

THE EXECUTIVE

Tuesday, 27 January 2004

Agenda Item 8. Procurement Best Value Review (Pages 1 - 113)

Please find attached a full copy of the Best Value Review of Procurement, which has been made available in the Members' Rooms, on the Internet and at public libraries.

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Best Value Review

Procurement

Final Report

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GLOSSARY

BSC

The Balanced Scorecard

The Council’s Performance Management Framework for managing the Council, which is steered by the seven community priorities

CPA

Comprehensive Performance Assessment

Current method of assessing the overall performance of Councils in England and Wales, based on corporate and service performance scoring. Scores range from Poor, through Weak, Fair, Good to Excellent. LBBDD is currently in the mid-way “Fair” capacity.

CCT

Compulsory Competitive Tendering

Introduced by the Conservative Government in the late 1980’s this legislation forced Councils to tender out a range of services (mainly blue collar – such as Housing Repairs, Grounds Maintenance etc and some white collar – such as Council Tax administration) to the private sector. The rules were clear in that lowest price had to be the primary deciding factor.

Constructionline

Government sponsored (Capita run) approved list of contractors (mainly construction and technical services) for use by local authorities and other bodies. Contracting companies pay a fee to be included on the list and have to go through a selection process including financial and technical criteria. However, Constructionline is limited in its overall scope and does not include Health and Safety monitoring.

E- procurement

Electronic procurement – purchasing through electronic methods eg. Web, email, use of automatic faxes, paperless ordering etc. Also includes e-tendering, e-auctions etc. E-procurement is part of the overall e-government agenda.

Gateway Reviews/Approach

The Gateway Review process has been established over the past few years by the 4 P’s (private company) and endorsed by the Government. It provides a project management approach to larger procurement projects

	and enables thorough checking of process and rationale at key stages in the project.
LCSG London Contracts and Supplies Group	Purchasing consortia of the 32 London Boroughs. Barking and Dagenham actively participate in this.
MCIPS Member of the Chartered Institute for Purchasing and Supply	Professional body for purchasing and procurement. Recognised qualification for purchasing professionals.
ODPM Office of the Deputy Prime-minister	Government office responsible for local government.
OJEC/OJEU Official Journal for the European Communities/Union	Publication in which contract notices for eligible (ie. larger scale) public procurement tenders must be advertised. Commonly known as OJEC, however the name has recently been changed to OJEU.
PFI Private Finance Initiative	Government sponsored procurement method whereby private companies put up the cash to fund major new capital (and sometimes revenue) projects – such as building and maintaining a new school – which they then provide for the local authority on a long term contract basis – rather like hire purchase.
PPP Public Private Partnership	Contractual arrangement whereby the public and private sector provide a service in a formal partnership.
Third Sector	The voluntary and Community Sector

Best Value Review of Procurement

1. Introduction

- 1.1 In 2003 the London Borough of Barking and Dagenham undertook a review of significant areas of procurement within the authority. Set out in the introductory section is the rationale behind the review, together with the scope of areas covered.

2. Procurement in Barking and Dagenham Today

- 2.1 Procurement activity is currently devolved to departments within the Council, with differing responsibilities. Whilst there are many buyers in the Council, purchasing everything from a box of paperclips to a new school, there is limited procurement support available.
- 2.2 Historically Barking and Dagenham has had a reputation for “conservative” procurement practices. During the CCT regime the Council demonstrated a clear policy of “keeping services in-house” and in fact, only one service (1 out of 3 leisure centres) was outsourced. The Council has tended to be risk averse but weak in project management leading to both budget overspend and inability to spend the Capital Programme, although it is one of a few debt free Local Authorities in the country.
- 2.3 However, this has now changed and there have been key improvements in the last few years, including the development of the Best Value/Contracting Workforce Policy in conjunction with Trades Unions; considerable steps forward in both “e” and “sustainable” procurement; advice and guidance facilitating inclusion of corporate objectives – including Equalities and Diversity - within specifications where possible; and successful outsourcing of Housing Repairs and the development of the Schools PFI project.
- 2.4 In addition, Social Services have developed a complete mixed economy of provision through advanced joint commissioning utilising needs analyses of the population based on the Director of Public Health's report and further informed by consultation with the community, service users and front line staff.
- 2.5 This year the Council has been shortlisted for LGC Public Private Partnership of the Year for Barking Market.
- 2.6 Although these are excellent improvements and clearly Members are committed now to procuring on the basis of “what works best is best”, the lack of a strategic lead at senior level or a Corporate Procurement Strategy providing a framework for developments has made progress slower than desired and the Council still appears to be under-performing and under-resourced in certain areas.

- 2.7 The external auditors and CPA process further confirmed that procurement was weak in some areas. Wishing to continue with, and build upon the improvements already made, the Council therefore decided to carry out a Procurement Best Value Review in 2003.
- 2.8 The Review seeks to address the issues of the Council's performance in procurement, and establish where weaknesses may lie, whether specifically with procurement support, or within the structures, resources and culture of the Council itself.
- 2.9 Details of the procurement support services that will and will not be reviewed as part of this exercise are contained in Section 5 of this report.

3. Objective of the Review

- 3.1 The objective of this review is to challenge the efficiency and effectiveness of the current procurement service support in Barking and Dagenham and identify the necessary steps for progress through an Improvement Plan.

4. Scope of the Review

- 4.1 In summary, the review challenged
- The awareness and understanding of procurement as a core Council activity and how it links with the Council's strategic objectives.
 - Whether the structure and organisation of procurement is appropriate for Barking & Dagenham's needs.
 - Whether there is sufficient "control" to ensure procurement is carried out economically, effectively, legally, and in the Council's best interest.
 - The level of savings or improvements possible through innovations such as collaborative purchasing, e-procurement and more corporate working.
- 4.2 The review examined in some detail the Council's progress with regard to implementing the recommendations of the Byatt Report, and how the principles of the new procurement policy "The Barking and Dagenham 12" (included within the Procurement Strategy) can be effectively taken forward. In addition, during the timeframe of the review, the Draft (and then agreed) National Strategy for Procurement by the ODPM proved an effective benchmark against which the Council's procurement activity was measured.
- 4.3 The review considered:
1. The structure and organisation of procurement across the Council – the relationship between the different officers, departments and sections who carry out and advise on procurement activity,
 2. The purpose of procurement and how it fits in with strategic objectives. As part of this it will be necessary to challenge Officers and Members on their views about procurement, process and outsourcing.

3. The level of skills and capabilities at the appropriate levels to deliver an effective procurement function, whether that is centralised or devolved.
4. The standards and controls in place to ensure procurement is carried out correctly.
5. Where improvements could be made through innovation or consolidation

It should be noted that the wider aspects of the Council's commissioning strategy were not included as part of the scope for this review.

5. Details of the "Procurement" Service

5.1 Current specific support to procurement is set out as follows:

5.1.1 Corporate Procurement

The Corporate Procurement Officer and Procurement Officer (Temporary Contract) provide advice and strategic guidance on a range of contracts across the Council and to the Council's partners – such as the PCT. These officers are currently located within Finance.

5.1.2 Procurement and Stores

The Procurement and Stores Section consists of a Manager, Senior Buyer, Buyer, part-time Invoice Clerk and Stores Staff (1 Manager, 1 Storekeeper and 4 Operatives). Procurement and Stores are responsible for purchasing of corporate supply and small to medium service contracts – such as blue collar agency supply, abandoned vehicle removal, office furniture, stationery, cleaning materials, lift and fire appliance servicing and security.

Central Stores hold stocks of common items which can then be e-ordered online through Oracle financial system and delivered to sites around the Council. However, the specific stores service was not included within the scope of the review.

5.1.3 Social Services Contracts Unit

The Contracts Unit in Social Services consists of a Contracts Manager, Deputy Contracts/Business Support Manager, 2 Contracts Officers, Business Support Officer and Admin Assistant. This Section is responsible for procurement and contract management of personal care/social service related contracts, equipment and materials for Social Services activity; repair and minor maintenance of Social Services buildings, accommodation and other facilities management issues for carrying out contract monitoring and review and for capacity building with small suppliers/voluntary sector organisations.

5.1.4 Interim Procurement Manager, DEAL

During the period of the review there was an interim Procurement Manager in place in Education, Arts and Libraries. The contract of the officer in post expired in December with recruitment to the vacancy planned pending the conclusion of the Best Value Review.

5.1.5 Business Support, DLES

Officers within the Business Support Section in DLES have some responsibility for procurement advice in that they manage the use of the Constructionline database and ensuring that prospective contractors (for construction contracts) meet Health and Safety requirements. They do not provide other types of procurement advice.

Energy procurement is through consortia purchasing with the majority of billing automated through Oracle Payments.

Services provided by the above sections/officers are contained within the scope of this Best Value Review.

5.1.6 Housing Capital Programme Group

The Housing Capital Programme group is responsible for the management of the Decent Homes project, ShapeUp (and its follow on), MRA works and the Housing Repairs Contract.

5.1.7 IS & T

Within IS & T, various officers are responsible for the procurement of computer hardware and software and from any external procurement of services such as consultancy, cabling, network or support services. Orders are collated centrally through use of e-requisitions and auto-conversion to grouped orders.

The Housing Capital Programme Group and IS & T area excluded from the scope of this review.

5.2 In summary, the service is provided out of need. The Council currently spends in the region of £180M per annum on external expenditure – ie. non staffing costs. Many officers at all levels have some involvement in procurement; however the organisation and structure of procurement is ad-hoc to such an extent that consistency of practice is very rare. Whilst some departments are well organised and pro-active, others – even those with high expenditure/risk contracts do assign the duties to staff with little training, understanding or appreciation of good procurement practice – and then fail to monitor the results adequately. This has been evidenced recently by some reports submitted to the Executive for contract approval which have subsequently been rejected for failure to comply with EU Procurement Procedures or the internal Contract Rules.

5.3 As the agenda for local government changes and Best Value challenges the service delivery status quo, then the need for good procurement advice is increasing and developing almost daily. Procurement is a necessary part of the organisational culture on how best to manage its resources. The review seeks to address the effectiveness of current service provision, where the strengths and weaknesses are, and what needs to be done to address the problems.

6. The Role of Members

6.1 This round of Best Value Reviews was accompanied by a new role for Members within the process. A Member Best Value Panel was established consisting of:

- Councillor David Miles (Chair)
- Councillor Brian Cook
- Councillor John Denyer
- Councillor John Davies

Councillor Terry Wade (Portfolio Holder) and Councillor Pat Twomey (Chair, SMB) also attended some of the meetings in an observing role.

6.2 The Member Panel meetings were well attended, positive and challenging. The detail of Member challenge and consultation is contained within the specific areas in this report. The process enables non-executive Members to have a role in shaping future improvements.

6.3 In addition, the support at Executive Level of the portfolio holder for procurement (Councillor Terry Wade) has been a positive impetus for challenge and improvement throughout the process.

6.4 Clearly, this new role has been key to the success of the review and whilst it will always be possible in a diverse Member base to find individuals who hold personally different views, the strong Leadership and collective decision-making process does ensure that in Barking and Dagenham is well on the way to enabling fully modernised and Best Value procurement .

The Challenge Stage

7. Challenge Objectives

1.1 The review of procurement needed to challenge the following areas:

- Does the Council need a Procurement Service?
- How well does the Council provide that Service?
- Are there sufficient resources and skills to provide the Service well and are these resources structured and managed appropriately?
- Whether the rules in place to manage Procurement are appropriate and can these be enforced?
- What should the service look like?

8. How the Procurement Service was Challenged!

8.1 The Review team challenged the Procurement Service in a number of ways including internal challenge by the review team, including a skills audit, external challenge by a Critical Friend and a detailed Peer Review "Procurement Fitness Check" carried out by the IDeA (Improvement and Development Agency).

8.1.1 *Internal Challenge-*

The Review Team challenged the provision of a Procurement Service through direct challenge by officers at Review Team Meetings, and a specific challenge session held in May 2003. The issues raised here were:

- Do we need to procure?
- Could the procurement service be outsourced?
- Why do we have Corporate Procurement
- Why do we have a Procurement and Stores Section – and why is there Central Stores?
- Why do we have Social Services Contracts?
- Why do we use Constructionline?
- Are resources, structure and controls adequate and appropriate?
- How good are we at implementing relevant new legislation (such as the Race Relations Amendment Act 2000)?

Details of the response to the challenges and the appropriate links to the Improvement Plan are contained in the table on pages 6-9 of this report.

9. The Procurement Challenges

Challenge	Response	Improvement Required	Improvement Plan Ref:
Do we need a procurement service?	Yes – because there is a need to procure and without sufficient support it would be done badly causing legal, service and financial risk	Maintain or improve the service	All
Could the procurement service be outsourced?	Potentially. Currently the existing service is fragmented and under-resourced and it would be difficult to outsource as a business entity.	Strengthen and consolidate internal resources. Consider the appropriateness of Market Testing in 18 months.	12
Why do we have Corporate Procurement?	Provides strategic advice and guidance, saves money and provides a consistent approach. Has some degree of influence in getting recommendations (e.g. Byatt, Audit Commission etc) implemented? However, there is no Senior Manager for Procurement, which lessens the impact of the service with Chief Officers. There is also insufficient back up in terms of control and compliance to enforce procurement policy and best practice.	Strengthen the Central Procurement Team – more, higher graded resources and include a Head of Service Review Constitution/Contract Rules and tie in clearly with Officers (and Members) codes of conduct. Put in place monitoring and compliance arrangements.	12 2, 3
Why do we have Procurement and Stores	Purchasing Side Procures and manages a range of corporate contracts for supplies and smaller services. Their work reduces low value multiple purchases, number of suppliers and number of external orders by channelling through Central Stores. Some work (e.g. Service contract advice) could be duplicated with the work of Corporate Procurement.	Improve and consolidate resources by considering whether Procurement and Stores and Corporate Procurement could be combined.	12

Challenge	Response	Improvement Required	Improvement Plan Ref:
<p>Why do we use Constructionline and is it the most appropriate way of providing a qualified tender list for building/construction purposes?</p>	<p>be. Constructionline is a government supported list of building companies who have to go through some financial and quality checks. This does form a useful way of pre-qualifying building firms for regular work. However, there are no Health and Safety Checks – (a separate check has to be run through Contractors Health and Safety service (CHAS) for this) and the quality checking side is probably not as robust or detailed as the Council would wish. However the use of it is free, except for officer time in retrieving information. Other Councils use Constructionline, others use different databases (such as Sinclair) and others have their own bespoke lists (such as Newham).</p>	<p>It is clear the Council needs to review the use of Constructionline for its suitability, robustness and cost of use. Some exploratory work is underway with LB Greenwich on use of select list processes and possible joint working</p>	<p>12</p>
<p>Are there controls and procedures in place to ensure good procurement?</p>	<p>Contract Rules exist (in the Constitution) which clearly set out what officers should and shouldn't do with regard to procurement. However, some of the rules need to be updated with specific regard to best value, partnering, EU Rules and waivers. Many officers still do not understand the basic rules, even down to the tendering thresholds In addition, there appears to be little "power" to enforce compliance with the Contract Rules, particularly for contracts that fall below the Executive Award threshold of £200K when some of these may be high risk.</p>	<p>Revise the Contract rules in conjunction with Audit and Legal Services. Launch new rules with Managers' Briefing, training etc and tie into Officers code of Conduct.. Audit and check contract compliance with greater range of contracts. Involve procurement staff with all contracts above EU threshold. Improve Health and Safety Monitoring</p>	<p>2, 3, 5 2, 8, 9, 18 2, 3, 4</p>

Challenge	Response	Improvement Required	Improvement Plan Ref:
<p>Are there resources and structure in place to carry out good procurement?</p>	<p>Compared with other authorities (see compare phase) Barking and Dagenham appears to be under resourced in terms of procurement support. The current grades for officers in post are fairly junior when compared with other Councils and organisations – thus making it difficult to drive through change.</p> <p>As Barking and Dagenham starts to proactively look to partnership working, market testing and joint commissioning/deliver to increase and improve service provision on an ever decreasing budget, the volume of work and the need for good procurement skills is increasing..</p>	<p>Continue to map procurement activity in further detail and allocate procurement officers to high risk contracts, even when these are low value</p> <p>Examine structures for procurement in other Councils/organisations. Recruit Head of Service for Procurement to bring together all the skills and consider additional resources centrally and across the Council to deal with the increasing workloads</p> <p>Raise Profile of Procurement and endorse through Corporate Procurement Group and better joint working with Legal Services</p>	<p>7</p> <p>3, 4</p> <p>12</p> <p>5, 13</p>

10. Contract Challenge Exercise

10.1 In addition to the challenge event and general work of the review, the team challenged four procurement processes for their:

- Business case rationale
- Probity and compliance with appropriate rules and legislation
- Robustness of procedures
- Consultation or involvement as appropriate with stakeholders and whether users' needs were taken into account
- Value for money
- Compliance with workforce policy/TUPE regulations as appropriate

10.2 The four contract processes challenged were:

1. Schools PFI (in progress)
2. Housing Repairs (commenced May 2003)
3. Cleaning Materials Supply (commenced December 2001)
4. Meals on Wheels (commenced October 2002)

This list was chosen in conjunction with the Best Value Inspectorate as it was felt that large scale, high value or joint working contracts would prove the most challenging.

10.3 The exercise proved very interesting and it was found that in the majority of the cases procurement had been carried out well – although there were some issues of concern – noted below in section 11.

10.4 The performance here may well not be representative of procurement in Barking and Dagenham in general because each of these exercises either involved a dedicated Procurement Manager from the existing services (Cleaning Materials and Meals on Wheels), or pulled in outside consultancy advice to manage the process (Schools PFI and Housing Repairs). Therefore whilst the lessons learnt here are still valid, it is important to remember that many procurement exercises take place with little or no support and the problems experienced will be different.

The summary of the contract challenge exercise is included as Appendix 1 to this report

11. Contract Challenge Key Messages

- 11.1 Overall, it was found from the Contract Challenge Exercises that whilst there was good practice in the majority of the processes some weaknesses still existed and there was a problem with consistency of approach when the process was led by an external source – even though the main requirements had been followed.
- 11.2 In summary, the following issues were found to need improvement and have been therefore covered in the Improvement Plan.

Weakness	Improvement Plan Ref
Need to involve stakeholders more in the procurement process	27
Need to consider TUPE implications for end of contract even when these don't appear to exist at commencement – new clauses to be written.	6, 25
Continue to involve staff and Trades Unions in the procurement process (this has started and is ongoing)	25
Better joint working needed with HR to ensure proper and accurate information provided to prospective Contractors as part of the TUPE information.	25
More formal risk assessments are needed for large contracts – potentially use the Gateway Review process to ensure risks managed appropriately	3, 15
Equalities issues need to be covered more fully – particularly the implications of the Race Relations Amendment Act (2000).	28
Agreed process for setting evaluation criteria needs to be drawn up and implemented across the Council to ensure a consistent approach.	4, 16
Monitoring is patchy and needs to be covered fully and reported on a more formal basis.	25, 26
The involvement of Members for larger contracts needs to be enhanced and encouraged through training, briefing and formal participation in project teams.	11, 13, 14

12. Skills Assessment

- 12.1 Within the scope of the review it was clear that the Review Team needed to challenge whether the skills currently existing within the Council were adequate to meet the growing demand for procurement resources.

- 12.2 To this end therefore, officers with main responsibilities for procurement (and linked roles, such as the Head of Regeneration Finance) carried out a detailed self assessment of their skills against the IDEa procurement skills framework. (10 surveys were sent out, asking managers to circulate to their teams if appropriate and 7 were returned).
- 12.3 Whilst it is not appropriate to single out officers within the body of this report, the findings of the skills audit showed that whilst most of the main skills existed across the spread of Procurement Officers, including the fields of Contract Management, Finance and Accounting; ICT Projects; Marketing and Customer management; and self or team management, there were a few areas of significant weakness which need to be addressed. In summary these are listed below:

KEY AREAS – ALL STAFF

- All levels of all aspects of the Gateway Review process were seen as a low skill level area.
- Unfortunately no one from the Construction side of Housing or DLES responded to the Skills Audit, therefore it has been impossible to ascertain the level of Construction and Property skills at this time. Further work will be undertaken in this area towards the establishment of the key competencies.

OTHER SKILLS, - SOME STAFF

Strategic Awareness

- Some officers did not consider they were particularly skilled in drawing up business cases and project plans, and in managing risk,
- There was a lack of confidence in some in their abilities to interface with Members on procurement.
- Experience of operating or leading on strategic projects as part of cross-functional teams was a weak area for some key officers.
- Whilst some officers were very confident in their knowledge of sustainable procurement and electronic commerce solutions, some felt they were weak.

Procurement Policy

- A number of staff did not feel they were a source of advice on compliance options/risk of non-compliance.
- Some felt they needed more training to be totally familiar with compliance rules and to fully understand the risks of non compliance

Other Areas

- The area of PFI/PPP and Strategic partnering showed lack of awareness of attendant risks and lack of ability to contribute to their management. This is probably because there was a lack of thorough knowledge acquisition and practical experience.
- In Social Care Contracts some staff said they lacked knowledge and understanding of social care legislation.
- There were weaknesses in the area of market exploitation.
- And finally some staff felt less than confident in their familiarity and comfort with all aspects of procurement processes.

- 12.4 The skills gaps identified here will be addressed in the procurement training programme to be developed as part of the Best Value Improvement Plan.
- 12.5 In addition, the Review Team agreed that the best way to establish general skills needs across the Council was through the consultation exercises. The results of the surveys are contained within the next section of this report.

13. External Challenge

Critical Friend

- 13.1 External challenge of the Procurement Best Value Review took two forms. An external critical friend – Ray Black from the London Borough of Newham attended Review Team Meetings and provided constructive comments and useful challenge to the issues raised. Ray formerly managed the Corporate Contracts Unit for Newham and has many years experience in procurement, contract monitoring, management and compliance issues.

IDeA Peer Review

- 13.2 From 14th to 17th October 2003 the IDeA (Improvement and Development Agency) carried out a Peer Review “Procurement Fitness Check”. This service is available free to local authorities and looked at procurement across the organisation, including areas not included within the scope of the Best Value Review. The Review Team felt this would be a useful exercise and provide a robust, independent view of the procurement capability of the organisation.
- 13.3 The IDeA team (which included a Senior Consultant, two Consultants and a Peer from Westminster City Council) interviewed a wide range of officers and assessed procurement performance against the key milestones as set out in the ODPM National Strategy for Procurement. At the end of the week the Team presented the key findings to Officers and a formal report was provided in December 2003.
- 13.4 The key strengths and weaknesses of the Council’s procurement structure, process and practices is set out on the following pages. A copy of the main report is available on request.
- 13.5 The IDeA presented to the Council their view that there were a number of procurement strengths within the organisation under the categories: Leadership, Policy/Strategy, People, Resources, Partnerships, Processes and Results.

Procurement Strengths

- An Executive Member holds cross-cutting portfolio for procurement
- Director of Finance designated “procurement champion” on TMT and there is a Procurement Officers Group in place
- There is evidence of effective use of Scrutiny in strategic procurements
- The Council have taken the initiative in carrying out a cross-cutting BV review of procurement

- The Council was open to the external challenge of IDeA Fitness Check
- There is evidence of mixed approach to service delivery and an openness to considering modernisation in procurement
- The corporate approach to programme and project management has been identified by ODPM as good practice with a capital appraisals process now in place
- The Council is developing an Education procurement strategy and Education procurement user group.
- The Council has acknowledged the potential contribution of sustainable procurement
- There is a 5 year Capital Plan & work of the Capital Investment Panel
- There were good examples of innovative and creative procurement approaches
- The Council has developed a “Workforce Policy” in conjunction with Trade Unions
- The Council is working towards IIP and each employee has a training & development plan
- There are examples of staff being encouraged to gain MCIPS
- The Council is committed to partnering – with the public, private and voluntary sectors and the ethos of “Rethinking Construction”
- The Council is active in seeking out best practice and learning and sharing with others
- A 3rd sector local compact is in the process of being developed
- There is active participation in LCSG, Kent CC, G-Cat, S-Cat
- The Council has signed up to the Mayor’s Green Code
- The Procurement manual is comprehensive and user friendly – but not publicised sufficiently
- There is demonstrable evidence of awarding contracts on the economically most advantageous basis, rather than lowest price.
- E-Procurement is well developed
- The Council is active in working with local businesses to encourage and capacity build
- There is evidence that users’ views are sought through surveys and working parties.
- There are some examples of good contract management (Leisure, Social Services)
- The Council was quick to respond to a procurement “Mystery Shopper” enquiry – within 24 hours.

13.6 In terms of issues to be considered, these are listed below. Some of these will be resolved through the Best Value Improvement Plan, and some directly through the new Procurement Strategy included within this report.

Procurement Issues – Improvement Required

1. The Council needs to constructively assess lessons learnt from previous strategic procurement reviews with a view to implementation
2. A Corporate strategic procurement team led by a professionally qualified (CIPS) Head of Procurement should be established with a full review of

- organisational structure, procurement roles, remits, responsibilities and relationships.
3. The Best Value Toolkit needs to be revised and strengthened in the options appraisal section due mainly to the nature of the recently introduced cross-cutting review process.
 4. The Council should develop an aligned corporate procurement strategy and implementation plan
 5. A “Gateway Review” approach to strategic procurements should be adopted
 6. The Council should develop a joint commissioning strategy with the PCT.
 7. The skills audit should be extended across the organisation and followed up with a training and development programme.
 8. Procurement expenditure should be mapped and managed using “Hi/Lo Risk and Hi/Lo Cost approach.
 9. The Council should publish an annual procurement plan and contract opportunities on the website, and a selling to Barking and Dagenham guide.
 10. The voluntary sector compact needs to be completed.
 11. Processes should be reviewed to ensure compliance with internal and external procurement rules
 12. Access to procurement management information should be improved
 13. The Council should develop a contracts register and close off maverick spend as far as possible.
 14. The E-procurement strategy should be expanded to consider the potential of purchase cards.
 15. A culture of procurement risk management should be instilled
 16. Regular internal customer satisfaction surveys should be implemented
 17. The Council could consider how community forums could be used as the “eyes and ears” of the Council for contract monitoring
 18. The Council should develop a procurement performance management system.
- 13.7 In conclusion, the IDeA set out the following priorities for improvement as key to the procurement performance of Barking and Dagenham. These will be resolved in the short-term through the BVIP and longer term through the strategy and continuous improvement.
1. Critically review systems to ensure compliance with internal and external procurement rules
 2. Review and update BV Toolkit
 3. Develop an aligned corporate procurement strategy
 4. Appoint a professionally qualified head of procurement
 5. Adopt a strategic procurement management approach
 6. Adopt a “Gateway Approach” to strategic procurement
 7. Develop a procurement performance management system

14. Baseline Information – Procurement Mapping

- 14.1 In the final part of the challenge, officers carried out a high-level procurement mapping exercise to provide an overview of contract activity across the Council in terms of low to high risk and low to high cost processes.
- 14.2 Whilst currently only contracts valued at £200K or above are reported to the Executive, the Review Team felt that in some instances lower cost contracts could still have significant risk to the Council in terms of service provision or outcome. Examples of this could be:

Personal Care Packages	Cheap but significant risk to vulnerable users
Consultancy Contracts	Individually these could be fairly cheap, but outcomes not always clearly defined, contracts often overrun and are not “managed” and overuse of specific consultants could put the Council in breach of the aggregation rules
Use of External Solicitors	Inadequate specification or project management leading to over commissioning, excessive cost and inappropriate outcomes.

The procurement mapping “diagram” is included as Appendix 2 to this report.

- 14.3 As a result of this, it has been identified that procurement processes need to be improved to ensure that a consistent methodology is followed and suggesting that procurement officers be allocated to all high risk contracts as well as contracts above EU thresholds.

The Consultation Stage

15. Introduction

- 15.1 The key objectives of this process were to consult key stakeholders about the procurement service provided, and about its role in good service delivery.
- 15.2 The consultation process was also used to survey officers across the Council to establish their own role in procurement, how much support they felt they had and how much they felt they needed – now or in the future.

16. The Consultation Process

- 16.1 The consultation took a variety of formats.
- 16.1.1 Questionnaires were sent out (hard copy and email) to a variety of officers across the Council:
- Chief Officers/Managers/Heads of Service
 - Administrative Staff
 - Schools Staff
- 16.1.2 Questionnaires were also sent out (hard copy and email) to existing and potential suppliers of the Council – both private and voluntary sector.
- 16.1.3 Two focus groups were held with the Citizen's Panel, facilitated by Martin Hamblin GFK, the Council's Contractor for consultation.
- 16.1.4 In addition to the formal consultation detailed above, officers working in procurement met frequently with Council officers from Audit, Legal, Customer First and other key service areas to discuss progress with the review and seek a view on likely findings.

17. Consultation Key Findings

- 17.1 The key findings from the surveys were very informative. The results are summarised in this section.

17.1.1 Managers

177 questionnaires were sent out to managers in the Council. Despite two reminders the response rate was disappointing at less than 30%.

Key points raised included:

- Only 38.5% of respondees realised that contracts above £200K should be awarded by the Executive.
- Just over half (57.7%) felt well equipped to conduct procurement so almost half (44%) did not.

- Support from “professional” procurement officers (SG, HC, SW), Legal and Finance was valued but some Managers did not know where to get help.
- Procurement Training was often not identified or seen as a priority.
- Monitoring takes place but in a random and inconsistent fashion
- Almost one third of respondees had carried out a full tender in the past three years
- Most respondees thought political pressure, complexity, loss of staff and control would be factors in resisting outsourcing of either the in-house procurement service or services in general.
- More than half thought action should be taken against officers who fail to follow procurement rules or persistently fail to use corporate contracts.

17.1.2 Admin Staff/Schools Officers

58 questionnaires were sent out to schools – with an excellent response rate of 70.7%. 156 questionnaires were sent to admin staff but only 10.25% were returned - however some of the staff receiving questionnaires may have had no procurement responsibility.

The key issues were generally similar:

- The majority (60% of Schools respondees and 75% of Admin respondees) buy some stationery from Central Stores but also buy additional items from catalogues
- Half the Admin respondees did not know how much they spend on stationery every year.
- Low numbers of respondees had access to (or may be aware of) the procurement newsletter, Intranet or manual.
- Most respondees get advice on procurement from their colleagues (50% of Admin respondees) or their Manager.
- Schools staff were more consistent in raising purchase orders – 41.4% said they always did but 43% of the Admin respondees said they never raise purchase orders.
- Few respondees had ever received training in procurement – 78% of schools staff had had none.
- Online catalogues would generally be well received.
- There were varying levels of satisfaction with support from Oracle or Finance Staff.

17.1.3 Suppliers - Unsuccessful

25 questionnaires were sent out to suppliers who had tendered unsuccessfully for contracts with a response rate of 36%.

The key points were:

- Adverts and OJEC (now OJEU) were the key areas suppliers look to find out about prospective contracts although word of mouth was also key.
- 66% of respondees said the Council were good at communicating its tender requirements clearly and 88% said we are helpful when responding to queries.
- Generally it was thought that the Council was quick to respond to requests for information.
- Electronic submission forms would be a popular development.
- Suppliers were generally positive about e-tendering if they had the facilities to do so
- Some suppliers found it difficult to “market” their product to the Council
- Most respondees (88%) said they were monitored on their performance but only 11% were satisfied with the process. 11% never receive feedback on the results.

17.1.4 Suppliers – Successful

49 questionnaires were sent to existing suppliers/contractors with a good response rate of 67.3%. The questions were very similar to the surveys sent to the unsuccessful suppliers.

The key points were:

- Slightly higher numbers in this group relied on word of mouth to learn about prospective contracts
- The majority found the tender process easy and the Council quick and willing to co-operate and provide further information.
- Again electronic tender submission forms would be well received as would more detailed pricing schedules and specifications.
- It was requested that the company questionnaire (PQQ) was only completed once rather than for every contract
- 72.7% did get monitored on their performance and 69% were satisfied with the process – however 15% never receive feedback on their performance.
- Generally relationships with the Council are good
- One contractor cited Constructionline as the reason they thought they had received fewer opportunities to work with the Council.

A full summary of the consultation survey exercises is included as Appendix 3 to this report.

- 17.2 Two focus groups were held with the Citizens’ Panel at the end of August 2003 which concentrated specifically on residents’ perceptions of in-house and external service delivery. The key findings are detailed below; a copy of the full report is available on request.

- Attitudes towards the Council as a whole were relatively positive and performance levels were described as generally on a par with many other Councils, although certain services of procurement were seen as potentially inferior (especially street cleaning). This was seemingly caused by the Council's lack of funds and resources, and further exacerbated by the areas low economic and social make-up.
- Understanding of procurement amongst respondents was limited with some describing the perceived tendering process, but not showing much understanding beyond this point.
- All had experienced the impact of various procurement services, whether good or bad, and felt that the consultation process was important in this regard, but expressed some discontent as they felt that the Council, having consulted with the public, then tended to ignore their input and failed to actively apply their feedback.
- Quality and value for money were considered the two most important criteria for selecting one provider over and above another.
- Type of provider (i.e. in-house vs. contracted out) and their location (based within or outside the boundaries of the borough), although both relevant and having implications for the local economy, were considered less important than quality or value for money.
- Regardless of whether services were provided in-house or contracted out, it was felt that better levels of control and monitoring needed to be implemented by the Council, to ensure and maintain the necessary service levels.
- It was felt that priority should be given to areas directly affecting resident's health and well-being, and to this end felt that refuse collection and street cleaning should be focussed on (especially for hygiene reasons). This also applied to leisure facilities, as they felt that more provisions would aid in alleviating the social problems in the area caused by bored, restless youths. This would however, require both education and teamwork together with residents and businesses.
- Respondents were cynical when discussing any potential carry over of cost savings (if for example, by contracting out), and felt that if this did occur, they were unlikely to benefit. Council tax was constantly increasing, with little positive impact on the quality of service received. Improvements would therefore need to be significant before they could justify another increase.

18. Improvements Required

18.1 As a result of the consultation exercises, the Review Team established that the following weaknesses should be addressed as part of the outcome of the review process. Each improvement is linked directly to the full detail within the Improvement Plan.

Weakness	Improvement Required	Improvement Plan Ref
Many managers are unaware fully of the Contract Rules even as far as knowing the tendering thresholds.	Raise the profile of procurement with training and briefing on the rules (and agreed revisions) as key.	2, 4, 8, 14
Many managers believe political pressure to be a barrier to innovative procurement.	Encourage greater involvement of Members with procurement exercises and decisions. Back up through training and capacity building. Raise profile of procurement and work to change Managers' perceptions by demonstration of Members commitment to outsource or be innovative (eg. Housing Repairs/Schools PFI) where prudent.	11, 14
Most managers agree that disciplinary action should be taken against officers who persistently fail to comply with procurement rules and regulations.	Review and update Contract rules and launch with new training programme. Link to Officers (and Members') codes of conduct, monitor and enforce.	2, 3
Use of Central Stores is perceived by some as difficult and not necessarily a cheaper/more cost effective option. Not everyone is aware of what is available	Continue to investigate on-line catalogues and web-based purchasing. Make use of corporate contracts (where available) compulsory. Complete business review of Central Stores.	17 2, 3 24
Training is not always available to officers and even when it is, managers don't know how to access this to the best effect.	Set up full, targeted training plan with adequate resources to deliver.	8, 14
Technical "purchasing" support from Oracle/Finance Staff could be improved.	Ensure technical aspects of purchasing included within the training plan. Ensure ongoing support is available	8, 13

Weakness	Improvement Required	Improvement Plan Ref
	through appropriate networks.	
Need to move forward with e-tendering and online submission for suppliers.	Continue and roll out e-procurement strategy.	17
Suppliers feel it is difficult to "market" their products to the Council.	Continue to develop the external internet site and include web-based database for suppliers to register interest in supplying various products/services that can then be searched later to produce quotation/tender lists.	17
Contract monitoring is patchy and suppliers do not always receive feedback on their performance. The focus groups also considered monitoring as key and felt that they did not always receive adequate feedback on performance.	Develop and implement a consistent approach for monitoring across the Council, which includes supplier feedback. Consider presentation of monitoring results/key data to Community Forums, CHPs or other community groups as appropriate.	26, 27
The focus groups also felt that whilst they were consulted, their views were not always acted upon in terms of contract requirements / outputs.	Ensure procurement processes include stakeholder consultation and amend Executive report template to include a section on user/stakeholder consultation and needs.	26, 27
The focus groups felt value for money in terms of quality together with price was more important than the cheapest.	Ensure proper price:quality evaluation criteria developed and rolled out across the Council to ensure a consistent approach.	15, 16

The Compare Phase

19. Introduction

- 19.1 As part of the review process, the Team compared Barking and Dagenham's structure, skills, resources and procurement performance in a variety of areas with other local authorities and a private sector company.
- 19.2 The team also circulated a survey to other Councils with regard to their use of e-procurement. The results of this are included as Appendix 9 which demonstrates that Barking and Dagenham has progressed well in this area.

20. Paper/Telephone Comparison

- 20.1 Initial comparison exercises were carried out by email and telephone with a number of different organisations including:
- London Borough of Southwark
 - London Borough of Barnet
 - Leeds City Council
 - J Sainsbury PLC
- 20.2 In addition, a number of Best Value Procurement Review inspection reports were examined to establish strengths and weaknesses (these included LB Haringey, Brighton City Council, Broxbourne Borough Council and East Riding of Yorkshire Council).
- 20.3 Throughout this exercise the following points became clear:
1. Committed, trained and motivated Procurement Staff are key to the procurement success of the organisation
 2. Support from Senior Managers (and Members as appropriate) is a major factor in driving through good practice
 3. Considerably more resources in terms of FTE procurement officers are in place for the size of budget
 4. Procurement resources tend to be centralised rather than devolved
 5. Formal structures for procurement with clear rules/regulations pulled together in a Code of Practice (or similar) works best.

21. Comparison Visits

- 21.1 Following the paper exercise, the Review Team agreed to make comparison visits to local authorities who were cited for "good practice procurement". With the help of the Best Value Inspectorate, three Councils were approached and visits set up in August/September 2003. The Councils were London Borough of Westminster, London Borough of Wandsworth and West Sussex County Council. A cross section of Procurement staff, senior management and Members took part in each visit

21.2 The visits aimed to identify:

- Where the authority visited had a Procurement strategy, policies and procedures that differ from those of LBBB.
- Where they did differ, were they considered to be better, equal or worse than LBBB's?
- If they are considered better than LBBB's what is the potential for LBBB to adopt similar Procurement strategy, and/or policies, and/or procedures?
- In addition it was expected to gain useful information on these authorities use of e-purchasing and non-paper based processes generally.

21.3 The main findings from each of the visits are detailed below. A full (scored) comparison of each visit with existing LBBB practice is included as Appendix 4 to this report.

22. Visit to Westminster City Council

22.1 Westminster has a long experience of offering all city services for competition. In fact, all services that are not front-line, specialist, or required to be maintained in house because of legislation are market tested every 8-10 years. Approximately 3000 employees were transferred to contractors in November 2002. As part of this, Westminster has a 10 year contract with Accord, a member of the United Utilities group worth £422 million.

22.2 The Council's annual non-employment spend is around £225M with £150M through formal contracts.

22.3 There is a central Procurement function located within Audit. No contract can start up without a reference number being provided by this department. Each department of the Council has a contracts team, drafting specifications and monitoring the performance of external functions.

22.4 The thresholds set out in their Standing Orders (Contract Rules) are significantly higher than LBBB with Chief Officers able to authorise contracts up to £1.5M – with the exception of consultancy where the limit is £300K. This process works well as Members and Chief Officers sit on Departmental Procurement Boards where all major contract decisions are made. Members on these boards therefore have the power to approve award of contract without reference to the Executive.

22.5 The existence of the Procurement Boards gives high profile and control for procurement exercises, enabling strategic objectives to be key and ensure continuous improvement in service delivery.

22.6 A procurement training programme exists with six training sessions a year each for 25 staff. Part of the training in each session is adjusted to take account of questions that have arisen that departmental advisers have not been able to answer and have been referred to central Procurement.

- 22.7 Contract information is stored centrally on a corporate contract database held by the compliance group, from which an annual report is provided to the Scrutiny Committee
- 22.8 A detailed, comprehensive Approved Suppliers list is held by the Council and regularly updated. Westminster was clear that persistent failure to use the Approved Lists or follow proper procedures was resolved through disciplinary action.
- 22.9 However, unlike LBBD, e-procurement is less well advanced with a SAP system (such as Oracle) still only under consideration. Equalities issues do not appear to be adequately considered and the Council has not fully implemented the new TUPE/2 Tier Workforce guidance.

23. Visit to West Sussex Council

- 23.1 West Sussex has a Central Procurement team comprising 3 managers, 9 contracts officers, and 3 admin staff plus 15 department based staff. The central team procures and manages corporate contracts and provide Procurement leadership, advice, and guidance. Very few services remain in-house. The Procurement team is run as a business unit.
- 23.2 The Council has an annual non-employment spend of around £280 million. The contract thresholds are similar to Barking and Dagenham, with three written quotes required for contracts up to £50K, formal tendering with Chief Officer approval between £50K and £200K and above £200K the Cabinet Member makes the decision.
- 23.3 Apart from the appropriate Cabinet Member approval process, involvement of Members is patchy. However, the Council was in the process of establishing a Corporate Procurement Board which would include Member participation.
- 23.4 West Sussex have a very good corporate training programme provided and accredited by CIPS (Chartered Institute for Purchasing and Supply). Currently this is funded by a trading surplus within the Procurement team.
- 23.5 Process control is ensured through the use of the Council's "Yellow Form" which takes Officers step-by-step through the process, ensuring that consultation, stakeholder involvement and all other considerations are complied with. The form has to be completed and signed off by the appropriate officers before contracts can be awarded.
- 23.6 All contracts above £50K are allocated a Contracts Officer to guide and support Client Departments through the process.
- 23.7 Procurement and contract performance is critical here. West Sussex has a Contracts Quality Control Officer who ensures that monitoring takes place. Monthly contract performance and development meetings are reported across the Council.

- 23.8 Contracts officers work with the client and users to ensure stakeholder needs are taken into account. The first line of complaint within service delivery is through the client department; however central Procurement will help to address serious problems
- 23.9 The Audit department has a greater involvement than at LBBB with Audit Officers carrying out risk assessments on all contracts.
- 23.10 West Sussex has a corporate contract database maintained on the Procurement Intranet, and as with Westminster, disciplinary action is taken against officers who fail to comply with use of Approved Lists or other Procurement Procedures.
- 23.11 However, also like Westminster, West Sussex is less developed than LBBB in e-procurement with SAP currently being implemented to replace the paper based system. Again they are under developed in implementing Equalities issues or TUPE/Workforce Matters.

24. Visit to Wandsworth Council

- 24.1 The Council has contracted out most services with a culture to outsource where possible. Procurement is generally devolved to departments but strong controls and low tendering thresholds backed by a firm commitment to disciplinary action for offenders ensure compliance. On the Corporate side procurement resources were restricted to a Head of Service Head of Policy and Procurement, Supplies Officer and his assistant, with involvement from the Policy/Best Value team in terms of monitoring and reporting.
- 24.2 Some of the procedures appeared to be very outdated with Members opening all tenders over £20k. The Scrutiny Group also analyses tenders.
- 24.3 There is little formal or ongoing training unless provided at minimal cost by the LCSG or other bodies. Wandsworth indicated that this was due to low staff turnover with most people knowing the rules and procedures and being fully aware of the consequences of not following the Procedures and Standing Orders
- 24.4 For contracts between £20K and £250K formal tendering procedure has to be followed using an audited paper trail 'Blue Form' which must be completed and scrutinised by the overseeing board.
- 24.5 For contracts above £250k, these are overseen by a procurement board consisting of the "Gang of Three" – Head of Legal, Head of Audit Head of Policy and Procurement. This is to ensure a robust business case, including a financial budget sign off, correct contract form is used, that TUPE, EU compliance etc is covered and that robust contract monitoring is in place.
- 24.6 All adverts and OJEU notices for contracts are placed by a single point to enforce compliance, and ensure a common format for suppliers to respond to, regardless of the originating Directorate.

- 24.7 It was not clear if Wandsworth used procurement to drive up service delivery or achieve strategic objectives. The Audit involvement appeared to be in place merely to manage budget overspends and officers were clear that as long as minimum quality criteria were met by tenderers, contracts would always be awarded to the cheapest. There was little, if any evidence, of “whole life cost” considerations in procurement practice at this Council.
- 24.8 Wandsworth manages separate Works, Supplies and Housing Approved lists on a three year programme with the aim to create one list.
- 24.9 Again, like Westminster and West Sussex, e-procurement is less advanced than LBB. Their ordering system is entirely paper based, with no current or long term plans to change this. Officers were also clear that with the exception of minimum legislative requirements there were no specific plans to improve management of Workforce Issues or ensuring Equalities Objectives were met.

25. The Lessons for LBB from the Visits

- 25.1 It is clear from these visits that significant differences exist between Barking and Dagenham and the comparator authorities. Whilst it should be noted that all three visited were politically different with Conservative majority parties, the lessons are key to improvement within this Council.
- 25.2 On a positive note, the visits demonstrated that Barking and Dagenham is performing better than the competitor authorities in terms of:
- E-procurement
 - Implementation of equalities issues/RRA 2000
 - Good practice in workforce matters including TUPE and the two Tier Workforce issues
- 25.3 The scored summary of the visits (attached as Appendix 4) in fact showed that taking into account these examples of good practice, Barking and Dagenham actually came third out of the four overall scores with a total of 73 marks. The actual scores were:

West Sussex	101/140	72%
Westminster	96/140	68%
LBB	73/140	52%
Wandsworth	60/140	43%

Whilst this is no reason to be complacent, it is important to recognise that in some areas Barking and Dagenham are demonstrating examples of good practice that are at least as good as, if not better than the recognised “best practice” Councils.

25.4 However, Barking and Dagenham could adopt some of the key points of good practice in order to achieve the necessary improvements identified by the challenge and consultation phases. These are set out below and as before,, linked to the key tasks in the improvement plan.

LBB Weakness	Comparator Authority Good Practice Point	Improvement Plan Ref
Low level of resources leading to problems managing increasing workload. Devolved procurement has led to inconsistent practices and fails to achieve compliance.	There are clear benefits from a strong central team who have sufficient resources to ensure they can provide adequate training and support to the staff with devolved purchasing authority.	12
Member involvement in procurement needs strengthening	Members appear to have the greatest involvement in authorities where there are departmental boards with member participation	8, 11, 13
Officer capacity except for the few “dedicated” procurement officers is very limited.	The best training outcomes in the authorities visited occurred where training was closely targeted to user needs, for which skills auditing is necessary. The quality of the training can be improved by use of professional trainers in purchasing skills	8, 14
Lack of a step by step procurement process means consistency of approach is difficult and monitoring of compliance varies greatly.	The visits highlighted the benefits of a control document similar to the “Yellow” and “Blue “forms used by two of the authorities. However a simpler format might be appropriate.	4
Compliance with procurement processes, contract rules and relevant legislation is generally not considered to be important by many officers although Managers are starting to accept that this cannot continue.	Redraft Contract rules and tie in with Officers/Members codes of conduct and monitor.	2

26. Regeneration Board and Procurement

- 26.1 The Review has clearly established the importance of procurement in relation to how the Council provides services; improves choice, quality and delivers best value to its citizens.
- 26.2 Barking and Dagenham is at the heart of the Thames Gateway development, providing an enormous plethora of social, economic and environmentally sustainable opportunities and benefits to the borough and its citizens in the future.
- 26.3 In order to respond to and maximise the benefits of such change for the borough, as a direct result of the Best Value Review of Regeneration (running concurrently with this review), a Regeneration Board has been set-up with the aim to become the *'principal collective officer decision - making and co-ordinating body for strategic regeneration matters in the council'*.
- 26.4 The Board includes the Chief Executive; all members of the Council's management team (TMT), including the Director of Finance, who is the Procurement Champion.
- 26.5 Since procurement activity underpins most of what the Council does, procurement issues and practice will receive enhanced ownership at chief officer level and gain further strategic kudos.
- 26.6 The Board will also ensure that the Council's strategic objectives are being delivered, through its quarterly monitoring and discussion on the Balanced Scorecard. As one of the key cross-cutting objectives, procurement practice will therefore be scrutinised in relation to regeneration activity and opportunities.

The Regeneration Board Terms of Reference are attached for information as Appendix 10 to this report.

The Compete Phase

27. Introduction

- 27.1 Compete is intended to consider who should deliver the service in the future by assessing the level of current service provision and comparing it with others in order to establish quality and possible alternatives; however, with a strategic cross-cutting review such as procurement, this is more difficult – particularly when it reflects and impacts upon the culture of the organisation.. It was important to establish what an ideal model service would look like and in doing this the Review Team took into account the findings of the consultation challenge and compare elements discussed so far.
- 27.2 Whilst there is a developed market for procurement advice in the private sector, this has tended to concentrate on consultancy for business review or support for individual projects.
- 27.3 This section highlights the experience of other Councils in delivering their procurement service appropriately and identifies possible routes for Barking and Dagenham to explore.

28. A Model Service

- 28.1 There are a variety of different models of an ideal “Procurement Service” which exist in local government today. However, it is clear that in whatever format, the service should provide as a minimum:
- Leadership and strategic guidance to officers and Members
 - Clear and manageable procurement processes for officers to follow that minimise the number of steps, cycle times and costs
 - Clear and manageable procurement procedures in terms of contract rules and regulations, financial regulations and legal obligations that are regularly updated and easily available via training, Intranet and hard copy access.
 - A framework to maintain transparency through publishing a procurement plan, providing selling to the Council guides and a website; and providing evaluation criteria in advance.
 - Involvement at early stages in Best Value and other strategic reviews
 - A framework and strategy to ensure the best use of the Council’s purchasing power is made
 - Leadership to drive forward e-procurement
 - Guidance and practical management of major procurement projects
 - Performance measurement and reporting.

(Adapted from the ODPM National Strategy for Procurement)

28.2 How then, should a procurement service be provided? There are a number of different options including:

- In-house resource (strengthened/restructured)
- External consultancy advice
- Outsource the procurement service
- Combine the procurement service with other support services and outsource
- Partial outsourcing (e.g. Central Stores)
- Joint work/partnership with public/private or voluntary sectors.

28.3 In terms of the Councils visited as part of the comparison phase, the following options had been chosen:

28.3.1 Westminster Council

Westminster have outsourced their procurement service in terms of supply purchasing, payments and a degree of compliance on the smaller purchases along with a wider range of services provided through the Westminster Accord Partnership. Service and works procurement is devolved, with advice retained in-house through specific officers in the Audit Section and overall control/compliance managed through the Procurement Board structure.

28.3.2 West Sussex Council

West Sussex have retained all procurement support and advice in-house, with a dedicated team of 13 plus 3 Admin staff established as part of the Business Development Unit.

28.3.3 Wandsworth Council

Wandsworth have also retained procurement support in-house, although they do not have a dedicated team. Responsibility is split between the Head of Policy and Procurement, Head of Legal and Head of Audit, supported by two Supplies Officers and the Best Value team. However, compared with Barking and Dagenham, there is much greater involvement by Audit and the Committee Section are responsible for Tender administration in terms of process management and ensuring consistency and compliance.

28.4 Other Councils examined including Newham, Haringey and Havering have retained their procurement support service in-house.

29. Options Appraisal

29.1 On 4th December 2003 the Review Team hosted an Options Appraisal workshop to consider the way forward for procurement in Barking and Dagenham.

29.2 The workshop was attended by more than 20 officers, including senior representatives from Audit, Legal and Customer First not previously involved within the review process. Representatives from the comparator authorities

were also invited, although they were unable to attend. The group received a short presentation providing background and headline findings from the Best Value Review process and draft Procurement Strategy.

- 29.3 Officers, split into three sub-groups and led by a facilitator, were then asked to consider the options for the future of the Procurement Service in two sessions. Within the first session they analysed each of the six relevant options using the matrix revised from the Best Value Review toolkit and from this selected two or three preferred options, giving reasons for their choice.
- 29.4 In the second section the options were discussed in depth – including structures where appropriate and officers were asked to present back their findings to the whole group during a plenary session at the end.
- 29.5 Following a lively discussion, the preferred options can be summarised as follows:

29.5.1 In-house restructuring

Several options were presented around in-house restructuring which was the preferred option of all three groups because of LBBD's low resource base when compared with other good practice authorities.. It was felt that central "strategic" resources needed to be strengthened through the appointment of a new Head of Service and additional staff at the centre. The preferred option for the remainder of the Council was a strengthening of the separate procurement sections and establishing these where they did not exist, but ensuring consistent practice and procedure through "arms length management" by the Head of Service to each service department. It was also felt that clear thresholds needed to be established to gauge when corporate procurement would be involved based upon contract costs and risks. **BVIP 3**

29.5.2 Joint Commissioning

There was some discussion around the scope to enhance joint commissioning work through regional consortia, building upon and enhancing current practice. Whilst it was agreed that this was in principle an excellent idea and that the Council already took part in considerable joint commissioning work, additional resources would be needed to see this process through and ensure that Barking and Dagenham's requirements were still adequately taken into account by the Consortia. Therefore, whilst this is definitely an option, it does not negate the requirement for additional resources.

Following suggestion by Members at the Best Value Panel, the Review Team will establish baseline information about the amount of joint commissioning work currently taking place and work up a business plan for further consideration. **BVIP 18**

29.5.3 Potential Part Externalisation

Officers agreed that although this was not within the remit of the review itself, there may be some benefit in looking at the potential for

externalising the service provided by Central Stores, either by outsourcing the management or replacing the service with “Just in Time” delivery, although this specifically had not been part of the scope of this review. DLES is currently undertaking a review of Stores and will complete a business plan by March 2004 which will propose options for the future of the stores.

The completed Options Appraisal matrix is attached as Appendix 5 to this report.

Financial Costings

30. Current Baseline Costs

30.1 The current approximate annual cost of providing the three core Procurement Services within the Council are as follows:

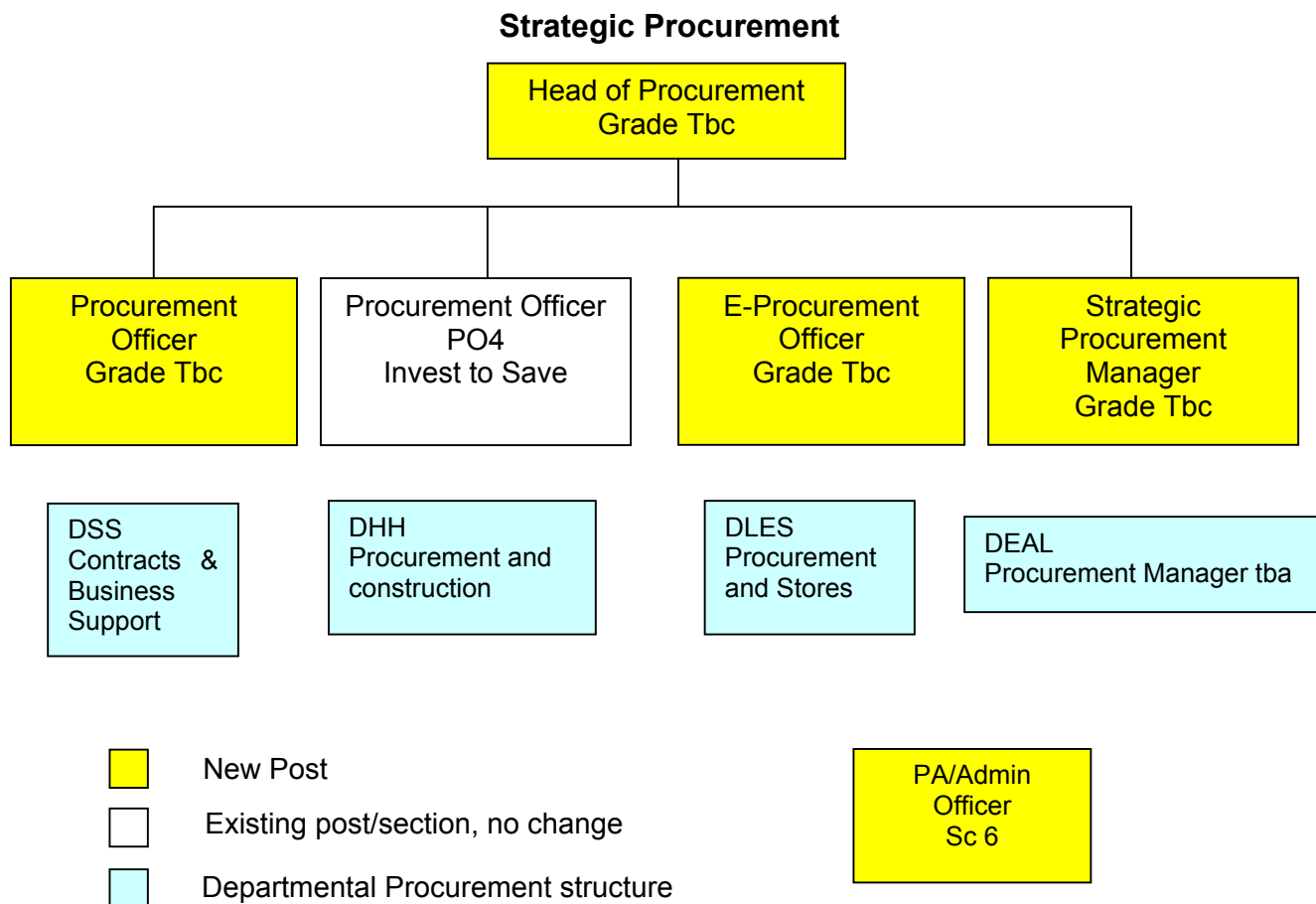
Subjective	Corporate Procurement £	Procurement and Stores		Social Services Contracts / Business Support £
		Purchasing £	Stores £	
Staffing	85,000	96,000	160,000	227,000
Premises, Supplies and Services	10,000	10,000	89,250	Central recharge
Sub-total	95,000	106,000	250,000	227,000
TOTAL	c. £678,000			

Note that costs for Corporate Procurement are based on this year (2003-4) and include funding from the Invest to Save bid. The figure will rise to c. £115K in 2004-5 and drop again to £105K in 2005-6. The funding includes employment of a full time fixed term contract Procurement Officer which the review recommends is included within the permanent establishment.

The Central Stores costs are largely recovered by an on cost addition to the materials purchase cost and must be set against lower unit price, handling, invoicing and ordering costs to reflect the true cost

31. Proposed Structure – Estimated Costs

31.1 It is recommended that a “Strategic Procurement Unit” is established within the Finance Department. As an outline, the structure could look like this.



31.2 The overall structure, roles, responsibilities and grades will be subject to consideration by the Director of Finance and further reports as required. Early indications at this stage are that additional costs of the team would be in the region of £220k. The final cost will be dependent on the final gradings of the team (after job evaluation). It is recommended that the funding for the team is considered as part of the 2004/05 budget process, with consideration being given to Invest to Save opportunities. It is recommended that a growth bid of £150k be made, with the balance of funding of £70k for the team being funded by Invest to Save activities.

31.3 The Strategic Procurement Unit will work closely with the departmental procurement structures, including Social Services Contracts, Procurement and Construction in Housing and Health and Procurement and Stores in DLES. A post will be recruited to in Education, Arts and Libraries which will report to the Head of Finance and be responsible for service procurement advice and direction within Education at the operational level.

31.4 Whilst there are no additional resources identified currently in the other sections, it is recognised that the rising workloads incurred through more

innovative procurement need to be managed appropriately and potentially with the addition of additional staff. This structure is still very lean in comparison with other centralised good practice authorities such as West Sussex. As an interim structure, it will be the responsibility of the new Head of Procurement to identify how best the demands can be met and if appropriate, seek funding to create additional central or departmental posts.

- 31.5 This structure may necessitate the deletion of the post of Corporate Procurement Officer (PO6).
- 31.6 The existing additional post of Procurement Officer is currently funded by a 3 year Invest to Save bid. This will be kept under review.
- 31.7 It is proposed that the initial costs are funded by growth on a further “Spend to Save” basis.
- 31.8 Since the Procurement Invest to Save bid was approved (March 03) a Procurement Officer has been recruited and work carried out in a number of high spend areas (corporate advertising, agency staff, external legal fees etc) to establish potential savings targets for the procurement service.
- 31.9 The table on the next page gives an indication of the potential savings that the Council could make through proactive procurement activity. These savings could be used in part to fund part of the cost of the team.

Procurement Savings Targets				
Service	Current Spend 02/03	Action	Saving Target	Realised from
Legal Services external fees	£2,150,000	Continue to work with Legal (liaison group established) to reduce cost through: <ul style="list-style-type: none"> • securing fixed price costs for legal advice projects • establishing and enforcing use of corporate contract templates for standard procurement procedures • reducing use of external legal advice on procurement issues 	£215,000 (10%)	2005-6
Agency Staff	£14,000,000	Work with HR to look at improved procedures for management and procurement of Agency Staff. One option proposes use of "Managed Service Provider" as adopted by LB Lambeth and Luton BC. These councils are looking to save upwards of 4% on their agency spend. LBBD should achieve similar.	£420,000 (3%)	2005-6 (Possibly staged process full savings 2006-7)
Whole Council – efficiency savings through E-Procurement	Total annual spend £180,000,000	Savings are currently being achieved by use of e-payments through BACS. A target of 90% has been set – approx 75% achieved to date. Further savings are available, but require input of an e-procurement officer to address systems issues, suppliers and to deal with e-ordering, invoicing and payment.	£180,000 (0.1%) efficiency saving alone, could be higher.	2005-6
Security Services	£1,500,000	Review/renegotiation of current contracts and look at potential for consolidation for the future.	£75,000 (5%)	Start 2005-6 May be staged process
Consultancy	£1,073,000 (conservative estimate)	Review of use of consultants. Look at approval procedures and consider similar to those in place for agency staff. Establish framework contracts for regular professional services requirements. Savings in current Invest to Save bid at £50K per annum.	£50,000 (in addition to Invest to Save – total £100K)	2005-6
TOTAL SAVINGS TARGET			£940,000	From 2006-7

Conclusions

32. Review Findings - Strengths

32.1 In summary then, the Best Value Review found that there were a number of strengths in procurement across the organisation, including:

- Increasing involvement of Members in the procurement process including a Portfolio Holder for Procurement who sits on the Executive
- A marked culture change in senior management with a committed “procurement champion” (the Director of Finance) at TMT and increasing willingness to engage with good procurement practice.
- The Councils Performance Management Framework, BSC has “*Improved Procurement*” as a key objective for Funding the Future and requires each Head of Service to demonstrate their contribution to the *Funding the Future* element.
- Recent procurement exercises (e.g. Housing Repairs and the Schools PFI) have demonstrated a commitment at Member level to a mixed approach to service delivery and openness to considering modernisation in procurement including awarding contracts on the most economically advantageous basis rather than lowest price.
- The Council has acknowledged the potential contribution of sustainable procurement, has signed up to the Mayor’s Green Purchasing Code and is working towards inclusion of whole-life costing criteria.
- The Council has developed a procurement “Workforce Policy” in conjunction with Trade Unions thus facilitating easier TUPE transfer and procurement outsourcing. The policy and it’s practice in the Housing Repairs transfer is currently being evaluated as an example of good practice by PriceWaterhouse Coopers on behalf of the government.
- The Council is committed to partnering – with the public, private and voluntary sectors and the ethos of “Rethinking Construction”
- The Council is pro-active in seeking out best practice and learning and sharing with others
- A comprehensive and user-friendly procurement manual is available for officers.
- E-Procurement is well developed and on target to meet the e-government agenda
- The Council is active in working with local businesses to encourage and capacity build
- Stakeholders’ views are sought through surveys and involvement in contract packaging and evaluation panels.
- There are some examples of good contract management and monitoring (Leisure, Social Services)
- The Council has progressed inclusion of Equalities and Diversity criteria and in particular the implementation of the Race Relations Amendment (2000) Act.

32.2 Whilst complacency is obviously unwise and continuous improvement key, progress in good procurement practice over the past few years has been

considerable, achieving a significant step-change so far and the Review Team feels that this should be acknowledged and recognised.

33. Review Findings - Weaknesses

33.1 However, there are a number of weaknesses in procurement practice which the Review Team has identified and set out for improvement in the Improvement Plan.

- Compared with best practice authorities the structure and resources (in terms of number of staff) available for procurement at Barking and Dagenham is weak, leading to slow progress in some areas despite willingness to change - **this will be addressed through establishment of a new structure and recruitment of a Head of Service (by September 2004).**
- Although most “procurement officers” are skilled and experienced across the range of procurement activity, there are few with formal MCIPS qualifications or experienced in Gateway Review project management - **this will be addressed through enhanced opportunities for training and development.**
- Skills of “non-procurement” officers are generally weak across the Council and many Service Managers feel procurement is unimportant to them- **this will be addressed through development of a communications strategy, further skills audit and implementation of a targeted training plan**
- The Contract Rules do not take into account latest Best Value procurement practice or sufficient emphasis on strategic objectives or Council Policies such as Equalities and Diversity - **this will be addressed through review, revision and re-launch of the Contract Rules.**
- Contract documentation and methods of selecting contractors are often inconsistent and sometimes weak - **this will be addressed through establishment of corporate evaluation criteria, standard contract templates and review of approved lists.**
- Maverick spend is seen as a problem, as is the ability to manage projects within budget –**project management will be addressed by project management (including Gateway Review) training; and maverick spend will be addressed by increased spending reviews and use of e-tools, an enforceable Code of Practice and enhanced risk assessments**

34. Recommendations

34.1 The Review therefore recommends that: the Executive agrees:

34.1.1 To note and endorse the findings of the review

34.1.2 The draft Procurement Strategy (Appendix 1)

34.1.3 The Improvement Plan (Appendix 2) which incorporates the Best Value Improvement Plan and the Strategy Implementation Plan.

34.1.4 To make resources available for implementation of the improvements including the new structure as detailed in this report.

35. The Improvement Framework

35.1 At the conclusion of the Best Value Review it has become clear that the Council needs to incorporate the recently developed Procurement Strategy within the Improvement framework which will therefore include:

- the Procurement Strategy as Appendix 1 to this report
- the Improvement Plan as Appendix 2

35.2 The Procurement Strategy sets out the longer term procurement aspirations for Barking and Dagenham in terms of ensuring that the Council's service objectives can be achieved through procurement practice which will be continuously monitored, reviewed and improved.

35.3 The Improvement Plan incorporates the specific recommendations which have been identified from the scope of the Best Value Review and additional recommendations/improvements which fall outside of the scope, but arising from the procurement strategy.

36. Performance Management and Procurement

36.1 The commitment to improve procurement practice across the Council arises not only from the desire to appoint a strategic Head of Service with a dedicated team, but also from the incorporation by TMT of a key objective '*Improved Procurement Practices*' within the Council's performance management framework, the Balanced Scorecard.

36.2 The Balanced Scorecard, adopted by the Council in 2002, is the mechanism through which the Council is managed. The introduction of the procurement objective is a key shift in the way the organisation will consider this activity, overall and at a strategic service level from April 2004.

- 36.3 In addition, the development of Thematic Scorecards from April 2004, will, through a thematic analysis, highlight areas of weakness and strength in relation to how well this cross-cutting function is being delivered across services, departments and the Council as a whole.
- 36.4 The procurement objective is accompanied by robust strategic performance indicators, which will be monitored as part of the Council's existing performance monitoring framework.
- 36.5 Coupled with the appointment of a Procurement Champion and the existing Executive Member, Portfolio Holder, the capacity to improve and sustain good, innovative procurement practice, within the authority is clearly promising.
- 36.6 This demonstrates strong commitment to the function, the establishment an action orientated ethos fostering organisational culture change and outcome focused measures and analysis.

Appendix 1 – Procurement Strategy

LBBD PROCUREMENT STRATEGY

1. Introduction

- 1.1 Barking and Dagenham Council is modernising many of its services and the way they are managed. As part of this process our relationship with external organisations is also changing and we are now using more external goods, works and services. Alongside these changes and with the recognition of procurement as a force for good business practice, it is increasingly important to establish a clear policy for how these externally provided resources are procured.
- 1.2 The Council is committed to achieving Best Value through an open and transparent decision making process in deciding what we needs to “make or buy” to facilitate the achievement of current and future corporate aims.
- 1.3 This report sets out what Barking and Dagenham aiming for in terms of good procurement practice, in terms of:
 - Key Aims for Procurement
 - Strategic Objectives
 - The Regulatory Framework
 - Culture and Leadership
 - Resources and Training
 - Project Management
 - Performance Measures and Review

Additionally, the key tasks identified to implement the strategy are set out in the Strategy Implementation Plan, attached as Appendix 2 to this report.

2. Key Aims for Procurement

- 2.1 The Council’s “mission” for procurement is:

“To consistently deliver the best possible services to the community through effective procurement and partnerships, taking into account whole life costing, innovation and continual improvement”

- 2.2 The Procurement Strategy sets out how the “mission” will be achieved within the context of the principles of the Byatt report and with the 12 procurement policy principles “The Barking and Dagenham Twelve” as agreed by the Executive on 11th March 2003¹,. It also incorporates the recommendations

¹ The Procurement Principles “Barking and Dagenham 12” are attached.

from the Best Value Review, CPA, and IDeA Peer Review and with the National Strategy for Procurement recently released from the ODPM.

- 2.3 The success of the “mission” will be demonstrated through the following key outcomes which refer directly to the procurement policy principles detailed at the end of this strategy.

By 2006 Procurement in Barking and Dagenham will:

1. Be explicitly compliant with UK and European legislation and industry Best Practice, and be delivered in a fair and transparent way across all processes and exercises (*B & D 12: 1, 4, 6 and 11*)
2. Be delivered and supported by skilled, motivated professional officers and upheld by the culture of the authority (*B & D 12: 3 and 10 and NSP*)
3. Be innovative yet sustainable in sourcing best value cost effective solutions, whilst better delivering key social objectives and Council priorities (*B & D 12: 2, 5, 8 and 9 and NSP*)
4. Through partnership work and capacity building deliver a mixed economy of service provision, with a variety of in-house, voluntary sector and commercial suppliers (*B & D 12: 5, 7 and 11 and NSP*)
5. Deliver savings and efficiencies in areas of major spend within the Council (*B & D 12: 2 and 8 and NSP*)
6. Improve contract performance through revised documentation and robust monitoring procedures which are reported and acted upon appropriately (*B & D 12: 1, 3 and 8*)
7. Ensure that the views of staff, suppliers and the wider community shape processes and the delivery of services within a rapidly changing local environment (*B & D 12: 4, 5, 7, 9 and 12*)

These outcomes form the basis of the developments set out in the “Improvement Plan” which incorporates the recommendations from the Best Value Review and additional improvements identified from the Procurement Strategy.

- 2.4 This will be achieved through:

People	Providing leadership and building capacity for procurement through effective management, training and support
Process	Delivering excellent IT and other procedures to facilitate effective procurement process and compliance
Environment	Stimulating local markets, working with SMEs, internal departments and external organisations to achieve local and wider community benefits. The Council will actively seek out and learn from best practice.

3. Strategic Objectives

- 3.1 The Council is committed to utilise good procurement practice to drive up service delivery through the achievement of its strategic aims as set out in the Community Priorities. This will be demonstrated through:

Making Barking and Dagenham Cleaner, Greener and Safer

- The Council will develop contract evaluation criteria that incorporates whole life costing, environmental impact and other sustainable issues.
- Service contracts will, where possible, incorporate performance targets that work towards reducing crime and improving community safety.

Promoting Equal Opportunities and Celebrating Diversity

- Good practice requirements in Equal Opportunities will be explicit in all Council Contract Documentation
- The Council will comply explicitly with the requirements of the Race Relations Amendment Act (2000).
- Training and advice will be provided to suppliers (particularly local SMEs) with regard to Equalities issues and implementation of relevant legislation
- The Council will develop a strategy to capacity build local BME businesses and enable them to compete fairly with larger organisations.

Raising Pride in the Borough

- Specifications will include clear targets for improving satisfaction in the levels of service received.
- Better procurement project management of capital projects will ensure development and maintenance of high quality assets for the Borough.
- Contracts will be monitored and poor performance managed appropriately to ensure services are delivered to the required standard

Improving Health, Housing and Social Care

- Social Services will continue to develop and improve on the implementation of joint commissioned contracts with the PCT and other partners to ensure a holistic approach to the delivery of social services and health needs.
- External procurement advice and assistance will be incorporated into the Housing Department to ensure the achievement of the challenging Decent Homes agenda

Better Education and Learning for All

- The Council will actively seek to contract with external partners who have good records for workforce training and development.
- Service (and long term) contracts will, where possible, incorporate performance targets for training and developing local people.

Developing Rights and Responsibilities with the local Community

- The community will be consulted on service requirements as part of the procurement process and a process will be developed to enable the participation of residents in evaluation of the larger service contracts.

- The views of residents and other stakeholders will be sought as part of the contract monitoring process through the Citizen's Panel, Community Forums, CHPs, LSP and other partner organisations.

Regenerating the Local Economy

- The Council will work actively with local businesses, SMEs and the voluntary sector to capacity build and facilitate their participation in tender exercises.
- The Council will develop and agree a Voluntary Sector Compact
- Work on the development of an external comprehensive web-site for procurement "Doing Business with Barking and Dagenham" will be completed and promoted along with publication of promotional literature.

3.2 In addition, the procurement strategy will clearly tie in with performance management and the strategic framework set out by the Balanced Scorecard.

4. The Regulatory Framework

4.1 Procurement within Barking and Dagenham, as with other local authorities is bound by clear regulatory framework, partly through UK and EU Law, supplemented by internal Council Contract Rules. In summary, the rules include the following requirements:

4.2 EC Procurement Rules

The EC Procurement Rules apply to all public service organisations and set out procedures for the award of contracts above certain financial threshold for supplies, services and works. The purpose of the rules as set out in the Treaty of Rome is to ensure free movement of goods and services throughout Member States thus increasing opportunities for competition and better value for money. The thresholds are different for the type of procurement exercise – currently just above £150K for services and supplies and £3.8M for works – and are reviewed every two years. The London Borough of Barking and Dagenham is committed to working proactively to improve procurement practice yet stay explicitly within the bounds of the regulations.

4.3 UK Law

The Local Government (Goods and Services) Act 1988 clearly sets out how procurement should take place with restrictions on the inclusion of "non-commercial" considerations within evaluation criteria. Whilst it is clear that many of these restrictions still apply, including prevention of locality as an explicit criterion, there has been some relaxation in the rules around the ability to include staff considerations within tender evaluation. This is accompanied by the TUPE (Transfer and Undertaking (Protection of Employment) Legislation) 1984 which governs basically the requirement to transfer staff (and their terms and conditions) with a service if the service provider changes. The Council's "Workforce Matters in Best Value and Contracting" Policy incorporates guidance about TUPE and the avoidance of the "Two Tier Workforce".

4.4 Contract Rules

The Council's Contract Rules set out clear guidance on probity and tendering processes to safeguard the interests of Barking and Dagenham. Included within the rules are the thresholds for quotes and tendering, and when and how Members should be involved with the process. The Contract rules were last revised in 2001 (agreed February 2002) and these will be reviewed as part of the Procurement Strategy/Best Value Improvement Plan.

- 4.5 The strategy sets out how the Council will comply explicitly with these rules, and how a procedure for ensuring compliance with the rules will be developed.

5. Culture and Leadership

- 5.1 The National Strategy for Procurement is clear that leadership from Members and Senior Managers of the Council (TMT and Heads of Service) is key to good procurement practice.

"Councils will not be able to realise the full potential of procurement to improve public services without commitment from the top. This means that chief executives, elected members and chief officers must support procurement as a strategic, corporate priority and provide political and managerial leadership". ODPM National Strategy 2003

- 5.2 The Council endorses this view and is in the process of implementing the recommendations. To date the following has been achieved:

- There is an Executive Member in place with portfolio responsibility for procurement.
- A Chief Officer Champion for procurement has been nominated to take responsibility for the strategic lead in this area.
- The 2004/5 Council Balanced Scorecard includes procurement as a key area for improvement, thus ensuring that all service areas actively engage and define aims and objectives through this route.

- 5.3 In addition, the Council will, in the next twelve months:

- Recruit a senior level Head of Procurement to drive forward the challenging procurement agenda
- Develop procurement key performance indicators to be reported to chief officer meetings (TMT), the Executive, Corporate Monitoring Group and the Standards Committee where appropriate.

6. Resources and Training

- 6.1 Barking and Dagenham is not unlike many other local authorities in that dedicated resources for procurement (particularly procurement advice and support) are very limited. For many years “procurement” tended to be thought of as “administrative”, “low skilled” and “routine” buying of standard commodities or technical purchasing of building projects best left to architects and surveyors. With a few exceptions, CCT Units in the 1990s tended to be very inward looking with closed aims and a silo mentality, brought about by political pressure. The correlation between those authorities achieving “Excellent” in their CPA assessment and their willingness to embrace open competition, outsourcing and partnerships for the past decade or so cannot be avoided.
- 6.2 With the arrival of the Byatt report, the response by the ODPM and now the publication of the National Strategy, procurement is now at the forefront of the local government agenda with challenging improvement targets to be met. For this to be achieved, resources and training are key.

Resources

- 6.3 The Council will consider the development of a new structure for procurement, with a central “Corporate Procurement Unit” (CPU) as recommended within the Byatt Report and the National Strategy, led by a Professionally qualified senior Head of Procurement. The CPU will include additional officers in the Centre and incorporate the two current central posts. Other resources will be allocated within the service departments to ensure adequate liaison and consistency of practice.
- 6.4 The new structure and management relationships are detailed as Appendix 3 to this report.
- 6.5 The Council recognises that improvements are needed quickly and that additional “pump prime” funding will be required in the short term (first two years) to implement the recommendations. In the longer term, contract savings and efficiencies made possible through good procurement practice should more than compensate for any rise in expenditure.

Training

- 6.6 Work carried out during the Best Value Review identified that whilst procurement officers did have the majority of skills set out in the IDeA Skills Framework, there were some areas of weakness in the more strategic areas and none of the officers had formally recognised qualifications. To rectify this, key procurement staff will be trained in the Gateway Review process and the more technical aspects of PFI and PPP contracts. In addition, procurement officers will be encouraged and supported to study formal qualifications in procurement such as the CIPS graduate diploma.
- 6.7 In terms of other officers within the Council, skills and experience in procurement varies widely. Surveys within the Best Value Review identified that many officers, including Heads of Service had received little if any training

in procurement and some did not understand even the basics of tendering limits set out in the Contract rules. As a result, the Council will refine and implement the procurement training programme for all levels and responsibilities of staff, and ensure that it is targeted where the needs are greatest.

- 6.8 Additionally, the awareness of good procurement practice as a key competence for managers will be developed in conjunction with HR and incorporated into job descriptions and personal performance management programmes.

7. Procurement Project Management

- 7.1 Procurement exercises are, to all intents and purposes bespoke projects. Poor skills in project management can therefore only hinder good practice procurement.

- 7.2 The Council is committed to improving Project Management skills across the organisation and has made very positive improvements in the management of the Capital Programme through the establishment of the Capital Programme Office and the appraisal system for projects. Procurement will take forward this excellent progress and develop a system for project management of procurement exercises, using and adapting the “Gateway Review” system and ensuring that the larger projects are properly managed and resourced.

8. Performance Measures and Review

- 8.1 It will, of course, be necessary to measure the success of the review through the development of a performance management system. The Council is committed to improving performance and has implemented the Balanced Scorecard system to provide a clear framework.

- 8.2 Once agreed, the Improvement Plan will be used as the foundation for a Service Scorecard for Procurement..

- 8.3 Monitoring is key to good performance for all services, but perhaps more so for procurement where monitoring of contract performance is essential to ensure continuous improvement and value for money. Development of KPIs as set out in the Procurement Actions will be monitored and reported corporately with service scorecards.

9. The Improvement Plan

- 9.1 Set out in Appendix 2 is the Procurement “Improvement Plan” which incorporates actions required as identified from the Best Value Review and further developed as part of the strategy.

- 9.2 The Actions are set out as key tasks needed to ensure compliance with Best Value, the Procurement Strategy and cross referenced to the key outcomes as detailed in para 2.3 of this strategy.

Procurement Principles (The Barking and Dagenham 12)

- 12.1 Accountability** There must be in place effective mechanisms to ensure that there is compliance with the policy and principles of procurement and all related legislation. Officers will be accountable for their actions.
- 12.2 Best Value** Procurement will be exercised at all times in the spirit of “Best Value” to achieve the most economic, effective, efficient, equitable and sustainable solution to the organisation’s requirements in terms of resource and service need across the whole Council.
- 12.3 Culture** There will be demonstrable leadership in procurement and a culture of “what works best is best” from Members and Senior Management which will be fed down through the organisation.
- 12.4 Fair Dealing** Suppliers should be treated fairly and without unfair discrimination, including protection of commercial confidentiality where required. The Council will not impose unnecessary burdens or constraints on suppliers or potential suppliers.
- 12.5 Innovation** The Council is open to innovation in procurement, including E-Procurement as a positive tool for improving efficiency and practice in the field and suppliers will be encouraged to consider more environmentally friendly specifications.
- 12.6 Legality** The Council will conform explicitly to European Community, UK and other legal requirements.
- 12.7 Partnerships** Partnership arrangements in general, and the Egan principles of “Rethinking Construction” specifically, will be encouraged and developed where they are beneficial to the Council and the community at large.
- 12.8 Performance** High levels of efficiency and effectiveness in procurement are essential and will be measured, reported and acted upon. The Council is committed to minimising the environmental impact of its operations and will assess the environmental risks in significant purchases and contracts.
- 12.9 Responsiveness** The Council will endeavour to meet the aspirations, expectations and diverse needs of the community served by the procurement at all times.
- 12.10 Skills** All staff with a responsibility for procurement will be appropriately trained and supported. Sufficient resources will be made available to ensure achievement of this policy.
- 12.11 Transparency** Procurement policy and activity will be delivered fairly and transparently at all times.
- 12.12 Workforce** The Council expects that all suppliers with whom it has a contractual relationship will operate the highest standards of employment practices, including in the area of equalities, particularly where staff may transfer as a result of service outsourcing.

Appendix 2 - Improvement Plan

PROCUREMENT							
REVIEW TITLE	Priority	Key Actions	Timescale	Outputs demonstrating progress	Outcome	Resources	Lead
Procurement Strategy							
(1) Improved Procurement across the Council	1	Complete the Corporate Procurement Strategy Agree and implement across the Council	Jan 04 Apr 04	Strategy agreed and owned by Members and TMT Strategy available on Intranet and in hard copy Briefings on Strategy Completed	Members and Officers are committed to improved procurement and how it will ensure improved and cost effective service delivery	10 hours design briefing Present briefing .20 hrs Total 30 hours	SG and Corporate Procurement Group
Key Outcome 1: Procurement will be explicitly compliant with UK and European legislation and industry Best Practice, and be delivered in a fair and transparent way across all processes and exercises.							
(2) Improved Procurement and Contract Compliance through new guidance and regulations	1	Review Contract Rules in light of Best Value, corporate priorities and current legislation inc equalities legislation and RRA 2000 Agree new Rules and implement across the Council Produce, agree and implement a Procurement Code of Practice and common	Oct 04 Dec 04 Feb 05	Review completed, new rules written and report drafted. New Contract Rules agreed by Council Rules available on Intranet and in Hard Copy	Contract Rules meet new requirements of Best Value, corporate priorities and appropriate legislation Procurement is compliant with Contract Rules, appropriate Legislation and Good Practice.	Officer involvement Audit/Legal / Procurement Hours up to 20 hours pw during this period for the Procurement Team – may need to be backfilled	SG

PROCUREMENT							
REVIEW TITLE	Priority	Key Actions	Timescale	Outputs demonstrating progress	Outcome	Resources	Lead
(3) Improved compliance through risk assessment, monitoring and review	2	<p>procedures</p> <p>Links with Officers/Members code of conduct established</p> <p>Corporate contracts database established and forward Procurement Plan for all departments produced.</p> <p>All contracts above £30K are allocated a contract number through registration on the database in advance of tendering</p> <p>Risk assessment carried out on all £30K+ contracts.</p> <p>Procurement Officer Support compulsory on all high risk or high value (above EU threshold) contracts</p>	<p>May 05</p> <p>Dec -04</p> <p>Apr 05</p>	<p>Code of practice produced, agreed and available on the Intranet and in Hard Copy</p> <p>Compliance with code monitored and enforced</p> <p>Database in place and populated</p> <p>Forward plan produced and circulated</p> <p>Information regularly updated and reviewed.</p> <p>Risk assessment completed with mitigating actions identified.</p> <p>% of contracts identified as high risk or high value with procurement officer support.</p>	<p>Improved awareness of contract activity within the Council and ability to project plan larger exercises .</p>	<p>Internal IT cost tbc or procurement of external system c. £30K pa.</p> <p>Admin support to update data c. 1 day per week (0.5 FTE).</p>	<p>HC / Corporate Procurement Group</p>

PROCUREMENT							
REVIEW TITLE	Priority	Key Actions	Timescale	Outputs demonstrating progress	Outcome	Resources	Lead
(4) Ensure Best Value Procurement Practice consistently applied at all times	1-2	Agree process map for a variety of procurement exercises and implement a checklist system to ensure compliance. This will include who needs to be involved at each stage including Members, stakeholders, Legal, Audit and HR advice for TUPE etc. Carry out briefing sessions to targeted audience on use of checklist. Checklist to be attached to Exec Contract Award reports as a standard	Apr 04 Oct 04 Apr 05	Checklist produced and agreed. Briefing sessions held Exec Award Contract Reports include completed procurement checklist	Procurement consistent and compliant across the organisation Members satisfied with level of information provided Zero call-ins of contract award reports	Corporate Procurement, Audit, Legal and HR Checklist c. 20 hrs plus 2 meetings for 6 people x 2 hours 1 Briefing Session 4 hours plus 2 hours Ongoing monitoring	Corporate Procurement Group
(5) Better collaboration and joint working with legal services to ensure consistency of process and advice	1	SLA for procurement and contract advice agreed between Legal and Corporate Procurement. Details of "Approved Panel" of solicitors updated and incorporated on the intranet with guidance	Apr 04 Apr 04	SLA agreed and implemented Approved Panel details available on the Intranet with guidance for use.	Consistent procurement advice available for officers. Reduction in the use of external solicitors for minor contract work Budgetary savings.	SLA 20 hours Procurement & 20 hours legal Approved Panel details c. 10 hours + IT Quarterly Liaison meetings Procurement x 3 officers x 2.5	SG / Linda Parker (Legal)

PROCUREMENT							
REVIEW TITLE	Priority	Key Actions	Timescale	Outputs demonstrating progress	Outcome	Resources	Lead
(6) Council contract documentation is consistent with legal requirements and BV	1-3	Liaison Group to be established to ensure ongoing collaboration between legal and procurement Review Contract documentation and produce corporate templates that will be endorsed by the Head of Legal Services. (a) Consultants / small contracts (professional services) (b) Larger contracts with potential staffing implications (c) Supplies Contracts (d) Small service contracts (technical) Establish Works Contracts to be produced Corporate works contract templates established	Apr 04 Feb 04 Apr 04 Jun 04 July 04 Sept 04 Sept 05	Liaison group in place and meeting quarterly Templates available on the Intranet and in hard copy together with guides as to how these will be used. Templates available on the Intranet and in hard copy together with guides as to how these will be used.	High quality contract standards. Reduced costs in legal fees	hours, Ditto Legal. 15 hours per quarter plus 2 hours minutes & agenda management. Legal fees allocated as part of Invest to Save Bid (£5K - £20K) will cover consultants general service contracts & supplies Plus Procurement officer time to review c. 30 hours plus technical officers Additional legal resources may be required for complex contracts	SG Corporate Procurement Group HoLS

PROCUREMENT							
REVIEW TITLE	Priority	Key Actions	Timescale	Outputs demonstrating progress	Outcome	Resources	Lead
(7) Compliance with Health and Safety Legislation is patchy and inadequately monitored.	1-2	Process to be established and agreed for pre-contract qualification including Health and Safety risk assessment. Ongoing H & S monitoring of contracts in place and reported	Sept 04 Dec 04	Process agreed and in place for all contracts Number of H & S Monitoring Visits % Health and Safety non-compliance reports	Improved Health and Safety across the range of contracts including a reduction in number of accidents	Procurement Officers 50 hours + H & S, CDM, Planning Supervisors 0.2 FTE additional officer time for monitoring, could be mix Procurement & H & S	
Key Outcome 2: Procurement will be delivered and supported by skilled, motivated professional officers and upheld by the culture of the authority.							
(8) Increased Member and Officer Procurement Capacity (Skills)	1	Complete (work already started) detailed skills audit across the Council Implement targeted procurement training programme to: TMT Members 3 rd /4 th Tier Managers All other staff with Procurement role	Mar 04 May 04 June 04 October 04 December 05 Dec 04	Skills audit complete and areas of weakness identified Training plans agreed and delivered in accordance with timescales High level of satisfaction with training courses in line with corporate standards	Members and Officers have a good basic grounding in procurement rules and principles, thus enabling them to make sound contract and purchasing decisions.	Corporate Procurement Team hours plus additional funding for training set aside in Invest to Save Budget (£20k)	Corporate Procurement Team Procurement /HR

PROCUREMENT							
REVIEW TITLE	Priority	Key Actions	Timescale	Outputs demonstrating progress	Outcome	Resources	Lead
(9) Ensure awareness and/or competency is a standard requirement for Senior Posts.	2	Procurement Competency / Awareness standard requirement in LSMR graded posts and above.	Apr 05	New recruits to senior posts have appreciation of role of procurement in service delivery and understanding of process or where to seek assistance.	Shift in the culture of the organisation enabling good procurement practice as standard.	Corporate Procurement Team hours c. 30 plus Corporate HR	Corporate Procurement / HR
(10) Procurement Officers encouraged to gain professional qualifications	1	Resources made available for Procurement Officers provided to study for MCIPS qualification	Apr 04 start	Number of Procurement Officers qualified.	Raised profile and professional status for procurement.	c. £8K per person depending on training option chosen	Corporate Procurement Group
(11) Increase Member Procurement Capacity (Structure)	1	Review governance arrangements to ensure adequate and appropriate involvement by Members and Senior Officers in Procurement Decisions	Oct 04	Arrangements reviewed, Procurement Board established and operating Members involved in contract packaging decisions above £200K	Members and Senior Officers committed and involved in decision making process Greater awareness by Members of role and importance of procurement a	Within existing resources.	SG/TMT Champion
(12) Increase Council Procurement Capacity (Resources)	1	Agree new procurement structure Identify resources or savings to finance structure	Feb 04 Feb 04	Head of Procurement and new officers within structure agreed and resources identified	Procurement organised and resourced to enable efficient and cost effective service to the Council	To be agreed	Corporate Procurement
		Recruit Head of Service	Sept 04	Head of Service in post			

PROCUREMENT							
REVIEW TITLE	Priority	Key Actions	Timescale	Outputs demonstrating progress	Outcome	Resources	Lead
(13) Improved Chief/Senior Officer Ownership of Procurement	1-2	Recruit other Posts Relaunch Corporate Procurement Group with lead by TMT Champion and involvement of Audit, Legal, Service Head(s) and others (such as E & D Officers) as appropriate	Jan 05 Feb 04	Structure fully staffed Group established Regular Meetings (monthly) Meetings well attended	Better communication and information sharing across Council. Officers able to share experience and feedback to Senior Management	Within existing resources	TMT Champion
(14) Raised Procurement Profile	2	Devise Communications Strategy including: <ul style="list-style-type: none"> • Hold Members Briefing Session • Produce Procurement Team Publicity and promote in People Matters, Citizen etc • Hold Procurement Management Conference 	Apr 04 Jun 04 Oct 04	Briefing session held with good attendance Publicity produced and circulated. Conference held with high satisfaction levels	Members and Officers aware of the "procurement service" and how to seek advice where appropriate	Leaflets c. £3-5K Management Briefing / Conference costs up to £10K Other costs within budget	Corporate Procurement Team

PROCUREMENT							
REVIEW TITLE	Priority	Key Actions	Timescale	Outputs demonstrating progress	Outcome	Resources	Lead
Key Outcome 3: Procurement will be innovative yet sustainable in sourcing best value cost effective solutions, whilst better delivering key social objectives and Council Priorities							
(15) Robust Procurement Project Management process ensures best value outcomes	1-2	Implement Gateway review training for all staff in key procurement and project management roles. Adapt Gateway process and establish Procurement Board to evaluate high price/high risk contracts	Sept 04 Dec 04	Number of Officers completing training Process adapted Board established	Improved Procurement Project Management ensuring projects achieved on time and to budget.	c. £400 per person for 2 day course	Corporate Procurement Team
(16) Improved and consistent standards in selecting Contractors	2	Establishment of clear tender instructions in plain English, setting out the expectations of the Council. Review current selection methods including advertising, prequalification procedures and use of Constructionline. Strategy and methods implemented Baseline % of tenders returned against those	Aug 04 Jan 05	Tender instructions approved by Plain English Strategy for contract advertising produced and linked to new corporate advertising arrangements. Consistent PQQ produced Constructionline use endorsed or replaced	Better variety of compliant bids received Reduced advertising costs High quality tender shortlists ensuring efficient outcomes for the Council's procurement	Procurement Officers, some external legal advice – c. £1K Procurement Officers plus Corporate Procurement Group.	Corporate Procurement Group

PROCUREMENT							
REVIEW TITLE	Priority	Key Actions	Timescale	Outputs demonstrating progress	Outcome	Resources	Lead
(17) E-Procurement continues to develop in line with E-government agenda	2	<p>issued to be established.</p> <p>Identify resources and lead E-Procurement Officer to see through implementation within required timescales (end 2005)</p> <p>E-Procurement Strategy developed and agreed with particular reference to:</p> <ul style="list-style-type: none"> • E-tendering • E-auctions • E-invoicing • Procurement Cards 	<p>June 04</p> <p>Aug 04</p>	<p>Improved level of tender returns</p> <p>Officer in place</p> <p>High levels of e-transactions where possible</p> <p>100% of payments by BACS for those capable</p> <p>E-tendering piloted</p> <p>Improved satisfaction with usage of Oracle</p>	<p>Compliance with E-Government Timescales</p> <p>Paperwork reduced</p> <p>Efficiency/cost effectiveness of procurement increased</p>	<p>Officer working group</p> <p>FTE E-Proc Officer</p>	<p>HC / Corporate Procurement Group</p>
(18) Greater emphasis and profile for sustainable procurement	2	<p>Produce "Sustainable Procurement" guide for officers and implement through Managers briefing and ½ day training course to be held 4 x pa.</p>	<p>Guide Dec 04</p> <p>Courses from Apr 05</p>	<p>Guide produced</p> <p>Managers briefing held</p> <p>Number of courses held.</p>	<p>Greater number of contracts let with sustainable objectives.</p>	<p>Procurement Officers, External consultancy c. £600</p>	<p>Corporate Procurement Group/DLES</p>
(19) Improve support to Best Value Reviews and ensure the Options Appraisal Process is sufficiently systematic and rigorous.	1	<p>Review BV Toolkit and include new Options Appraisal guidance</p> <p>Procurement Officer included as part of every BV Review team.</p>	<p>Sept 04</p> <p>Jan 04</p>	<p>Officers and Members confident in considering a wider range of options for the delivery of services following BV Reviews.</p>	<p>Greater mix of service provision</p>	<p>Procurement Officer 20 hours toolkit + 2 officers x 1 day per week on reviews.</p>	<p>Performance and Improvement Team</p>

PROCUREMENT							
REVIEW TITLE	Priority	Key Actions	Timescale	Outputs demonstrating progress	Outcome	Resources	Lead
Key Outcome 4: Through partnership work and capacity building, procurement will deliver a mixed economy of service provision, with a variety of in-house, voluntary sector and commercial suppliers							
(20) Improve collaboration with local businesses, SMEs and the voluntary sector in delivery of services	2	Complete production of Voluntary Sector Compact Continue to capacity build with the local and BME market through training courses, production of a "Selling to B & D" Guide and full implementation of the Website	Apr 04 Website in place Sep 04 Selling to B & D by Dec 04 At least 1 training course 2004	Voluntary Sector Compact in place No of hits on website Guide produced and circulated Training course held with good attendance and feedback	Better collaboration with Voluntary Sector Greater mix of service provision and suppliers generally SMEs, BME and local business and voluntary sector confident to pursue of contracts with LBBDD	Officers from P & P, Procurement and Regeneration Funding for software & production of guide.	Policy and Performance Corporate Procurement Group
(21) Joint Commissioning proactively used to enhance procurement practice	2	Establish baseline information on level of joint commissioning, with a view to further developing strategy established within Social Services Draw up business plan around enhancing joint working through consortia Agree and implement	Apr 04 Sept 04 Jan 05	Baseline figures established and verified Business plan produced, agreed and implemented. Rise in % of total procurement through joint commissioning	Higher percentage of procurement in Barking and Dagenham carried out on a joint commissioning basis leading to: <ul style="list-style-type: none">• Efficiency savings• Rise in customer satisfaction of services delivered.	Procurement Officers c. 50 hours to complete business plan. Ongoing resources to participate in consortia tbc	Corporate Procurement Group and Social Services

PROCUREMENT							
REVIEW TITLE	Priority	Key Actions	Timescale	Outputs demonstrating progress	Outcome	Resources	Lead
Key Outcome 5: Procurement will deliver savings and efficiencies in areas of major spend within the Council							
(22) Improved Contract spend within budget	1-2	Baseline established Procurement project management training available to all commissioning managers. Procurement officer support for high value contracts available	Jun 04 Start Oct 04 Sept 04	Lower variance of cost outturn with contract price Project management training sessions held with good attendance and high satisfaction levels Procurement Officers assigned to EU Contracts.	Contract overspend reduced Officers confident in project management	Training within existing resources Procurement support dependent on agreement of new structure	Corporate Procurement Team
(23) Reduce Contract Maverick Spend	1-2	Baseline established Promote corporate contracts and link use to Code of Practice with Compliance essential Introduce sanctions against those who fail to comply	Apr 04 Mar 05 Apr 05	Maverick spend reduced by 25%	Financial savings identified	Dependent on new structure	HC / PA

PROCUREMENT							
REVIEW TITLE	Priority	Key Actions	Timescale	Outputs demonstrating progress	Outcome	Resources	Lead
Key Outcome 7:							
Procurement will ensure that the views of staff, suppliers and the wider community shape processes and the delivery of services within a rapidly changing local environment.							
(27) Service delivery improved through better Procurement .	2	Processes revised to include: Greater involvement of stakeholders within procurement exercises including Members, residents and partners. Views of stakeholders sought in contract monitoring and review	Apr 05 Dec 05	Stakeholder involvement in procurement project teams. Qualitative monitoring of services provided under contract as standard. Monitoring reported to Community Forums, CHPs etc.	Satisfaction with services delivered under contract rises. Members and other stakeholders feel they have a greater degree of control in the process.	Procurement Officers 20 hours to revise Ongoing monitoring resources	SG / Corporate Procurement Group
(28) Improved procurement with regard to RRA Amendment Act 2000 and Equalities in General	2	Develop implementation plan to meet the needs of the RRA Amendment Act 2000 using CRE guidance and other equalities issues Carry out full "Impact Assessment" of procurement Produce guide for officers on "Procuring for Equalities" and implement through Managers briefing and ½ day training course to be held 4 x per year	Dec 04 Apr 05 Aug 05	Implementation Plan produced and agreed Impact assessment completed and actions identified Guide and training programme produced Number of officers trained.	Procurement carried out in line with recommendations of RRA Amendment Act 2000, all equalities legislation and the Councils Equalities and Diversity Policy	Corporate Procurement & Equalities and Diversity Officers. C. 50 hours combined.	SG / Bill Coomber

Appendix 3 Contract Challenge Summary

Schools PFI	Cleaning Materials	Housing Repairs	Meals on Wheels
Basic Contract Data			
Design, construction and 25-year operation of new school plus upgrade existing school.	Supply of Cleaning materials	Provision of Housing Repair Service	Provision of Meals on Wheels Service
Contract Start Date			
December 2003	December 2001	May 2003	October 2002
Contract Duration			
25-years	3 years	10 years	3 years
c£6m pa total £150- £180m.	LBBB-c£160k pa total £480k All users - c£1million pa	£17.2m pa total £172m	C£400k pa
Contractor			
Bouygues (preferred bidder stage_	Greenham	Accord	Apetito
Checked By			
Stef Goldsmith, Heather Cutler, Sue Wells, Kevin Wilkins, Brad Swan + Jan Loader & Lisa Brewster	Heather Cutler; Sue Wells, Stef Goldsmith, Brad Swan	Paul Ansell, Stef Goldsmith, Heather Cutler, Brad Swan, Sue Wells	Paul Ansell, Stef Goldsmith, Heather Cutler, Kevin Wilkins
What was the Business Case?			
Need for additional school places identified Government preference for PFI Insufficient capital available for traditional procurement LBBB bid for £70m credits, awarded £35m. Business case was submitted to DFES in January 2002.	Current arrangements expired. LBBB spend c £160m pa Joint contract: Best value Improved negotiating strength United knowledge LBBB led (major user) also, we need more bulk deliveries. (LCSG) involved.6 Boroughs with c£500kpa spend-now 14 Boroughs with c £1m pa spend.	The BV Inspection gave the service a 'no star' rating in May 2001 The opportunity was there as the contract with DLO and several sub-contracts were due to finish. The Service Head position was reviewed and an outside Manager recruited. Over 90% of DLO work was housing repairs and maintenance. Declining stock through right-to-	Identified for market testing by the BVR team. Market mature, includes national/regional private/voluntary sector providers LBBB spend c.£413k pa In house service low cost – not reviewed for a long time. Quality/choice improved, further improvements limited by facilities and arrangements. No eligibility criteria for users.

Schools PFI	Cleaning Materials	Housing Repairs	Meals on Wheels
		buy made it not commercially viable. Further stock decline means higher overhead. proportionately	
Was there a Project Plan and were the timings adhered to?			
Details shown in the business case submitted Timing / programme has been adhered to up to now but contingency built in to programme now used up.	A Microsoft project plan was set up from day 1 but the plan slipped two months to 01.07.01. Delays waiting for samples - exclude them in future. Poor meetings organisation in that the next meeting was not set up at the time of the current one which lead to some delays.	The project plan covered the selection of supplier and partnership evaluation. There was a target contract commencement of 1 st April 2003. but slipped to 1 st May 2003 This was because BV Improvement Plan could mean outsourcing service. Additional time spent in staff/Trade Union consultation giving consensual transfer of c300 posts-a worthwhile investment	Plan timetable slipped after 2 years (Contract start 04/2002 to 09/2002) due to delay in resolving staffing / contractual issues. First BVR in LBBD to outsource service, unanticipated issues, external commissioning & TUPE. In Tender drivers were down for TUPE - catering staff would be re-deployed. This changed when others closed facility where they worked. .
Who was on the Project Group and how and when were they involved?			
Steering Group (weekly meeting). External Legal & Financial Advisers (required as a condition of receiving credits) CABE commissioner appointed plus technical advisers	Reps from 6 Boroughs B&D Cleaning Manager (part time- interested in testing products) B&D Catering Manager (for school kitchens etc). Needed rep from central stores and a user (e.g. cleaner).	The Head of Landlord Services, and the Director of Housing & Health attending all presentations to suppliers, Members and the Executive. The operational evaluation team had Head of Construction and Procurement, the Interim Head of the Service, Legal representation supplemented by specialist Solicitors, Wragge & Co. appointed by a competitive process by the Legal Co-ordinator The evaluation panel also	BVR Team had 12 members. Correspondents included Senior Dietician BHB Community NHS Trust and Advisory Body for Social Services catering. Review members Cllr. Mr .M Worby , Cllr Mrs E Bradley, Cllr. Ms M Baker #Procurement team S, Wells, R Tomlinson, M. Custance.

Schools PFI	Cleaning Materials	Housing Repairs	Meals on Wheels
		<p>included consultants Cyril Sweete Ltd. Members were represented by the portfolio holder for the Executive, Two members of Residents Associations had a full role in suppliers presentations with voting rights in the final evaluation.</p> <p>HR issues were important so an HR consultant was seconded to the team also involved were Corporate Procurement, Head of Audit Services, and other specialists for property and, insurance matters</p>	
<p>What was the contract package in terms of length and content – how was this decided?</p>			
<ul style="list-style-type: none"> Revenue support for 25 years Insufficient funds for two new schools but too much for one, therefore decided on construction of a new school and the upgrade of an existing school (Eastbury). Other schools were considered but Eastbury favoured by DEAL. Cleaning may be included but the decision has yet to be made. 	<p>3 year contract with option to renew for up to 2 more periods of 12 months each.</p> <p>Reasons ~ a lot of work involved and wanted a long enough period to attract other Boroughs.</p> <p>Excluded some specialist items that might restrict some organisations from applying.</p> <p>Kept options open re one or more suppliers.</p>	<p>Contract is 10 years duration. This period is an example of the requirements for longer-term business relationships to yield lasting benefits for service users. This is in line with other partnering arrangements (indeed short than some) used by other local authorities in similar service procurements.</p> <p>The Executive were persuaded by a recommendation in December 2001 and this time period was written in to the market testing process.</p>	<p>3 year contract - option to extend two years, because;- Service /users need stability / consistency, three years- allows new service time to settle/provide stability, without contractor having long tenure to become complacent. Can extend if performance is good.</p> <p>Other council's contracts examined to decide contract period .</p> <p>Did not combine other boroughs as difficult to separate performance on LBBD.</p>

Schools PFI	Cleaning Materials	Housing Repairs	Meals on Wheels
<ul style="list-style-type: none"> • EU Procurement process for a negotiated service contract • OJEC advert • Pre-Qualification Questionnaire 	<p>Full EU open procedure. 67 applications for pack. 27 tenders received. Short-listed down. No one supplied everything.</p>	<p>The scope of the package was largely set by the parameters of the Best Value Review and the Improvement Plan. The objective was to close the formal CCT client/contractor split and to merge both these functions to deliver the contract outputs within the service to be incorporated under the newly formed Head of Landlord Services.</p>	<p>Review next time the contract is tendered. Have contract option to use more than one supplier</p>
<p>What was the Contract Process – was it compliant with EU Regs if appropriate and how was the tender list secured?</p>			
<p>Expressions of interest adverts placed in local press and catering magazines. Parties who previously expressed interest advised by phone to read the adverts.(Next time in writing). Criteria for selection for the tender list agreed Information Packs/questionnaires sent to parties expressing interest. Three parties satisfied tender list criteria Tender evaluation criteria devised. Tender documents with evaluation criteria sent to the three parties including in house team. Tenders evaluated using the</p>			

Schools PFI	Cleaning Materials	Housing Repairs	Meals on Wheels
		shortlist of 4 matrices were held on file and all the unsuccessful of the long list were invited for feedback, undertaken by CSL and two companies opted for this.	evaluation criteria and recorded on a matrix including the nutrition expert evaluated their sample meals. criteria not weighted, leading to close scores. Next time a weighting system would be considered.
Who if anyone provided advice and training during the process?			
<ul style="list-style-type: none"> Appointed Legal and Financial advisers The contract is a development process with associated learning from the process itself. Need to develop knowledge management to share learning. Schools to appoint a manager to manage the contract once it has been set up. 	Mutual help from within group.	<p>The external advice roles provided by CSL as it was determined that a completely external prospective on a company with construction industry credentials but who would have no further role in the administration of the service was required.</p> <p>Staff training about the partnering process and information to Trade Unions was led by the Interim Manager for the service.</p>	<p>Mutual help from within group</p> <p>An independent nutrition expert employed to provide expert advice</p> <p>Contract section led inter borough benchmarking group</p>
What consultation with stakeholders took place?			
<ul style="list-style-type: none"> Governing Bodies School Heads & Management Teams DFES ODPM Public Meetings Community Forums Trades Unions Barking Reach Company 	<p>Draft contract distributed to Project Team.</p> <p>Apart from the Catering Manager no end users were involved.</p> <p>Some testing and evaluating of samples took place.</p> <p>Recognise that should have involved users more.</p>	<p>Because of the changes likely to be involved in this marketing testing Stakeholder identification was undertaken very early.</p>	<p>Draft contract distributed to:-</p> <p>Unions not involved in tendering process</p> <p>Recognise that Unions should have earlier involvement.</p> <p>Members asked to be involved but Member support was weak.</p> <p>Members did not see market testing in BVR context meant</p>

Schools PFI	Cleaning Materials	Housing Repairs	Meals on Wheels
<ul style="list-style-type: none"> Bellway Homes 			<p>competitive tendering where in-house team could lose, not just soft market testing. Interested parties such as Age Concern not involved but would be if done again</p>
<p>What were the user issues in this contract and how were they covered?</p>			
<ul style="list-style-type: none"> User issues are fundamental to the PFI process Interface between educational requirements and the built environment Delivery of various initiatives in support of DEAL 	<p>We took comments from the Cleaning Manager, Catering Manager. We also took stores issues into account. Other group members took a more active role in user consultation.</p>	<p>Repairs and maintenance of people's homes is one of the most frequent interactions with the council as a landlord and service provider. It is often a yardstick by which resident's judge council services and the incorporation of customer expectation and service standards was fundamental to contract formulation. Customer satisfaction will form one of the performance indicators by which the service is judged and audited. These have been incorporated in the continuous improvement targets in the ten year duration. Customer issues were discussed in presentations by the Interim Manager to all the tenant forums to keep residents involved.. Customer service was a key element in the contractor's proposals, their response and understanding of these was built in to the evaluation weighting matrix</p>	<p>User Survey conducted- Goresbrook conference with users members, staff (60+)</p> <p>Testing/taster sessions included</p> <p>Provider event for Members</p> <p>Inter-borough benchmarking</p>

Schools PFI	Cleaning Materials	Housing Repairs	Meals on Wheels
<p>How were Equalities and Diversity covered in this contract?</p> <ul style="list-style-type: none"> • Companies checked for compliance with legislation • Indicators were H&S, Race Relations, etc – checked for convictions • No detailed check of H&S management / culture 	<p>Covered in contract by standard clause. No specific evaluation or monitoring.</p>	<p>Each of the community priorities was addressed in turn by the short list of suppliers. The approach by the winning company Accord Ltd is listed in their proposals. As well as their own ideas suppliers were asked to build on the current in service innovations, e.g. an employer of good practice award Building Work Women, PATH Trainees maintaining and harnessing links with local training establishments. These in addition to the normal strategy for requirements for equalities and diversity in employment. The inclusion of hard to reach groups such as BME is also addressed.</p>	<p>Covered by standard clauses but:- There is lower take-up of service amongst the BME communities – e.g. Islamic households have concerns about whether the contractor can meet Islamic food rules. However Apetito have satisfied the Council that they can.</p>
<p>How were staff briefed and involved?</p> <p>This is still in progress School and Teaching Staff involved throughout, including design issues. Care takers involved via head teacher Catering involved via IIP process. Cleaning – ongoing – preliminary talks regarding possible staff transfers</p>	<p>Discussions with managers and stores personnel. In other Boroughs, suppliers visited users.</p>	<p>Consultation techniques were set up for all potential staff members affected, their Trade Union representatives local and regional and residents representatives were involved throughout. The process was regularly minuted at the EJCC Forum and as a result 36 one to one consultations were undertaken with staff members who would need a re-skilling process or opt for redundancy. This was led by</p>	<p>Discussions with Managers and drivers within the process. Managers were included in the BVR group. Staff and Unions not involved in procurement as not identified as need. TUPE issues covered and planned to involve staff and Unions once decision reached. This was first contract with TUPE transfer post CCT and Officers involved not aware of the change in culture making</p>

Schools PFI	Cleaning Materials	Housing Repairs	Meals on Wheels
		<p>the Service Head and HR and Trade Union representatives. Minutes were kept of all open meetings.</p> <p>After may 2002 staff representatives were invited to all short listed suppliers presentations and in their research of the authority staff and their representatives were encouraged to talk directly to each potential partner and lead into the consultation processes either by their line manager or Trade Union representatives.</p>	<p>consultation/ involvement of staff and Unions throughout the exercise necessary.</p> <p>When announced Apetito had most advantageous tender full consultation began with Unions, staff in groups and one-to-one with Apetito and HR advisors.</p> <p>Process led to Workforce Matters in Best Value and Contracting Policy giving a clear framework for staff/TU involvement during the Review and Procurement Processes with full endorsement of the Union representatives.</p>
How did you take Workforce issues into account (if appropriate)?			
<p>Dealing with issues as they arise. Intention is for 5 year review. Soft services unlikely to be included – may be necessary to have 5 year term contracts for these.</p>	<p>No specific implications for LBBB employees.</p> <p>Supplier has dedicated staff and assets.</p> <p>No clause in contract re TUPE information for re-tendering.</p>	<p>With a 300 post staff transfer possible, workforce issues and morale were central. To maintain morale while delivering a service during market testing, regular meetings were held with staff representatives and in Council forums such as the EJCC. The strong shops steward structure in the “blue collar” section of the workforce was useful.</p> <p>Staff representatives and managers visited suppliers’ references projects. This was persuasive in the final</p>	<p>TUPE/ re-deployment issues for SSD staff</p> <p>The TUPE requirement was recognised in the tender documents but lack of expertise in HR led to poor information to tenderers.</p> <p>Not recognised that drivers would be reluctant to drive to Stratford to collect vehicles before work/return them after work as they would not meet responsibilities in other part time jobs with the authority or responsibilities for children or</p>

Schools PFI	Cleaning Materials	Housing Repairs	Meals on Wheels
		<p>recommendation and meant staff spoke directly to people that had undergone a similar process. A presentation was made by the preferred supplier to the entire workforce with a question and answer sheet issued to staff afterwards.</p> <p>A Trade Union rep acted as workforce liaison officer on the operational board to put forward the workforce point of view.</p>	<p>dependent relatives. HR did not provide adequate information on drivers multiple roles (most of them). Redeployment for DEAL staff Initially established that catering staff would be re-deployed within the existing service if in-house team lost. But closure of the Leet room meant enforced redeployment/ redundancy for cooks irrespective of the Meals on Wheels issue.</p> <p>Equalities issues</p>
What if any Risk Assessment of the Contract took place?			
<p>Inability to operate due to external causes. Inability to complete construction work on time. Report will be submitted in the autumn</p>	<p>Nothing formal. Main tenderer existing supplier. No previous risk assessments on record.</p>	<p>The team adopted a risk policy for all aspects of the contract and allocate the risk to party best able to manage it. The actual contract was drafted by Wragge & Co. Use of a standard format such as PPC 2000 was rejected as we felt that risk issues could be best addressed by specific drafting. The nomination of the preferred supplier and the staff transfer was subject to a formal contract being agreed between the Parties. Including the clear allocation of risk</p>	<p>References taken up and financial assessments made Some risks to the contract established as process progressed, but no formal risk assessment was carried out.</p>

Schools PFI	Cleaning Materials	Housing Repairs	Meals on Wheels
How does the Contract link to the Council's strategic aims – eg. Community Priorities/Balanced Scorecard?			
Raising profile / pride – flagship school with a national profile Rights & responsibilities – schools mission On-Site health centre, library, crèche, early years unit. Flexible use of facilities – open outside normal school hours Sustainable development / specification Designed out opportunity for vandalism, etc.	<p>Higher - quality equipment for good service helps to keep Borough clean; all departments get good prices; green issues taken into consideration.</p> <p>Regeneration- improving appearance of Borough helps to attract more business.</p> <p>Equal Ops- not yet but promoting with supplier.</p> <p>Partnerships - good links with other Boroughs.</p>	<p>The contract echoes the Leader's comments envisaging external involvement linked to in-house expertise in the Councils Business Plan "we cannot do these things on our own".</p> <p>The community priorities were listed as evaluation criteria in the tender documents and each of the four short listed suppliers addressed these in writing and during presentations.</p>	<p>Cleaner – Brand new vehicles for contract (saving space at Frizlands) Use of LPG vehicles started and planned to expand.</p> <p>Regeneration – Improved appearance of Borough and real evidence of willingness to out source helps to attract more business</p> <p>Equal Ops - Policies in place</p> <p>Partnerships A national organisation with good reputation</p> <p>Improved Health & Social Care – better quality meals</p>
What were the Evaluation Criteria and the Price/Quality ratio if appropriate?			
60 Quality / 40 Price 2 nd placed bidder selected Additional cost was £50 / m ² on £1,500 / m ²	<p>Band of criteria with weightings agreed by Project Team.</p> <p>Samples and other quality issues. Price.</p>	<p>The price/quality ratio used was 30/70 to ensure the qualitative criteria as such as customer satisfaction targets had sufficient weight. The evaluation matrix was sent out with tendering enquiry documents.</p>	<p>Evaluation criteria – un-weighted which made contractors scores close It was agreed that a weighted matrix would be considered for future exercises.</p>
How were the Financial Risks and Value for Money aspects covered?			
Risk is transferred to service provider under PFI	<p>Took up financial references.</p> <p>No actual financial risk to Authority.</p>		<p>Took up financial references-</p> <p>No financial risk to Authority</p> <p>Contract expected to deliver:-</p> <p>Wider choice, Better quality</p> <p>Good delivery performance</p> <p>Lower unit cost than in house</p>

Schools PFI	Cleaning Materials	Housing Repairs	Meals on Wheels
			bid Frozen option can be introduced at authority's instigation (currently under discussion).
Does the Contract achieve Value for Money? – Save Money/Better Service Same Cost etc			
Contract not yet in place but seems to be comparable with other PFI deals	Overall savings around £14k pa. Wider choice. Good delivery performance.	Budget targets met within two months Overall target ambitious:- the service cost £18.12m for year 2002/3 ; target for the first contract year is £17.2m. Change from reactive repairs to planned maintenance planned to save £900k pa - Head of Construction & Procurement audit.	Yes. It provides:- Wider choice, Better quality, Good delivery, Lower unit cost than in house Frozen at authority's option. Higher user approval than best of in house service, Quality/ consistency verified by independent catering consultant
Who approved the Contract? Does this comply?			
Not yet approved but will be submitted to the Executive for approval at the appropriate time	DLES Executive Other Boroughs did own thing. Not sealed.	The Executive on 29 th April 2003. They were presented with a summary from Wragge & Co. which highlighted where the risk had been distributed. Prior to the Executive meeting, a full presentation was given to the majority party group explaining the contract	Executive decision – so yes.
What are the Performance Targets? Are they written into the Contract?			
Targets are written into the contract. Payment will be made against delivery of KPI's	Lead times (order to delivery). Green issues. Invoice monitoring.	Performance targets include targets from the Best Value Improvement Plan and others based on the service's Best Value Performance Indicators which	Meal delivery window Temperatures of food Personnel audit User satisfaction survey – Quarterly

Schools PFI	Cleaning Materials	Housing Repairs	Meals on Wheels
		need to be reported, supplemented by local performance indicators including customer satisfaction targets all designed to generate continuous service improvements over the 10 year period.	
What Monitoring Arrangements are built into the Contract including frequency of monitoring and why?			
Monthly monitoring of various elements has been written into the contract.	<p>Survey to all participating Boroughs:</p> <p>Quality of supplier</p> <p>LBBD role in process</p> <p>Should there be an extension to the contract period</p> <p>Quarterly contract review meetings.</p> <p>Nothing major on record that has not been capable of being solved.</p>	<p>The monitoring is undertaken by the client planning team under the Head of Construction and Procurement, reporting to the Head of Landlord Services.</p> <p>They will do a full audit of Actual Costs and sample site surveys with a strategic value for money analysis on individual contract elements. The audit will also calculate and apply any Disallowed Costs in accordance with terms of the contract.</p> <p>Contract managed by formal fortnightly meeting, minutes distributed to all parties including Head of Landlord Services.</p> <p>The annual review could result in termination for under performance. For this case an exit strategy has been drafted.</p> <p>It is too early to say whether this has assisted continuous improvement.</p> <p>The attainment or otherwise of these targets will form part of the</p>	<p>Quarterly contract review meetings</p> <p>Complaints procedure</p> <p>Review by independent catering consultant</p> <p>Monitoring designed to identify long term problems rather than day to day peaks and troughs.</p>

Schools PFI	Cleaning Materials	Housing Repairs	Meals on Wheels
	annual review which will be undertaken by the HCP.		
What Monitoring has taken place and what are the results? Has it enabled or assisted continuous improvement?			
N/A – contract not yet in place.	Survey to all participating Boroughs: Quality of supplier LBBD role in process Should there be an extension to the contract period Results showed satisfaction with LBBD with prime supplier and requirement to extend contract	Yes, but no audited results yet	Yes. Following concerns about performance standards a formal default notice was issued in first six months, an action plan agreed and independent review commissioned Service now much improved following resolution of local management problems
Has Equalities Monitoring taken place and in what form?			
N/A – contract not yet in place	No	Not yet	Yes As part of the quarterly contract review
How was the Contract advertised to Users. Is it Compulsory or User Choice?			
N/A – contract not yet in place	Intranet Web site School visits (combined with other issues) Via LCSG (now have 14 Boroughs + others also interested).	Compulsory	How was the contract advertised to users? By meetings PR Launch-adverts in local papers How well is it used?
Did the Users benefit from this Contract? What are their views of its success?			
N/A – contract not yet in place	Yes Positive	As full operation has only been undertaken for 3 months it is too early to say. Promising beginnings have been made with a high profile	Yes User survey shows 95% say overall service is good to excellent

Schools PFI	Cleaning Materials	Housing Repairs	Meals on Wheels
Still in progress but currently on course.	<p>Learned a lot</p> <p>Environmental management</p> <p>Process management</p> <p>Delegate ~ other Boroughs not willing to do fair share of work.</p>	<p>contribution to the Town Show and initial customer satisfaction returns (although not yet audited) are promising.</p>	<p>A significant learning experience for all concerned</p> <p>Although the new service went through a difficult start up, it is now a great improvement on the old service</p>
<p>Overall, how successful was this procurement exercise?</p>			
		<p>The Project Team believe that the exercise was successful.</p> <p>A failing service with a poor business case for survival has including 300 posts been consensually transferred to a private sector .The Trade Unions remained positive and should be credited for a consensual role in this change. Workforce morale remains high although there are some areas of interface with the client planning team that will require refining during the first year.</p> <p>The contract, a first for the Council, is one of the most radically advanced in the country. It was in a Sunday Times July 2003 article on Risk which featuring the Chief Executive and brings reputation enhancement to the Council.</p>	
<p>What was the role of Members?</p>			
None		<p>The Lead Member for Housing, and the Leader of the Council, attending all the suppliers' presentations and those to the workforce.</p>	

Schools PFI	Cleaning Materials	Housing Repairs	Meals on Wheels
		<p>The presentation to the majority party group was attended by all but four Members who endorsed the arrangement overwhelming. A Member consultation function, involves members in the running of the Contract by one Member being a link to the contract by meeting the Thames Accord Managing Director on a two weekly basis. This is a very useful link, which will be developed as the contract proceeds.</p>	
<p>What is the Fall-Back position if the Contract Fails?</p>			
	<p>Use various other suppliers while creating new tender process</p>	<p>There is an annual review by the HCP. As part of this the state of budget targets and KPI's. will be checked. It is possible if the contract fails the annual review badly that termination could be recommended. The contract recognises this and defines an exit strategy to allow the service to be taken back "in-house" or another partner found, and a time period for execution.</p>	

Appendix 4 - Procurement Mapping

<p>Personal Care Contracts</p> <p>IT Hardware</p> <p>IT Software</p> <p>Land contamination surveys</p> <p>Energy/Utilities</p> <p>Use of External Solicitors</p> <p>Meals on Wheels</p> <p>Other care services</p> <p>Training</p> <p>Security Services</p>	<p>Valence House Refurbishment</p> <p>Consultancy & Professional Services</p> <p>SureStart Programmes</p> <p>Leisure Management</p> <p>Schools catering supplies</p> <p>One off construction Projects</p> <p>Term contract for electrical repairs in schools</p>	<p>Housing Repairs</p> <p>Customer First</p> <p>Land contamination remediation works</p> <p>Town Hall Refurbishments</p> <p>Stri Replacement</p> <p>Agency Staff</p> <p>Advertising</p>
<p>Wheelclamping Services</p> <p>Abandoned Vehicles Removal</p> <p>Vehicle Leasing</p> <p>Cleaning Materials</p> <p>Stationery</p> <p>Computer Consumables</p> <p>Paper</p> <p>Small adhoc purchases</p>	<p>Fire appliance</p> <p>Library Books</p> <p>Taxis</p> <p>Mobile Phones</p> <p>Photocopiers</p> <p>Maintenance of schools catering equipment</p>	

High Risk



Low Cost



High Cost

Low Risk

Appendix 5 – Consultation Surveys Summary

CONSULTATION (SURVEYS) SUMMARY

1. Introduction

- 1.1 An extensive programme of consultation was conducted as part of the Best Value Review of procurement. Questionnaires were sent to all managers and administrative staff within the Council, all schools across the borough, a sample of the Council's suppliers and a sample of unsuccessful tenders.
- 1.2 The managers and administrative staff questionnaires were distributed in May 2003 along with the schools questionnaires. The suppliers and unsuccessful tenders' questionnaires were distributed in June 2003. A reminder was sent to anyone that did not return the questionnaire by the reply by date.

2. Managers Questionnaire

- 2.1 177 questionnaires were sent out to all managers in the Council. The list of managers was obtained from the attendees of the managers' conferences. Two reminders were circulated but just 52 questionnaires were returned. This means we received a response rate of just 29.37%.
- 2.2 The responses were as follows:

2.2.1 Managing contracts

38.4% of managers said they manage contracts worth in excess of £150,000. 57.6% said they don't.

Just 25% of managers know that they should obtain value for money for contracts valued at up to £3,000 (however 5.76% did say they would look this up in the Council constitution if they needed to). 32.69% know that they must collect competitive quotes for contracts valued between £3,000 and £30,000 (again 5.76% said they would look it up). 42.30% know that they must tender if the value is over £30,000 (5.76% would look this up). 38.46% of managers know that if a contract is worth £200,000 or more that it must be reported to the Executive (7.69% would look this up).

2.2.2 Advice about procurement

For advice about procurement most managers go to Stefanie Goldsmith (Corporate Procurement Officer), Heather Cutler (central Stores), Sue Wells (Social Services Contracts Officers), Internal Audit, Finance or the Legal Team. 71.14% are satisfied with the procurement advice they have received.

2.2.3 Conducting procurement

57.69% of managers feel well equipped to conduct procurement however 44.23% say they do not.

The following things made it easy for managers to conduct procurement: previous training and experience; support of the Corporate Procurement Officer and Departmental Procurement Officers; availability of information and advice, contract rules and flexibility and the Integrated Management Partnership outsourced through consultants.

Things that managers say they need to help them conduct procurement effectively include: a simple guidance (including guidance about standing orders); examples of best practice; to know that there will be no comebacks and training (which should be part of the induction process or competencies).

2.2.4 Funding and training

Just 15.38% of managers have identified funding for training. In addition only 34.61% said that their staff receives training on procurement.

2.2.5 Monitoring

80.79% of managers monitor their staff's performance. 28.84% often talk to their staff about procurement however 51.92% only occasionally talk to staff about procurement.

Managers were asked what measures of performance they use to monitor procurement. Answers included: using timescales; outputs, invoices; measuring performance against delivery plans; budget and PI monitoring; compliance with standing orders; the quality of the service; value for money, ad hoc comparisons with other suppliers; select list tendering; consultation; regular review meetings; audit trails; one to ones and appraisals during the process.

Managers were also asked how they monitor the contracts that they are responsible for. Answers included: conducting random checks; talking to staff; and liaising with providers and service managers; monitoring systems and process; conducting user satisfaction surveys; conducting monthly monitoring on larger contracts and using TIM and a reporting regime.

2.2.6 Problems with delivery of contracts

Managers were asked what they do if there are problems with the delivery of contracts. They were able to tick as many options as they wanted. 73.07% of managers said they negotiate with the contractor, 55.76% seek advice or support, 48.07% withhold pay, 42.3% contact legal services, 21.15% refer it to management and one person said they do nothing.

2.2.7 Benchmarking, market testing and tender

51.92% of managers said they have carried out benchmarking/full market testing in the last three years. In addition 32.69% said they have carried out a full tender in the last three years.

Services that have been through benchmarking or a formal market test are: Customer First; Shape Up For Homes; Education, Housing Contracts; Ground Maintenance; Consultancy Services; Voice for the Child in Care; Training and Development; Careline Call Handling; Highways; Recruitment; Advertising and Occupational Health; Community Halls; Libraries Best Value review and Health and Consumer Services.

Services that have been through a full tender are: Customer First; various trade contracts; Education; Legal Services; Highways Maintenance; Consultancy Services; Taxi Services; Highways; Recruitment; Advertising and Occupational Health; Commercial Estate Management and Professional Services; Health and Consumer Services and Housing Repairs and Maintenance.

When conducting the market test 36.53% phoned around, 21.15% contacted a professional body such as CIPFA, 13.46% have attended seminar and 13.46% had joined a benchmarking club.

2.2.8 Externalising the in-house procurement function

Managers were asked to say how strongly they agreed or disagreed with a number of factors. These factors were based around what would stop them from externalising the in-house procurement function.

The statements they agreed with were as follows:

- political pressure (24.99% although 38.46% neither agreed nor disagreed);
- loss of overall service delivery (44.22%);
- staff transfer or loss of staff (24.99% however 36.53% neither agree nor disagree);
- legal complexities (32.68%);
- complexity of the process (38.45% although 25% neither agree nor disagree), and
- just 5.7% agreed that none of the stated options would stop them externalising the service.

They disagreed with the following statements:

- personal principle (32.68% however 36.53% neither agreed nor disagreed);
- service cannot be improved by making changes (44.22% however 26.92% neither agreed nor disagreed).

2.2.9 Externalising a service

Managers were then asked to agree or disagree with the same statements in terms of externalising a service.

The statements they agreed with were as follows:

- political pressure (30.76% although 32.69% neither agreed nor disagreed);

- loss of overall service delivery (25.20%);
- legal complexities (28.84% however 32.69% neither agree nor disagree);
- personal principle (26.53% although 32.69% neither agree nor disagree);
- complexity of the process (34.61% although 30.76% neither agree nor disagree), and
- just 1.9% agreed that none of the stated options would stop them externalising the service (although 3.8% stated that they did not know).

They disagreed with the following statements:

- staff transfer or loss of staff (28.83% although 36.53 neither agree nor disagree)
- service cannot be improved by making changes (44.22%).

2.2.10 Procurement rules

55.76% thought that action should be taken against officers who do not follow procurement rules (although 36.53% didn't know). 63.46% thought that officers who persistently fail to use corporate contracts without good reason should be subject to disciplinary action.

40.37% of managers thought the contract rules section of the constitution was helpful. In addition 17.30% had never used it or didn't know it existed.

3. Schools Questionnaire

3.1 58 questionnaires were sent out to all schools across the borough and 41 were returned. Therefore we received a high response rate of 70.68%.

3.2 The results are set out below:

3.2.1 Purchasing of stationery

Schools were asked where they buy their stationery. They were given a choice of answers from which they could select as many answers as necessary. 97.5% of buy stationery from a catalogue, 60.9% use Central Stores and 9.7% use a local shop. Reasons for these choices included that they have access to other suppliers catalogues (29.2%), because other suppliers are cheaper (21.9%), because the corporate contract does not supply what we need (17%), because other suppliers visit them (7.3%) and because other suppliers are quicker (4.8%).

The majority of schools buy stationery once a month (36.5%), 31.7% buy it less than once a month, 26.8% buy stationery once a fortnight, 4.8% buy it once a week and 2.4% buy it more often than once a week.

Respondees were asked how much they spend on stationery per year. 46% of schools spend between £1,001 and £5,000 on stationery,

14.6% spend between £5,001 and £10,000, 7.3% spend between £0 - £1,000 and the same percentage (7.3%) spends more than 10,000. However 24.3% said they didn't know how much they spent.

3.2.2 Online catalogue

The schools were asked if they would be more likely to use the corporate contract for stationery if there was an illustrated catalogue on the Intranet. 56% said yes, 21.9% said no but 19.5% did not know.

3.2.3 Procurement newsletter and manual

14.6% of schools have access to the procurement newsletter but just 7.3% find it useful. 29.2% have access to the procurement manual and 19.5% find it useful. Just 9.7% have access to the procurement Intranet and only 4.8% find it useful.

3.2.4 Advice about procurement

36.5% of officers in schools get advice about procurement from their manager and 17% get advice from other colleagues. Other answers included asking other boroughs for help or contacting Central Stores.

3.2.5 Purchase orders, delivery notes and invoices

Respondee were asked if they raise purchase orders. 41.4% answered that they always raise them, 24.3% say they usually do, 21.9% say they sometimes raise them and 9.7% say they never do. For those people that said they never raise purchase orders some of the reasons are as follows: the process is too time consuming, they sometimes buy items from a mobile shop that visits, when purchase orders and invoices are not matched it can cause problem consolidating the budget at the end of the year.

Schools were also asked if they match the delivery note to the invoice. 78% always match it, 7.3% usually do, 7.3% sometimes do and 2.4% say they do not ever do this. One person gave a reason for never matching the delivery note to the invoice and this is because everything is paid for using codes.

In most schools the Headteacher approves purchase orders or invoice orders (92.6%). In 2.4% of schools the Head of Department approves them. Other people that approve these are Deputy Heads.

63.4% of schools say that they challenge invoices prices occasionally, 21.9% have never needed to, 7.3% often challenge prices and 2.4% said that haven't because they don't know how. Most schools do this by contacting the company to challenge the invoice. Some negotiate discounts on large quantities or ask if the suppliers can compete with other company's prices. Some change the supplier if there is a problem.

3.2.6 Time spent on procurement

Schools were asked how much time per week they spent on procurement. 39% spend more than one day, 26.8% spend half a day, 24.3 spend a whole day, 4.8% spend just one hour and 7.3% don't know.

3.2.7 Procurement training

78% of staff in schools have not had any training on procurement. Just 14.6% have. The person who had had the most recent training had received this 2 years ago. Others received training as long as 7 years ago.

3.2.8 Oracle support

Schools were asked about how helpful they find Oracle support. 55% found it helpful (including 12.1% who find it very helpful). Just 21.8% find the support unhelpful. When asked about finance support 82.8% find it helpful and just 4.8% find it fairly unhelpful.

Suggestions were made that would make things easier. These included finance staff responding promptly to queries, providing specific training for schools, clear guidelines for using RMMS, making an illustrated catalogue available on the intranet, improving Oracle's reliability and providing an idiots guide to Oracle.

63.4% say that their manager occasionally discussed procurement issues with them, 17% say they often do and 14.6% say they never do.

3.2.9 Change of suppliers

When asked how many times they had changed their supplier in the last 3 years 24.3% had changed twice, 14.6% had changed more than 3 times, 4.8% had changed their supplier 3 times and 4.8% had changed their supplier just once. However 21.9% did not know. Some schools said they often shop around for the cheapest price and use various suppliers when they find a company they is cheap on particular items.

3.2.10 Budget setting

41.4% said their school plans procurement into the budget setting process, 26.8% do not and 29.2% didn't know.

4. Administrative Staff Questionnaire

- 4.1 156 questionnaires were sent out to all administrative staff in the Council. The list of administrative staff was taken from the on-line phone book. Just 16 questionnaires were returned. This means we received a response rate of just 10.25%.
- 4.2 The results, which are broadly similar to the schools responses, are set out below:

4.2.1 Purchasing of stationery

Administrative staff were asked to state where they buy their stationery. 75% buy it from central stores, 62.5% buy it from a catalogue and 6.25% did not know. If they did not buy their stationery at central stores they were asked to state why they used other suppliers, answers included: because it is not clear what central stores can provide (25%); because other suppliers are quicker (18.75%); because we have access to other supplier's catalogues (18.75%) and because other suppliers are cheaper.

Most people buy stationery once a week (31.25%), 25% buy it once a fortnight and 25% buy it less than once a month, just 6.25% buy stationery more often than once a week and once a month.

50% of staff do not know how much money they spend on stationery per year, 25% spend between £1,001 and £5,000 and 6.25% spend either 0 to £1,000, £5,001 to £10,000 or more than £10,000.

4.2.2 Online catalogue

68.75% of admin staff said that they would be more likely to use the corporate contract for stationery if there was an illustrated catalogue available on the Intranet (25% did not know).

4.2.3 Purchasing of furniture

43.75% of people buy furniture from a catalogue, 25% use the corporate contract, although 25% do not know where they buy it. Just 6.25% buy it from a local shop.

Staff were asked to state the reasons why they did not use the corporate contract. These included: because other suppliers are quicker (18.75%); because the corporate contract does not supply what we need (18.75%); because we have access to other suppliers catalogues (12.5%) and 6.25% said it was because other suppliers are cheaper. One person said that they were not aware that a corporate contract existed for the supply of furniture.

Most people said they purchased furniture less than once a year (31.25%), 25% bought it once a year and 18.75% bought it once every six months (25% didn't know).

An overwhelming 62.5% of staff didn't know how much they spent on furniture in a year. 25% said they spent up to £1,000. 6.25% spent £1,001 to £5,000 and 6.25% spent more than £10,000.

4.2.4 Online catalogue

56.25% say they would use an illustrated online catalogue for furniture if one was made available (25% did not know).

4.2.5 Procurement newsletter, manual and Intranet

18.75% have access to the newsletter and 12.5% find it useful. 37.5% have access to the procurement manual and 31.25% find it useful. 25% have access to the procurement Intranet and 18.75% find it useful.

4.2.6 Advice about procurement

56.25% get advice about procurement from their colleagues and 37.5% get advice from their manager. One person said they usually ask staff in Central Stores for advice.

4.2.7 Invoices, purchase orders and delivery notes

81.25% get invoices approved by their manager. 12.5% get it approved by colleagues. One person said that they approve invoices themselves. With regard to purchase orders 18.75% always raise them, 25% usually raise them, 12.5% sometimes raise them and an overwhelming 43.75% never raise them.

Reasons given for not raising purchase orders included the fact that there is no access to Oracle on site, other team members raise purchase orders on their behalf and supplies are only ordered from Central Stores.

Staff were asked if they ever challenge invoice prices. 37.5% occasionally challenge them, however 56.25% say they don't because they have never needed to. If they do challenge prices they usually call the company to discuss the issue or refrain from passing the invoice for payment until the issue is resolved.

4.2.8 Time spent on procurement

Most people spend one hour per week working on procurement (31.25%). 25% spend half a day, 12.5% spend more than one day and 6.25% spend a whole day (18.75% did not know).

4.2.9 Procurement training

Just 6.25% of administrative staff said that they have received training about procurement.

4.2.10 Oracle and finance support

37.50% find Oracle support helpful. 6.25% find it fairly unhelpful and 25% didn't know. In addition 50% of people find Finance support helpful.

One person suggested that an up to date hard copy of the Central Stores catalogue would help them.

4.2.11 Discussing procurement

68.75% of staff say that their manager discusses procurement issues with them occasionally. 12.5% say their manager never discusses the issues with them.

4.1.12 Suppliers

Staff were asked how many times they had changed their supplier in the last three years. 18.75% said once, 6.25% said three times but 56.25% didn't know.

In addition they were also asked how they can be sure they get value for money. Answers included: the products arrive on time (50%); the products work properly (37.5%); the products are cheap (18.75%); they do not receive any complaints (25%); the quality is good (50%) and the customer service is good (25%).

56.25% of staff say they have an input when making decisions about where to purchase goods. 68.75% say that they have an opportunity to express their concern if there are excessive demands for purchasing goods.

5. Prospective Suppliers Questionnaire

5.1 25 questionnaires were sent to a selection of companies that had, in the past tendered for contracts, but failed to win them. Just 9 questionnaires were returned. Therefore we received a response rate of just 36%.

5.2 A summary of the responses is set out below:

5.2.1 Contracts

Prospective suppliers were asked how they find out about Council contracts. 55% see adverts, 44% use OJEC, 33% find out via word of mouth and 11% look on the Internet.

5.2.2 Communication

When asked how good the Council are at communicating requirements 66% said the Council are good (however 33% said the Council are neither good nor bad).

5.2.3 Tender process

88% find the tender process easy. Although 11% found it neither easy nor difficult. In addition they were asked how easy the Council are to contact during the process, 66% answered easy.

When providing instructions and information 66% thought that the Council is fairly clear and 88% thought that the Council is helpful when responding to enquiries.

We asked prospective suppliers how quickly or slowly the Council responded to requests for information. 77% thought the Council responded quickly although 22% thought we were slow.

Suggestions for ways in which we can improve and simplify the tender process included: providing electronic submission forms; including a

detailed breakdown of the different services required; more information on the individual jobs; more detailed specifications and clearer descriptions.

55% of prospective suppliers find it difficult to market their product to the Council and 66% say they would consider e-tendering if they had the facilities to do so.

5.2.4 Other Comments

Respondee were given the opportunity to make other comments. One person said that the consultants working for Barking and Dagenham are not always easy to contact. Another person stated that they conduct customer satisfaction surveys but not as frequently as Barking and Dagenham suggest as this would cause a large amount of paperwork.

6. Suppliers Questionnaire

6.1 49 questionnaires were sent to a selection of companies that supply Barking and Dagenham Council with goods or services. 33 questionnaires were returned. This means we received a high response rate of 67.3%. The questionnaire was intentionally designed in a similar way to the one sent to prospective suppliers to allow us to make comparisons between opinions.

6.2 The responses are summarised below:

6.2.1 Contracts

Suppliers were asked about how they find out about Council contracts. 36% either use OJEC or see adverts, 30% find out via word of mouth and 9% look on the Internet. One supplier purchases a contractors publication.

6.2.2 Communication

When asked how good the Council are at communicating requirements 75.7% said the Council are good and just 6% thought the Council were bad at this.

6.2.3 Tender process

75.7% find the tender process easy. Just 12% find it difficult. 84.8% found it easy to contact the Council during the tender process.

When providing instructions and information 93.9% thought that the Council is clear and 93.9% thought that the Council is helpful when responding to enquiries.

We asked suppliers how quickly or slowly the Council responded to requests for information. 81.8% thought the Council responded quickly.

Suggestions for ways in which the Council can improve and simplify the tender process included: providing electronic submission forms; more detailed pricing schedules and specifications; introducing a quality/cost models; providing as much information about the client group as possible (for care contracts); requesting the completion of the company questionnaire once rather than with every tender and informing companies where to look out for tender adverts.

72.7% of people said that they do get monitored on their performance and 69.6% were satisfied with the monitoring process. 60.6% of suppliers always or usually receive feedback on monitoring however 15.1% say they never receive feedback.

Of those people that said they are dissatisfied with the monitoring process one person suggested that there needs to be an improvement in communications and team working between contractors and the Council.

54.5% of suppliers find it easy to market their product to the Council and 78.7% say they would consider e-tendering if they had the facilities to do so. Only 3% already have the facilities to e-tender.

6.2.4 Other Comments

Respondees were given the opportunity to make other comments, these included: contractors who are prepared to advise on difficult works should get preference in the tender process; one company would like the opportunity to show the Council what other services they can offer and one company is dissatisfied in the way in which their relationship with the Council has declined since the use of Constructionline's services. On a positive note one company said they have built up a good relationship with the Council and have noticed an improvement in the way we deal with providers.

Appendix 6 – Summary of Compare Visits

item	W.Sussex	Westminster	Wandsworth	LBBB Current	LBBB Lessons
Background Information					
Council Statistics	Annual spend £280 million Contracts £ 34 million	Annual spend £225 million Contracts £150 million	Spend £?? Million pa Service Contracts in place £365 m Contracts spend £152 m pa	> 3k>30k Officers (3 written quotes) < £30k >£200k formal tender + Chief Officer approval <£200k to executive	Look at standing orders/raise approval limits?
Standing order approval values: -	> £50k Officers (3 written quotes) < £50k >£200k formal tender + Chief Officer approval <£200k to cabinet	Up to £1.5 million – chief officers (except consultancy contracts there limit is £300k) Above £1.5 million – cabinet decide	Up to £??? k Chief Officers - Above £??? k the cabinet makes the decision ?		
Overview of Council operations	The Council has very few services remaining in-house.	Long history in competition, Only front line, specialist, or legal requirements not contracted out All areas market tested every 8-10 years. c 3000 staff TUPE in Nov 2002.-10 year deal	The Council has contracted out most services with a culture to outsource where possible The Directorates are: Housing, Education, Leisure, Libraries, Social Services, Central Admin	The Council has very few services outsourced.	There will be increasing pressure to market test.

item	W.Sussex	Westminster	Wandsworth	LBBB Current	LBBB Lessons
Scored Answers					
How are Members involved?	Involvement is patchy, but wants want to set up Procurement Board with a strong member presence.	Members on departmental boards. award contract without executive reference	Members open tenders over £20k, with Council Members Group scrutiny of tender	Involvement is patchy, but improving. There is an Executive Portfolio Holder for Procurement, enthusiastic Member BV panel and Members becoming more interested in participating in procurement	Members seem to have the greatest involvement in authorities where there are departmental boards with member participation
score	6	10	8	6	
Structure of Procurement	Central team:- 3 managers, 9 contracts officers + 3 admin Also 15 dept based staff.	Central team in Audit. Each dept has team to, draft specifications / monitor performance	All contract adverts placed centrally, good compliance/ a common format, regardless of the originating Directorate	Corporate procurement lacks resource and teeth. Strong set up in some departments.	Clear benefits from a strong central team with resources to provide adequate training/ support to devolved staff
score	10	8	4	4	
How Procurement training provided?	There is a corporate training program accredited by CIPS	Six training sessions a year each for 25 staff. Part of the training in each session takes account of questions that department. Advisers have not answered so referred to Central Procurement.	Little formal or ongoing training unless provided at low cost by the LCSG. Due to low staff turnover, most people know rules and the results not following the Procedures and Standing Orders	Basic training course provided 4 x per annum plus individual training for officers requiring help on contract processes is available if resources permit However targeted training needed..	The best training outcomes occurred where training closely targeting to user needs, for which skills auditing is necessary. The quality of the training improved by use of professional trainers in purchasing skills

item	W.Sussex	Westminster	Wandsworth	LBBB Current	LBBB Lessons
score	10	10	2	4	
<u>What is the Procurement process?</u>	New contracts have a yellow form which documents their progress through the process Central team procure/ manage corporate contracts and provide Procurement leadership, advice, and guidance	Each department has a contracts board and all proposed contracts must pass through a series of boards depending on the value and political sensitivity of the proposed works or supply No contact can start up without a reference number being provided by this Dept.	Below £250k Follow EU procedures/ an audited trail by 'Blue Form'; which must be complete / is scrutinised by the overseeing board. Over £250k overseen by board – Head of Legal, Head of Audit, Head of Policy and Procurement: Board 1) carries out 'scrutiny' and 'pre-disqualification' phases. 2) assess response before review by Members	Few common processes although there are 12 Principles of Procurement and a Procurement Manual available on the Intranet. Executive involvement encouraged for contracts above £200K – when Members participate in procurement packaging and contract evaluation	The visits highlighted the benefits of a control document of a form similar to the "Yellow" and "Blue" forms used by two of the authorities. However a simpler format might be appropriate.
score	10	8	8	6	
<u>How does Procurement: Drive up service delivery?</u>	By managing monthly contract performance / development meeting reported across the Council	By contributing to the contracts board	Internal Audit manage budgets, Contract management, agreed before award, coordinated by Head of Policy Unit or Supplies Officer according to value/ risk	By exerting assistance and persuasion where it can in contract management	By ensuring that performance standards and service levels are clearly spelt out in ITTs and Contracts. This will require widespread user and contracts officer training.
score	8	4	4	4	

item	W.Sussex	Westminster	Wandsworth	LBBB Current	LBBB Lessons
Facilitate achievement of strategic objectives?	By pushing departmental Officers to take Procurement responsibility, particularly in monitoring contracts; and by discussing the results of regular user and contractor satisfaction surveys	The contracts board ensures standards are maintained, but also looks at different ways of packaging contracts	Not clear	By applying assistance and persuasion where it can in contract management	It is clear that it will be necessary to ensure the staff understands the strategic objectives and that explanation of the appropriate strategic objectives are built in to ITTs and Contracts. Again training will be required.
score	7	5	0	4	
Ensure the user perspective is included in contract documentation ?	The contracts officers work with the client / users to see needs are taken into account. Line of complaint in delivery is client dept; but central Procurement sort serious problems	Forums, surveys and reviews are used to determine customer needs for contract packages. Some customers included in the contract award process.	Not clear	By exerting assistance and persuasion where it can in contract management	This seems to be best achieved where users are involved in the specification process, rather than being asked their opinion of a specification which they may not understand.
score	6	8	0	4	
How do you carry out risk assessments?	Audit carry out assessments on all contracts	Not covered	Audit department responsibility	Patchy, procurement assist where they are involved in the process.	Often Audit Depts perform this function. It is an area where more training is required
score	6	0	6	4	
How do you bring together contract data?	There is a corporate contract database maintained on the	Corporate contract database held by compliance group, an	Not clear	No central database but departmental information exists and	All authorities record details of new contracts on a paper system (The

item	W.Sussex	Westminster	Wandsworth	LBBB Current	LBBB Lessons
	Procurement Intranet	annual report is provided to the Scrutiny Committee		is available.	yellow/ blue forms), and/or the key details are entered on a database widely available across all depts. Corporate Procurement undertakes planned monitoring
score	8	8	0	2	
Is there an approved suppliers list?	Yes – it is comprehensive and is constantly updated	Yes – it is comprehensive and is constantly updated	Separate Works, Supplies, Housing etc. lists with the aim to create one list.	Separate department etc. lists with the aim to create one list.	All implemented a list or departmental lists a considerable time ago, so on paper, and their experience was not of assistance. We do raw data for this work available from ORACLE, but additional data will be needed suppliers, to enable them to be judged against suitability criteria, to decide which are to accepted/ rejected.
score	10	10	6	6	
What sanctions are there against persistent non use of the list?	Disciplinary action is taken	Disciplinary action is taken	Disciplinary action is taken	Disciplinary action could be available but to date this has not been used.	The message from the visits was that authorities take disciplinary action against persistent offenders. This can only be considered after a wide consultation and public...

item	W.Sussex	Westminster	Wandsworth	LBBB Current	LBBB Lessons
score	10	10	10	2	consultation and publicity campaign.
What use is made of e-Procurement?	SAP is currently being implemented to replace the paper based system	The introduction of SAP is under consideration	The system is entirely paper based, with no current or long term plans to change this.	Oracle installed and functioning –e ordering/ tendering under discussion	Compared with the authorities visited, LBBB is well advanced with converting its processes to electronic format, but so far the main activity has been in internal areas, emphasis for future must be external process to meet the government e-government targets.
score	7	4	0	9	
How are Corporate Policies incorporated in Contracts – including the RRA Amendment Act	This is starting to be implemented but still needs considerable development	The Board looks at achievement of strategic objectives in each process. Equalities not covered yet but they are developing implementation and monitoring	Only the legislative minimum covered	Training incorporates achievement of strategic objectives and guidance has been produced on Equalities(chapter in Procurement Manual) and on Implementation of the RRA 2000 Act.	Compared with the other authorities LBBB is achieving well here, although the good practice is not entirely consistent across the organisation. This needs to be incorporated into the Code of Practice to ensure compliance from all.
How are workforce matters taken into account in	4	5	2	8	
	TUPE considerations incorporated but no further information provided.	Long history of outsourcing and experienced in TUPE. No real moves on 2	Minimum requirements covered through TUPE, no plans to incorporate 2	Workforce Policy in BY and Contracting developed with Trades Unions which	LBBB clearly leading here in terms of dealing with workforce issues.

item	W.Sussex	Westminster	Wandsworth	LBBB Current	LBBB Lessons
Procurement?		Tier Workforce issue though.	Tier Workforce Guidance/	incorporates TUPE, all government guidance and 2 Tier Workforce considerations. New contract clauses drafted to incorporate all new requirements.. Good relationship established with TUs and Staff.	
	5	6	2	10	
Total Score	101	96	60	73	

Appendix 7 – Completed Options Appraisal Matrix

Option	Essential Requirements (answering "No" to either of these will mean automatic disqualification from the process).		Important Requirements (These would normally require a "Yes" or "+ve" answer for all the questions, however, where a reasoned and evidence based case can be put together to take an option further it should be considered).						
	Does the option meet legal requirements?	Will the option achieve value for money?	Does the option have an overall +ve or -ve impact on the delivery of the Council's Community Priorities? +/-	Is the option able to meet service priorities and a viable means for achieving improved services?	Are there viable providers in the market for this option?	Are the potential risks acceptable? (What are they)	Will this option get the service performing in the top 25% in 5 years?	Will this option enhance skills and deliver effective procurement?	Is the option viable for further consideration?
Option	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No
Market-testing of all or part of the service (where the in-house provider bids in open competition against the private or voluntary sector)	Yes	Potentially	Potentially	Potentially	Not at present but this may change	Risks too great whilst in-house structure inadequate	Potentially	Potentially	Yes – longer term
Formation of a public-private or public-public partnerships, through a strategic contract, or joint venture company, for example	Yes	Not at present	No	No	No given the current resources	No	No	Could in the longer term if adopted	Not at present
Transfer or externalisation of the service to another provider (with no in-house bid)	Yes	Depends on part of service	Potentially	Potentially	Yes for Stores, no for Support	Business plan underway	Potentially	N/A	Yes
Joint commissioning or delivery of the service	Yes	Potentially	Yes	Yes	Market developing	Some risks if consortia under-developed	Potentially	Yes	Yes
Cessation of the service, in whole or in part	Yes	No	No	No	N/A	Poor procurement and vfm	No	N/A	No
Restructure in-house service									

Appendix 9 - E-Procurement Survey Results

Council Name	LBBB	London Borough of Hillingdon	London Borough of Croydon	London Borough of Sutton	London Borough of Bromley	London Borough of Hounslow	West Sussex County Council	Cheshire County Council
Contact Name	Heather Cutler	Steve Carpenter	Liz Calcutt	Mark Brewer	Susan Haynes	Pauline Fothergill	Sue Virik	Su Moan
Job Title	Procurement & Stores Manager	e-Procurement Manager	Head of Procurement	Group Resources Manager	Head of Procurement	Contracts Advice Unit Manager	Chief Procurement and Contracts Officer	Head of Corporate Procurement
Contact e-mail	heather.cutler@bbd.gov.uk	scarpenter@hillingdon.gov.uk	liz.calcutt@roydon.gov.uk	mark.brewer@sutton.gov.uk	susan.haynes@bromley.gov.uk	pauline.fothergill@hounslow.gov.uk	sue.virik@westsusssex.gov.uk	moans@cheshire.gov.uk
Contact Phone no.	020 8227 3787	01895 277759	020 8407 1318	020 8770 5300	020 8313 4475	020 8583 2340	01243 752354	01244 606004
Contact Fax no.	202 8227 3705		020 8760 5571	020 8770 5318	020 8313 4746	020 8583 2342	01243 752344	
Is there more than one procurement system in place across your Council?	No	No	No	No	Yes	No	No	No
Do you currently operate an integrated ERP system?	Yes	Yes	Yes	No	Yes	No	Yes	Yes
If yes, is this across all areas of your Council?	Yes	Yes	Yes		No		No	Yes
Is purchasing linked directly with General Ledger and Payments?	Yes	Yes to both	Yes to both	No PO stands alone	Yes to Payables only	Yes to both	Yes to both	Yes to both
What % of non employment spend is by purchase orders	40	<10%	8.75% of estimated expenditure			N/A	34%	see note

Council Name	LBB	London Borough of Hillingdon	London Borough of Croydon	London Borough of Sutton	London Borough of Bromley	London Borough of Hounslow	West Sussex County Council	Cheshire County Council
on the ERP system?								
If yes, how many orders are placed annually using the ERP system?	35000	<2000	12000 projected on current usage (Not fully rolled out or implemented in all departments)	5,000	N/A	33,000	see note	
Are orders placed completely electronically through to supplier or are paper orders posted or phoned through to supplier?	No	All paper	Less than 50% electronic	Less than 50% electronic	Less than 50% All paper	Less than 50% electronic	All paper	
Do you carry out pre-qualification of suppliers on-line?	No	No	No	No	No	No	Yes almost all	
Do you use CHAS or other similar Health and Safety checking process on-line?	Yes	No	No	No	No	No	No	
Do you use Constructionline, D&B, Sinclair, or other similar pre vetting process on-line?	Yes	No	Yes, Constructionline	No	No	No	Yes D&B	
What brand of purchasing system do you operate?	oracle 11i 5.8	Oracle I-Proc	Oracle I-Proc	None	Other bought In System	SAP core	Oracle I-Proc	
Do you operate via an e-procurement portal such as MarketPlace or	No	No	No	Yes	No	No	Yes	

Council Name	LBBDD	London Borough of Hillingdon	London Borough of Croydon	London Borough of Sutton	London Borough of Bromley	London Borough of Hounslow	West Sussex County Council	Cheshire County Council
Roses?								
What % of your business is through the portal?	N/A	N/A	N/A	Less than 5%		N/A		see note
How many orders have been placed using the portal in the last 6 months?	0	N/A	N/A			N/A		see note
How many suppliers/catalogues do you have on the portal?	0	N/A	N/A	One		N/A		10
Do you e-mail or fax your orders electronically directly from your system?	No	No	Yes	Yes	No	No	Yes	No
What % is emailed or faxed?	0		System New Therefore No Relevant Figure Available	Less than 5%		N/A	Less than 1%. On line in August 2003	
Do you carry out e-tendering?	No	No	No	No	No	No	No	No
Approximately how many e-tenders in the last 12 months?	0		N/A			N/A		
Approximately how many traditional tenders were carried out during the last 12 months?			approx 150 (20 OJEC, 100 Works, 30 other & low value)	approx 20	500	15		
Do you carry out e-auctions?	No	No	No	No	No	No	No	No

Council Name	LBBB	London Borough of Hillingdon	London Borough of Croydon	London Borough of Sutton	London Borough of Bromley	London Borough of Hounslow	West Sussex County Council	Cheshire County Council
Approximately how many in the last 12 months?	0	N/A	N/A			N/A		
Would you be prepared to discuss later how you have secured tender transmission data, including encryption methods?			No	Yes			No	
Do you have a corporate contract database on your intranet?	No	No	Yes	No	No	No	Yes	No
Do you have supplier access web pages on your public internet?	No	No	Yes	No	No	No	Yes	No
Do you pay by BACS?	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes
What % is by BACS?		>90%	20%	80%		80% estimated	98%	80-90%
What % of your suppliers are e-enabled?	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	No hard data at present	Unknown
Do you have any e-enabling training schemes for your potential or existing suppliers?	No	No	No	No	No	No		No
Do you maintain an inventory controlled store?	Yes	Yes	No	No	No	No	No	Yes
Is your stock control linked to your ERP system?	Yes	No	No	No		No	No	Yes
Do you maintain supplier catalogues in house?	no	Yes	Yes	No	No	No	No	Yes

Council Name	LBBD	London Borough of Hillingdon	London Borough of Croydon	London Borough of Sutton	London Borough of Bromley	London Borough of Hounslow	West Sussex County Council	Cheshire County Council
How many supplier catalogues do you have directly maintained on your ERP system?	0	1	4	None	0	None	None. Two on EBP System	One
How many staff are involved directly in supplier e-support?	1	1	1-2	None	0	None	10 approx	4
Do you have devolved procurement?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Approximately how many staff place purchase orders across your Council?	350	300	Approx 300	approx 60	150+	200	235 on ERP system plus manual ordering across Council	1000
How many staff are in the procurement support and advice function (may not be formally centralised but procurement advice given widely)?	5	10	9	One	2-4	1 + 2P/T	12	8
Are they included in the catalogue maintenance?	no	Yes	Yes	No		No	No	Yes
Are your e-procurement officers working as part of an e-government team?	no	No	No	No	No	No e-procurement team	Yes part of seconded team	No
Have you made any actual process cost reductions by the	no	No	Yes	No		No		Yes

Council Name	LBB	London Borough of Hillingdon	London Borough of Croydon	London Borough of Sutton	London Borough of Bromley	London Borough of Hounslow	West Sussex County Council	Cheshire County Council
introduction of your e-procurement functions?								
Did this result in personnel reductions?	Choose one	No	No	No	No	No	No	No
If your Council is an LEA are your schools included in your reply?	Yes	No	No	Yes	No	No	No	Yes
If your response has not included schools, do they share your Council ERP system?	No	No	No	No	No	No	No	No
What other systems are used for your schools procurement and finance systems?	Schools system	Manual	Includes SIMS	None	On-line ordering of Stationery, Paper and Computer Consumables	SIMS	SIMS	SIMS

Appendix 10 – Regeneration Board Terms of Reference

London Borough of Barking and Dagenham

REGENERATION BOARD

TERMS OF REFERENCE

1. Purpose

- 1.1 The Regeneration Board (RB) is the principle collective officer decision-making and co-ordinating body for strategic regeneration matters in the council. It operates within the council's agreed policies and strategy for regeneration and renewal and authorises officer action in relation to agreed programmes and projects, including the establishment of sub-groups to take forward specific programmes, if this is necessary, including the allocation of officer time and resources.
- 1.2 Its primary purposes are to provide clarity to officer decision making, direction and support to officers involved in regeneration and renewal activity and review of programme performance in the context of agreed programme activity. It will own and review the cross-cutting balanced score card for regeneration.

2. Membership and Frequency of Meetings

- 2.1 The RB consists of the TMT operating in strategic session. The RB will meet once a month, in the fourth week of each month.
- 2.2 The membership of the RB will consist of the following:
 - Chief Executive (Chair)
 - Executive Member for Regeneration
 - Director of Corporate Strategy
 - Director of Housing and Health
 - Director of Social Services
 - Director of Finance
 - Director of Leisure and Environmental Services (Regeneration Champion)
 - Director of Education Arts and Libraries
 - Head of Regeneration Implementation (Secretary to the Board)
- 2.3 The Head of Regeneration Implementation will be supported as Board Secretary by the Group Manager Programme Management and Partnership Development, who will manage programme management, administration and agenda planning for the Board.
- 2.4 Programme managers for each of the identified programme areas will attend and participate in the Board's deliberations, as required, in accordance with approved reporting mechanisms.

3. Scope

3.1 The Regeneration Board's scope includes overall co-ordination of the borough's regeneration programme in the following areas:

- Area Regeneration, including:
 - All policy and strategy (including funding bids) in relation to the council's agreed area regeneration initiatives, including contributions to partnerships and external programmes and the performance of these programmes
 - Relationships with the Proposed Urban Development Corporation
 - Barking Reach Regeneration Programme
 - Barking Town Centre Regeneration Programme
 - South Dagenham/Dagenham Dock Regeneration Programme
 - All Regeneration Programmes in the Rest of the Borough
 - Local Development Framework and/or UDP review
 - Area Housing Regeneration and Renewal Programmes
 - Authorisation of recommendations to the council's Executive for the establishment of new area regeneration programmes
- Strategic Transport, including:
 - All policy and strategy (including funding bids) in relation to the council's strategic transport programmes and initiatives, including contributions to partnerships and external programmes and the performance of these programmes
 - Borough Spending Plan
 - Local Transport Planning
 - Relations with TfL and other functional bodies of the GLA in relation to transport
 - Major Transport Infrastructure Projects:
 - East London Transit
 - Thames Gateway Bridge
 - Docklands Light Railway Extension
 - Crossrail
- Neighbourhood Renewal, including:
 - All policy and strategy (including funding bids) in relation to the council's and Local Strategic Partnership's agreed neighbourhood renewal programme and initiatives, including contributions to partnerships and external programmes and the performance of these programmes
 - Recommendation of approval to the LSP and the Executive of the annual neighbourhood renewal funding allocation.
 - Performance review of neighbourhood renewal programme

- Social Regeneration and Renewal, including:
 - All policy and strategy (including funding bids) in relation to the council's strategic social regeneration and renewal programmes and initiatives, including contributions to partnerships and external programmes and the performance of these programmes
 - Sure Start Programme
 - Children Centre Development
 - Health and Social Inclusion Programme, including PCT/SHA initiatives
 - LIFT Programme
 - Social Cohesion Initiatives
 - Relevant Community Safety issues
 - Equalities and Diversity issues

- Economic Development, including:
 - All policy and strategy in relation to the council's strategic social regeneration and renewal programmes and initiatives, including contributions to partnerships and external programmes and the performance of these programmes
 - Economic Development Strategy
 - European Funding Bids across all programmes
 - Borough-wide Economic Development Actions (excluding area regeneration initiatives)
 - Economic development partnerships with the LDA, GLE, B&D CoC and Inward Investment Agencies
 - Job creation and support initiatives

- Lifelong Learning and Cultural Regeneration, including:
 - All policy and strategy in relation to the council's strategic lifelong learning and cultural regeneration and renewal programmes and initiatives, including contributions to partnerships and external programmes and the performance of these programmes
 - Projects and Initiatives in relation to Lifelong Learning
 - Projects and initiatives in relation to Cultural Development, including arts, heritage and issues identified in the council's cultural strategy

- Property and Capital Programme Management (as the Corporate Asset Forum)
 - All current activities of the Corporate Asset Forum.

4. Programme Management and Decision Making

- 4.1 The RB will be responsible for the appointment of all programme managers for each of the programme areas identified above. Each programme manager will be responsible for co-ordinating and supporting the delivery of the programme areas and reporting quarterly to the RB on the programme performance.

- 4.2 The Council's adopted programme and project management system, administered by the Corporate Programme Office (Head of Asset Management and Development), will be used for designing, managing and monitoring each programme.
- 4.3 Decisions on the programmes and the projects included within them will be made in line with the Executive's resolutions for each programme and individual projects within it. Variations to the programme and projects will need to be made in line with the corporate programme management system.
- 4.4 Each programme manager will have explicit authority and responsibility to act to ensure the delivery of the programme and will report to the Board if any programme or project is not being delivered on target, outside the set quarterly monitoring period for the programme with appropriate recommendations for action.
- 4.5 A decision record of the Board's consideration of issues will be published within 3 days of each meeting.

5. Performance Management

- 5.1 The RB will receive reports on each programme's performance and a biannual performance review of all regeneration activity in the borough. All programmes and associated projects will be reported on a quarterly basis.
- 5.2 The RB will have oversight of the Regeneration Balanced Scorecard and will ensure that this is monitored and reviewed quarterly. The responsibility for this corporate scorecard will lie with the Head of Regeneration Implementation.
- 5.3 Performance management reports will use the adopted programme management systems developed by the Corporate Programme Management Office.

6. Co-ordination

- 6.1 The Director of Leisure and Environmental Services will be responsible for the implementation of management systems to ensure that the Board's business is effectively discharged.
- 6.2 S/he will have responsibility for ensuring the implementation of appropriate systems and compliance to ensure this occurs.

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