and skills are captured and transferred to others in the BCC contract management community 								
Manage the operational relationship	<ul style="list-style-type: none"> Manage the day to day relationship with the supplier Ensure delivery of contract outcomes Maintain open and honest communication Work closely with internal stakeholders to ensure satisfaction with the supplier's performance Systematically manage risk (including operational, financial and data security risk), taking appropriate mitigating actions and escalating as required by BCC's risk management process Develop and own business continuity plans covering short, medium or long term service disruption Ensure adequate controls, management and access to assets created, managed or acquired on behalf of BCC, including intellectual property 								
Manage internal stakeholders	<ul style="list-style-type: none"> Ensure users are aware of the contract, pricing, terms of use and key features Develop mechanisms to ensure that service quality and user satisfaction is captured and used to monitor and improve performance 								
Manage supplier performance	<ul style="list-style-type: none"> Measure and report contract and supplier performance using key performance indicators (KPIs) or service level agreements (SLAs) (these may be defined contractually) Work with other supplier users internally or externally as required Manage service credits or performance related payments efficiently, inline with the contract whilst maximising the potential benefit to BCC 								
Manage the contract	<ul style="list-style-type: none"> Manage contract administration (including controlled changes) Manage contract expenditure and ensure effective commercial management through to payment Deal with change control or variations to the contract Resolve problems or disputes and escalate as appropriate Ensure that price adjustments made are in accordance with the agreed mechanism or otherwise tested to ensure value for money Call upon Procurement or other specialist advice when required Plan for contract termination and other key milestones within the contract 								
Deliver continuous improvement	<ul style="list-style-type: none"> Develop the supplier in line with any objectives set within the Supplier Management or Category Strategy Work with the supplier and other stakeholders to improve the contract deliverables, cost savings or any other feature of the contract over its life Work with the supplier to improve sustainability, particularly with regard to CO2 emissions, water use, environmental and social impact 								



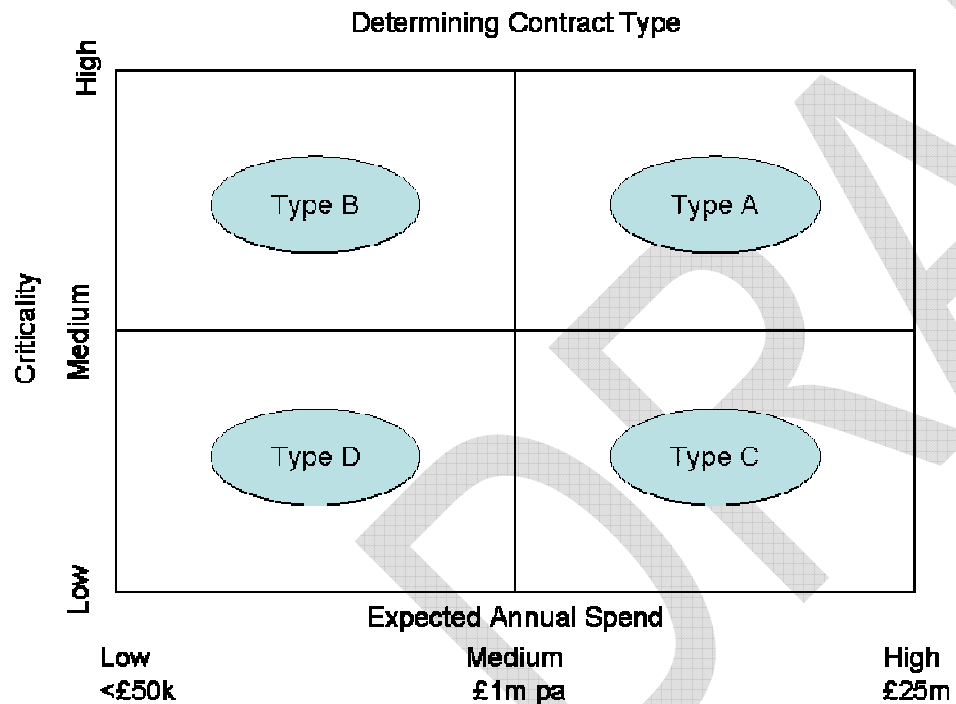
Contract Management Framework

Appendix 3

Contract Management risk based classification and determination of tasks

The contract type can be determined by an assessment of:

- The expected annual contract spend³
- The criticality of the product or service supplied (assessed using the table below as a guide)



³ Note that actual thresholds can be adjusted but should be consistent across the organisation.



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Appendix 3 continued

Deciding criticality

Impact	Criticality of service or product interruption or loss
High	<ul style="list-style-type: none"> • commercial impact could exceed >£100k • impact has public/customer or market visibility or critical effect • loss of business or regulatory control • significant negative reputational or political impact • could result in a loss of critical functions/systems for more than 2 days • high level of dependency
Medium	<ul style="list-style-type: none"> • commercial cost impact <£100k (more than negligible) • impact has limited public/customer or market visibility and no critical effect • some loss of internal control and no loss of regulatory control • limited negative reputational or political impact • potential; loss of critical functions/systems but restored within 2 days • moderate level of dependency
Low	<ul style="list-style-type: none"> • negligible commercial impact (< £10,000) • impact has no external visibility and no critical effect • limited loss of internal control and no loss of regulatory control • no negative reputational or political impact • steady state restored quickly • little or no dependency



Contract Management Framework

Appendix 3 continued

Draft high level summary of tasks for each contract type

Contract Management Tasks	Contract Type			
	D	C	B	A
M=Mandatory D=Desirable E=Exception				
Basic Contract Management Tasks				
Contract administration	M	M	M	M
Contract variation				
Contract compliance				
Dispute/issue resolution				
Performance Management				
Performance measurement	D	M	M	M
Supplier performance review	D	D	M	M
Improvement initiatives	-	M	D	M
Stakeholder feedback	-	D	M	M
Benchmarking	-	M	-	M
Risk Management				
Supplier risk monitoring	E	D	M	M



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Business continuity plan	E	E	M	M
Relationship Management⁴				
Dedicated relationship SRO	-	-	D	M
Relationship strategy & action plan	-	-	-	D
Joint development initiatives	-	-	-	D

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⁴ will be informed and guided by the relevant category manager and category plan



Contract Management Framework

Appendix 4

Example role family for contract management (illustration from OGC). BCC role family to be developed.

Job Family: <i>Contract Management</i>						
Basic Pay <i>TBC</i>	Spend/influence level			Level Code	Skills and Experience	Responsibilities
	Level 1	Level 2	Level 3			
				F	<ul style="list-style-type: none"> Experienced professional with expert knowledge of the procurement cycle and contract management. Able to think and act strategically. Will hold professional procurement qualifications and ongoing CPD. Excellent leadership and management skills. 	<ul style="list-style-type: none"> Maintains model contracts and defines preferred buying channels. Manages demand and spend, ensuring compliance when using preferred suppliers, structured contracts and preferred buying channels. Ensures that suppliers understand the sustainable development aspects of contracts.
				E	<ul style="list-style-type: none"> Experienced professional with expert knowledge of the procurement cycle. Experience of managing high value contracts. Good leadership and management skills. Will hold professional procurement qualifications and ongoing CPD. 	<ul style="list-style-type: none"> Responsible for the negotiation and setting up of high value contracts with major suppliers. May adopt a category management approach. Engages in supplier management relationships to develop improvements in service and added value enabling the achievement of business goals. Ensures compliance when using preferred suppliers. Ensures that suppliers understand the sustainable development aspects of contracts. Prepares and reviews contracts and tender documents for legal correctness. Leads complex variation negotiations. Responsible for the realisation of benefits and challenges under performance. Provides expert advice and guidance.
				D	<ul style="list-style-type: none"> Experienced professional with excellent knowledge of the procurement cycle. Experienced Contract Manager. Will hold professional procurement qualifications and ongoing CPD. 	<ul style="list-style-type: none"> Responsible for the development of contracts with suppliers ensuring compliance to legal frameworks and sustainability targets when using preferred suppliers. May adopt a category management approach. Analyses performance data and delivery against key performance indicators (KPIs). Manages variations and non-delivery of targets. Develops relationships with stakeholders and suppliers to improve performance and improvement of contract delivery. Provides practical advice and guidance.
				C	<ul style="list-style-type: none"> Good understanding of the procurement cycle with a particular emphasis on contract management. Will hold or be working towards professional procurement qualifications and ongoing CPD. 	<ul style="list-style-type: none"> Responsible for setting up and maintaining contacts with suppliers for basic goods and services that deliver stated outcomes. Ensures that the contract complies with relevant legal and regulatory requirements. Evaluates the performance of suppliers against the specification and makes recommendations for remedial actions as directed. Plans for variations and works to achieve VFM through variations as directed. Manages a variety of supplier relationships. Provides routine advice and guidance.
				B	<ul style="list-style-type: none"> Good awareness of the procurement cycle. Experienced administrator with excellent customer service skills. Will be working towards professional procurement qualifications and ongoing CPD. 	<ul style="list-style-type: none"> Provides administrative support and co-ordination to ensure the smooth running of contracts. Raises purchase orders and invoices. Collects and collates data to support the production of management information. Undertakes general office duties relating to contract management.
				A		
F	Head of Procurement may also be known as			<i>Senior Contract Manager, Contract Lead, Contract Specialist</i>		
E	Senior Manager may also be known as			<i>Contract Manager, Strategic purchasing Manager</i>		
D	Manager may also be known as			<i>Contracts Manager</i>		
C	Team Leader may also be known as			<i>Contracts Officer, Assistant Contract Manager</i>		
B	Team member may also be known as			<i>Contract Assistant</i>		
A	Administrator may also be known as					



Contract Management Framework

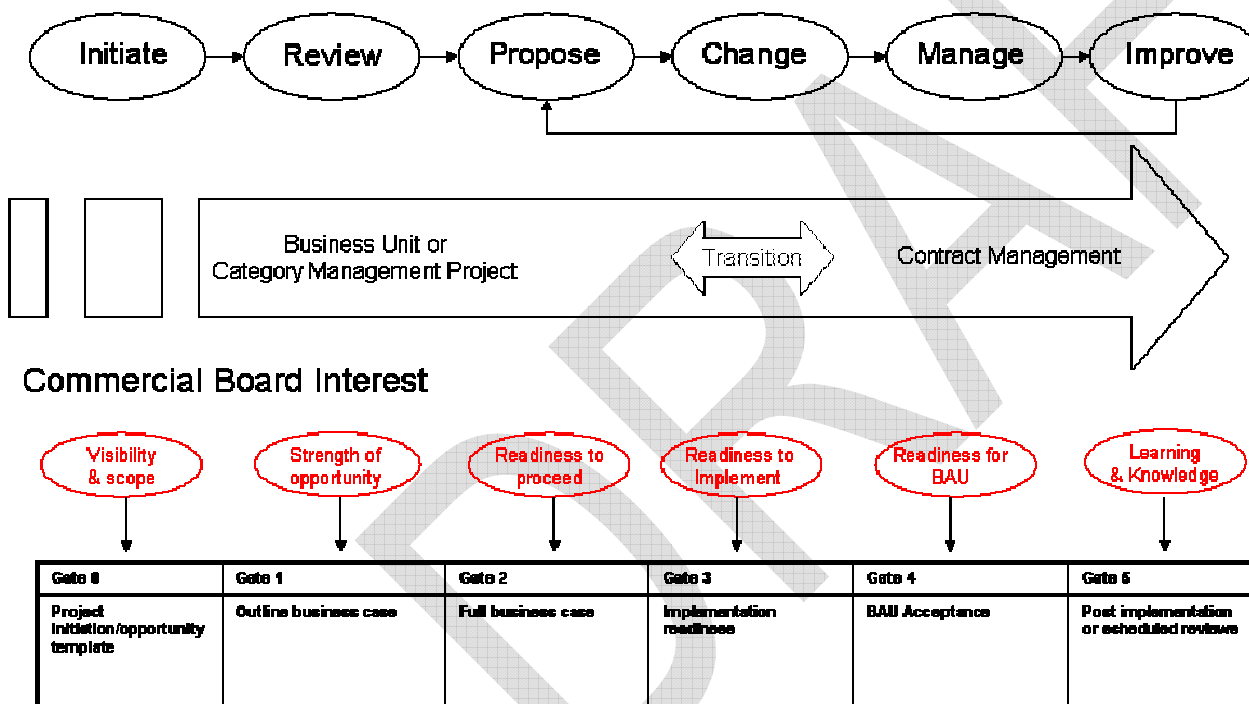
Appendix 5 (attached separately)

Outline role description for a senior contract manager (as agreed with AFW for the Domiciliary Care Contract)

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Appendix 6

Illustrative Commercial Process Flow



Job Description

Title	Contract Manager
Reports to	<p>Service Manager – Performance</p> <p>Key functional relationships:</p> <ul style="list-style-type: none"> • SRM & Contract Management Lead • Supplier Relationship SRO & Category Managers • Heads of Service
Based at	Aylesbury
Job Purpose	<p>To lead the Contract Management function, ensuring a clear focus on the delivery of key contractual and business objectives and performance targets.</p> <p>To ensure that financial savings and aligned efficiencies identified during the tender and award of phase of designated contracts are realised and that continuous improvement mechanisms are in place to ensure commercial and operational performance is improved over time. In the first instance this work will relate to the new external Domiciliary Care Contracts.</p> <p>To implement and manage a contract management framework that has the structure, resources and skills to manage service delivery & financial savings ascribed through day to day operations and to contribute to and own the delivery of strategic supplier objectives over time. .</p> <p>To ensure that identified savings and aligned efficiencies are achieved from specified internal services through applying the same disciplined and rigorous “Contract Management” approach to internal stakeholders as that applied to external contracts.</p> <p>To work effectively with the Corporate Commercial Board and members to ensure cohesion and co-ordination benefit maximisation between AFW Portfolio and the wider County objectives.</p> <p>Monitor and manage the risk associated with the contract taking appropriate advice from internal specialists. Maintaining a register of risks and robust business continuity arrangements.</p>
Key Responsibilities and Accountabilities	<p>During the Transfer and Implementation Process</p> <ol style="list-style-type: none"> 1) The Contract Manager will lead the implementation of appropriate contract management arrangements with the designated providers taking account of the organisations contract management process. 2) The Contract Manager should not only focus on delivery of these “hard” outputs, they build the relationship of the basis of

open communication trust and credibility

- 3) The contract manager will develop and culture that is focussed on delivery, quality and costs and an expectation of continuous improvement internally and externally.

Operational Contract Management

Once the service is operational, it is the responsibility of the contract manager to have the following key components in place

Structure and Resources:

- 1) Planning & Governance – preparing for contract managing and providing oversight
- 2) Contract Management Resources – ensuring the right people are in place to carry out the contract management activities
- 3) Administration – managing the physical contract and the timetable for making key decisions.
- 4) Contributing to the development and delivery of strategic objectives affecting the service or supplier.

Delivery:

- 1) Managing Provider Relationships – developing strong internal and external relationships that facilitate delivery
- 2) Managing Performance – ensuring the service is provided in line with the contract and continuously monitored and improved
- 3) Spend Management – ensuring that payments are made to the Providers in line with the contract and contractual or incentive mechanisms are managed proactively to yield positive benefits
- 4) Management of the total contract budget on behalf of the AFW Portfolio.
- 5) Risk Management – understanding and managing contractual and provider risk.
- 6) Dealing with non-conformance issues and resolving or escalating them in line with the contract terms.
- 7) Engaging and educating users about the contract and its features and maintaining a high degree of user satisfaction
- 8) Developing and maintaining business continuity arrangements

Development:

- 1) Contract Development – effective handling of agreed changes to the contract in line with contract terms and internal procedures
- 2) Provider Development – improving provider performance and capability.

Strategy

- 1) Provider Development – developing and delivering a programme for managing and developing relationships in line with the supplier or category strategy
- 2) Business Environment – awareness of the wider market / procurement issues that impact on the contract that lie beyond the providers jurisdiction and or influence
- 3) Knowledge and skills capture & transfer across the organisation

Skills and Experience Required	Qualifications:	Essential	Desirable
	<ul style="list-style-type: none"> Relevant professional qualification or equivalent experience 	✓	
	<ul style="list-style-type: none"> Evidence of continuing managerial experience and development 	✓	
	<ul style="list-style-type: none"> Extensive commercial management experience 	✓	
	Knowledge and Skills: <ul style="list-style-type: none"> Be able to demonstrate considerable experience of working in complex organisations such as those in the public sector or local government. 	✓	
	<ul style="list-style-type: none"> Strategic vision and creativity 		✓
	<ul style="list-style-type: none"> Be able to recognise and manage risk 		✓
	<ul style="list-style-type: none"> Have the ability to understand and successfully resolve complex problems. 	✓	
	<ul style="list-style-type: none"> Ability to think strategically and to encourage proactive working 	✓	
	<ul style="list-style-type: none"> Have proven excellent inter-personal, communications, networking and negotiation skills and a strong commitment to the Shared Support Services vision. 	✓	
	<ul style="list-style-type: none"> Proven ability to understand and analyse complex business cases 	✓	
	<ul style="list-style-type: none"> Ability to help business users develop complex, outcome based specifications within the lines of service covered by the contracts 	✓	
	<ul style="list-style-type: none"> The ability to direct, influence and motivate teams of professional and technical staff 	✓	
	<ul style="list-style-type: none"> Working with partners – excellent influencing and negotiation skills and the development of lasting and co-operative relationships 	✓	
	<ul style="list-style-type: none"> Excellent budget and project management skills 	✓	
	<ul style="list-style-type: none"> Demonstrable experience of performance management of contracts and ability to interpret contractual arrangements 	✓	
	Experience: Extensive experience of ensuring the delivery of financial savings identified within contracts <ul style="list-style-type: none"> Extensive experience of Provider & contract management. 		
	<ul style="list-style-type: none"> Demonstrable commercial awareness 	✓	
	<ul style="list-style-type: none"> Project and operational finance and budgeting 	✓	
	<ul style="list-style-type: none"> Experience of supplier management in 		✓

	some or all of the in-scope functions : Finance, HR, ICT & Property		
	<ul style="list-style-type: none"> Proven experience of being able to quickly establish and maintain credibility with Members, Senior Managers, Employees and partners. 	✓	
	<ul style="list-style-type: none"> Proven experience of successfully communicating complex issues coherently and persuasively. 	✓	
	<ul style="list-style-type: none"> Demonstrate an active involvement in advising and supporting a large organisation through a period of considerable change. 		✓
	<ul style="list-style-type: none"> Proven experience of effectively building, developing and leading teams to success. 	✓	
	<ul style="list-style-type: none"> A track record of challenging traditional thinking in a persuasive and positive manner. 	✓	
	<ul style="list-style-type: none"> A proven track record of effectively managing conflicting priorities. 	✓	
	<ul style="list-style-type: none"> Relevant experience of supporting a large organisation in a change management role. 		✓
	<ul style="list-style-type: none"> Experience of working with the private sector – either through a public private partnership or on the supply side. 	✓	
	<ul style="list-style-type: none"> Service design and implementation including team recruitment, selection and development 	✓	

**Overview and Scrutiny Scoping Paper
2010/11**

Subject of the Review	Procurement	
Review members, including co-optees	Martin Phillips (Chairman) Doug Anson MBE Margaret Aston Hedley Cadd Lesley Clarke Marion Clayton	Steve Kennell Jenny Puddefoot Roger Reed Brian Roberts
Officer contact	Sara Turnbull	
Purpose of the review (Reasons for undertaking the review, including where the ideas have come from)	<p>In the current financial climate it is now more important than ever to secure value for money from services. In recent years, local authorities have increasingly begun to deliver services through external providers.</p> <p>In May 2010, as part of the Transformation Program (AOP), Buckinghamshire County Council decided to build the capability of its corporate procurement function using category management. One of the functions of this review will be to provide members with an update on progress to date, key milestones and a greater understanding of the benefits associated with this investment.</p> <p>In addition, this review will help to identify any improvements that could be made—over and above the changes that are currently underway—to procurement, including category management, processes to deliver efficiencies and high quality services for residents.</p>	
Anticipated outcome(s)	<ul style="list-style-type: none"> • Increased understanding and clarity of the role and importance of category management and procurement in delivering value for money and high quality services for residents. • A better understanding of how procurement and contract management operate together to delivery value for money outcomes. • An evidence-based report with recommendations on areas such as: <ul style="list-style-type: none"> - possible improvements to procurement practices to deliver efficiencies and an enhanced service; - how the procurement process can be made accessible to a wide range of potential suppliers; and - the role of members in oversight and scrutiny of the letting of contracts and contract performance. • That the report identifies areas of good practice which the council can learn from in taking procurement forward. 	
What is the potential impact of the review on: <ul style="list-style-type: none"> • Residents • Equality issues, e.g. access to services, vulnerable groups • Health inequalities • Adding value to the 	<p><i>Residents:</i> High quality procurement ensures that cost effective services are provided to meet resident’s needs. This review will contribute to enhancing the services that residents receive through identifying areas of improvement.</p> <p><i>Equality issues:</i> The review will examine how the needs of vulnerable and disadvantaged people are taken into account in procurement.</p>	

Overview and Scrutiny Scoping Paper 2010/11

<p>organisation</p> <ul style="list-style-type: none"> • Partners 	<p><i>Partners:</i> The review will explore how we can improve joint working with partners to achieve efficiencies.</p>
<p>Link to Council Corporate Plan priorities</p>	<p>The review will contribute to the Council's following Corporate Plan priorities:</p> <ul style="list-style-type: none"> • Deliver effective and efficient services • Tailor services to meet local need • Support people who need our help <p>It may also contribute to the development of a corporate procurement strategy.</p>
<p>Consideration of National Performance Framework indicators</p>	<p>To be reviewed when new National Performance Framework indicators are published.</p>
<p>Link to Sustainable Communities Strategies aims and outcomes</p>	<p>Links to:</p> <ul style="list-style-type: none"> • sustain and grow a thriving voluntary and community sector (Cohesive and Strong Communities theme aim); and • Buckinghamshire residents tell us it's a great place to live (Health and Wellbeing theme outcome).
<p>Key issues for the review to consider:</p>	<ul style="list-style-type: none"> • What are the key challenges and opportunities for category management and procurement? • How effective is Buckinghamshire County Council in letting and managing contracts, including ensuring that the right outcomes and performance criteria are specified? • Do we have robust contract management in place? • How will the proposed procurement model ensure value for money and what else could be done to improve this? • What good practice can we learn from elsewhere? • How accessible are procurement opportunities to the voluntary and community sector? • Are there opportunities for enhanced joint working to achieve efficiencies? • What improvements could be made to deliver outcome-based procurement? • Do we and should we pay providers by results? • Is the workforce sufficiently experienced or qualified in procurement to meet current and future requirements? • What role do members have in enhancing the transparency and accountability of procurement activity?
<p>Methodology</p>	<ul style="list-style-type: none"> • Desktop research • Written evidence • Oral evidence: Two evidence sessions • Individual member meetings outside of committee sessions
<p>Press & Publicity</p>	<ul style="list-style-type: none"> • Press release on completion of review.

Overview and Scrutiny Scoping Paper 2010/11

Key background papers	<ul style="list-style-type: none"> • Buckinghamshire County Council, <i>Selling to Buckinghamshire County Council, A guide for suppliers</i>, March 2010.¹ • Buckinghamshire County Council, <i>The Buckinghamshire Compact, Code of Practice on Funding and Procurement</i>² • Communities and Local Government, <i>The National Procurement Strategy for Local Government</i>, April 2008³
Use of demographics/ needs data	N/A
Evidence to be provided by:	<p>Internal</p> <ul style="list-style-type: none"> * Frank Downes, Cabinet member for Resources; • Gillian Hibberd, Strategic Director Resources and Business Transformation; • Richard Ambrose, Head of Finance • Mike Dearing – Head of Transformation • Commissioning leads from service areas; <ul style="list-style-type: none"> - Trevor Boyd, Head of Commissioning and Service Improvement, Adults and Family Wellbeing - Chris Munday, Divisional Director, Commissioning & Business Improvement, Children & Young People’s Service - Susie Yapp, Acting Head of Localities and Safer Communities - Jim Stevens, Head of Service (and possibly Mark Rowe, Service Lead, Transport for Bucks. <p>External</p> <ul style="list-style-type: none"> • private sector representatives, including Colin Cram (runs consultancy company Marc1 and former Chief Executive, North West Centre of Excellence & Director); and • voluntary and community sector representatives. • Background research on LA practice elsewhere to cover: <ul style="list-style-type: none"> Hampshire County Council Westminster City Council Winsor & Maidenhead Council Wandsworth Council Hammersmith & Fulham Council The Royal Borough of Kensington and Chelsea Birmingham City Council
Potential partners	<ul style="list-style-type: none"> • As above
Resources required	<ul style="list-style-type: none"> • Officer and member time
Reporting mechanism	<ul style="list-style-type: none"> • Cabinet – to respond to recommendations

¹ <http://www.buckscc.gov.uk/assets/content/bcc/docs/procurement/Selling%20to%20BCC%20Mar%202010.pdf>

² http://www.buckscc.gov.uk/assets/content/bcc/docs/compact/Code_of_Practice_Funding_and_Procurement.pdf

³ <http://www.communities.gov.uk/publications/localgovernment/procurementstrategy>

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Target dates	Action
Start up	
Tues 19 October, am	Members of OSCC agreed overall scope
Thurs, 11 November, 1-4 pm (Mezz 2)	1 st meeting of T & F group: officer presentations, member agreement on details of scope (as discussed by OSCC)
Evidence-gathering	
Thurs 18 November, 1-4 pm (Large Dining Room, Judges Lodgings)	2 nd meeting of T & F group: oral evidence
Wed 24 November, 10-1 pm (Mezz 2)	3 rd meeting of T & F group: oral evidence
Date to be confirmed	Wash up session: discussion on key findings and possible areas of recommendation
Report drafting	
29 th Nov- early Jan	Drafting
Report consideration	
By 10 January 2011	Circulation of draft report to T & F group
Friday 21 January, 1- 4 pm, Phoenix 3	Final meeting of T & F group to agree report
Jan/Feb	Informal discussions with appropriate Cabinet Members on the likely recommendations
14 February	Circulation of draft report to OSCC
22 February	OSCC to agree report
11 March	Circulation of draft report to cabinet, cabinet member response, and press release issued on report
21 March	Report to Cabinet