



Derbyshire County Council

Improvement and Scrutiny Committee – Resources

Review of Procurement – Summary Report

September 2012

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1. Executive Summary

Procurement in the public sector is a huge undertaking and in any organisation, especially one spending public money, should be seen as a critical success factor. The purpose of this Review was to consider Derbyshire County Council's approach to procurement and to ensure that value for money was being achieved. Derbyshire County Council operates a devolved model of procurement which utilises departmental specialists; however, there has been a move to seek some element of centralisation to ensure consistency and maintain standards of process and outcomes which the Working Group welcomed. It is here that the skills of the staff involved in procurement activity are crucial; the wrong procurement decision has a financial, as well as a reputational impact on the Authority.

A risk-based approach to procurement is undertaken by the Authority and this reflects the complexity and sensitivity of County Council procurement activity, recognising that physical values should not be the only consideration and this was supported by the Working Group.

The Working Group considered the achievement of value for money and the individual elements that go to achieving this, noting that the initial cost is not indicative of value for money being achieved.

The Group feel that it is important to ensure that there are regular reviews of procurement documentation that reflect the constantly changing procurement landscape and contribute to the effective management of this process.

The achievement of strategic and operational support for procurement activity, reflecting that this is a high priority activity is essential. The Working Group was also keen to see support for local businesses take place wherever this is possible within the existing legislative framework.

Efficient and effective procurement is so much more than buying things cheaply; the number of variables and vested interests at play at any given moment in time are considerable and the challenge to reconcile these cannot be underestimated.

The Working Group has made 9 recommendations:

Recommendation 1: The Working Group would like to see the consolidation of category management into procurement practices and strategies throughout the organisation.

Recommendation 2: The Corporate Procurement Team to have oversight of all procurement contracts over a value of £100,000, or those which are deemed to have a significant risk factor for the Authority.

Recommendation 3: Documentation is reviewed every two years, including input from service and business representatives and reflects legislative and technological changes.

Recommendation 4: Strategic and operational opportunities to be identified that maximise the benefits to the local economy.

Recommendation 5: Monitoring of the quality and use of management information provided by SAP, making links to the operational process and the strategic decisions that are made.

Recommendation 6: A review of the information produced by SAP is conducted, identifying any areas for further development.

Recommendation 7: Cabinet support the Director of Finance's approach to procurement

Recommendation 8: Procurement activity should not be undertaken by officers not trained and approved as procuring officers. Those to whom autonomy is delegated should be subject to the same professional standards and internal controls as dedicated corporate procurement officers.

Recommendation 9: A transparent list of approved procurers is produced and these procurers become members of an internal network of procurement officers who receive regular support, development and training.

2. Introduction

Public procurement is the purchasing of goods and services necessary to deliver public services. Procurement in the public sector is a huge undertaking; as a public sector organisation Derbyshire County Council is required to obtain excellent value for money, at the same time as demonstrating full accountability for its actions. Procurement is a process which starts with the identification of a need and goes through many stages, ending with the conclusion of a service or disposal of an asset. Decisions taken in the early stages can greatly influence the eventual outcome. Procurement is a critical success factor for any organisation, both in terms of cost of service delivery and outcomes achieved.

The focus of this Review has been on the procurement process and has not considered commissioning. Procurement and commissioning can have separate definitions, however they can also be combined, where a procurer can also be a commissioner and vice versa. Procurement focuses more on the relationship between the supplier and all stakeholders. Commissioning is an on-going, cyclical process to secure the strategic development of services provided by public, private or voluntary organisations. It focuses more on the relationship between the service user and the service provider, e.g social care.

The objectives of this Review included:

- To consider the approach to procurement undertaken by Derbyshire County Council;
- Ensure the Council is achieving value for money in its procurement activity; and
- Consider its current contract and demand management arrangements.

This Review has given Members of the Authority the opportunity to assure best practice by ensuring they understand the processes within the organisation, and has allowed them to constructively challenge and demonstrate good governance and accountability.

The procurement function and its organisation should be regarded as one of the most important in the Authority and be seen as a critical success factor. This often misunderstood process is multifaceted and involves far more than simply buying products cheaply.

Derbyshire County Council spends just over £300m per annum by way of procurement, which includes capital and pre-committed PFI funding;

the estimated controllable spend is around £140m. This makes the Authority one of the largest spending organisations in the County, resulting in a high degree of influence. There are many factors affecting procurement decisions, some within the control of the Authority and others which are not. The procurement process should help to deliver relevant departmental and organisational strategies and policies, as well as ensuring compliance with the law. This Review has considered the procurement process as a whole and focussed on a number of key areas including:

- Gaining a broad understanding of this complex process;
- Sustainability and procurement;
- Fleet procurement;
- The contract management process;
- The tender process; and
- The impact of equalities legislation on procurement.

This Review has not conducted a detailed audit of the procurement function, but has carried out an examination of the organisation structure and processes, as well as the resource levels and skills at play here.

The Working Group would like to thank the Director of Finance, the County Procurement Officer and his team and all other officers involved in this Review.

3. Procurement in Derbyshire County Council

Derbyshire County Council operates a devolved model of procurement based on departmental spend, with strategic spending being maintained as a central function. The Corporate Procurement Team supports this devolved model, managing corporate contract arrangements as well as developing best practice. The establishment of a central procurement contact within directorates has assisted in the development of relationships between corporate procurement and departmental specialists.

The County Procurement Team is a small specialist team made up of nine officers. There are also a number of procurement staff based within departments that do not come under the management and responsibility of the central team. The Corporate Procurement Strategy was revised in 2012 and it is the intention that this will be reviewed every two years.

Generic procurement suits a more centralised approach, with specialist procurement taking place closer to service delivery by people with specialist skills and knowledge. However, this system engenders a high degree of complexity, and creates opportunities for 'rogue' purchasing. The SAP system is making monitoring and performance management more effective and the Working Group are supportive of the Authority's desire to tighten up practices. It is highly unlikely that enthusiastic amateurs, however well intentioned, will achieve good value for money and appropriate terms and conditions from suppliers. It is also essential to ensure that due regard is given to the Authority's corporate and social responsibility.

Derbyshire County Council's procurement process can be viewed as having four interlinking elements, as illustrated in the following procurement pyramid. This Review has highlighted the need to ensure the demand management element is viewed as an equal part of the procurement process; the need to identify product/service requirements should provide the foundation for the tender and contract management process. Evidence-based procurement, ensuring adequate research is undertaken before making procurement decisions, is essential and has a direct link to the success of the procurement process, as well as impacting on the quality of service delivered and the outcomes for service users (both internal and external). Both departmental and procurement specialists have an important role to play in this process. This is achieved in part by the internal approval cycles and controls found in Financial Regulations; however where practical, the involvement of procurement specialists will be advantageous, as well as

consideration of the procurement life-cycle (needs identification, selection of suppliers, contract management and disposal).

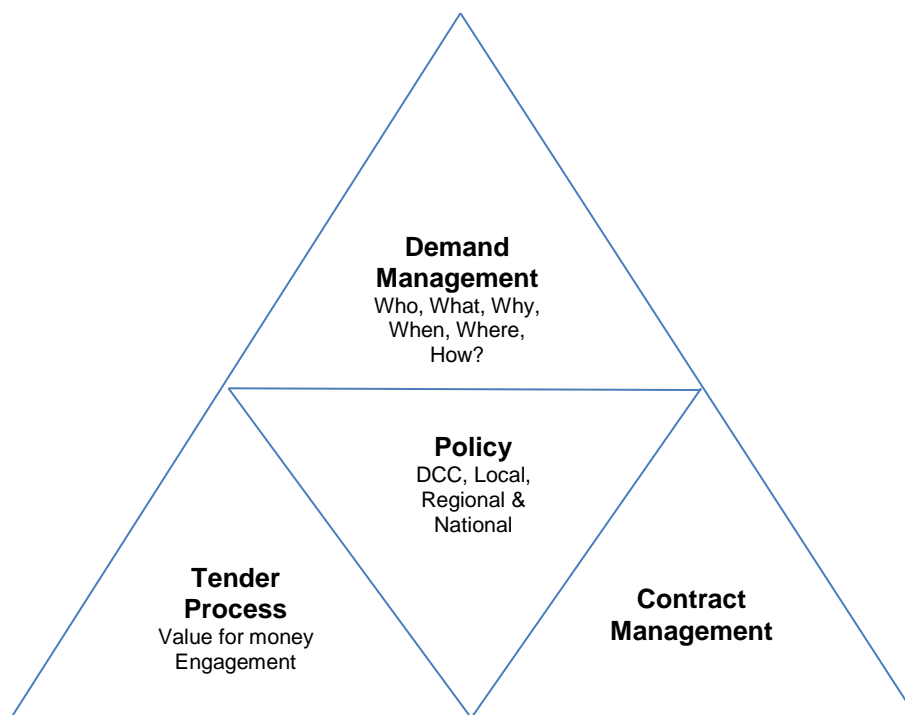


Figure 1 Procurement Pyramid

Understanding accurate demand identification and management has a demonstrable effect on the achievement of value for money for the Authority. The standardising of requirements, where appropriate, will also make a positive contribution; although the Working Group do acknowledge that it is important to maintain links to and the involvement of departmental specialists, and stress the importance of communication between departments and those involved in the procurement process.

It is widely recognised that many 'unsuccessful' procurement exercises can be traced back to a lack of clarity regarding initial specifications or confusion regarding desired outcomes; this may be a time consuming activity, with the benefits only being realised later in the process. The Working Group is supportive of the use of a business case approach, believing that this is an area for development, especially for infrequent procurers. The Working Group feels it is important to highlight the importance of the initial product/service specification stage and getting this right will provide a solid foundation on which procurement activity can be built.

4. Category Management

A key element within the procurement process is that of category management. A category in procurement terms is a group of goods or services bought by an organisation that share similar properties. There are a number of nationally recognised categories¹.

There are a number of key elements involved in category management which include:

- Scoping the category and sub categories;
- Understanding the internal requirements and stakeholders for each category;
- Developing category strategies and plans;
- Evaluating and selecting a supply option and contracting route for each procurement exercise in a category;
- Supplier selection;
- Implementing contracts; and
- Contract supply and management.

The Working Group were pleased to be informed that the Authority operates, in part, a system of category management and would advocate its continued use and development believing it is an extension of evidence based decision making. Within category management, it is not always the highest value contracts that warrant the greatest attention; specialist and highly technical procurement may require greater involvement and more detailed monitoring. The use of category management is generally agreed to support the achievement of value for money and the Working Group support the extension of category management activity.

Recommendation 1: The Working Group would like to see the consolidation of category management into procurement practices and strategies throughout the organisation.

5. Contract Management

The Working Group was briefed on the contract management process, which can be commercially and operationally complex. Contract management is the work of managing a contract for goods, services or works, which includes monitoring performance, commercial aspects, and delivery of continuous improvement, complaints and customer

¹ Energy, vehicle fleet, travel, office solutions, information and communication technology, professional services, food, construction and facilities management – Categories covered by the Office for Government Commerce Collaborative Procurement Programme.

satisfaction. For larger and more complex procurement activity, ongoing negotiations with contractors take place, allowing the Authority to manage its risk exposure; this includes the provision of 'opt-out' clauses in long contracts. Key contract management triggers have been identified and when procurement activity is small, the Corporate Procurement Team take on a policing role rather than being actively involved. The Working Group is supportive of this approach.

When setting up contracts, one element the Authority considers is the residual value at the end of the contract and this is carried out on a contract by contract basis; in some cases an invest to save approach is adopted and this has the potential to lead to greater value for money over the life of a contract.

The Corporate Procurement Team are more actively involved in large central contracts, as well as carrying out an advisory and consultancy service to service directorates when they are undertaking procurement. In principle, this devolved approach allows service directorates to utilise the understanding of the service they provide and the expertise held by staff when making procurement decisions; however, it is important to balance the use of departmental specialists with the need to generate a degree of discipline and consistency of activity and it is here that the central Corporate Procurement Team have a vital role to play.

Recommendation 2: The Corporate Procurement Team to have oversight of all procurement contracts over a value of £100,000 or those which are deemed to have a significant risk factor for the Authority.

6. Value for Money

The achievement of value for money in procurement activity is essential for all organisations; this is especially so of those spending public money. The cheapest price may not always present the greatest value for money²; price is only one factor in a value for money assessment. The concept of a total cost framework was considered by the Working Group, with this being compared to an iceberg where above the waterline sits the visible price; however, below this line sits elements such as quality, warranty, service level, sustainability and the costs of spares, amongst others. These are considerations which are 'hidden', but equally as important as the initial price.

² In procurement terms this is the optimum combination of whole-life costing and quality (fitness for purpose) to meet the user's requirement. This is assessed here by the National Audit Office using the criteria of economy, efficiency and effectiveness.



Figure 2 - Total Cost Iceberg

With an organisation as large and multi-faceted as Derbyshire County Council, identifying and managing the hidden factors can be challenging. They can and do have an important impact on the efficiency of internal operations and outcomes achieved. Work to identify and measure the impact of these factors at the specification stage will have a positive impact on the purchase, management and disposal of goods and services. The value for money derived from this upfront intervention cannot be underestimated.

A key element in value for money considerations is ensuring unnecessary administration costs incurred by duplicating procurement activity is avoided. The Authority's SAP information management systems in-part assists in identifying inefficient procurement activity. While it is acknowledged that utilisation of the County Council's buying power can assist in the achievement of value for money, the Working Group are supportive of the County Procurement Officer's assertion that the use of framework agreements may not always be beneficial for the Authority. While volume can generate economies of scale, value for money however, may not be achieved in all instances and this should remain as the key driver when procuring.

7. The Tender Process

The tender process is a procedure for generating competing offers from different bidders looking to obtain an award of business activity from the Authority. The tender process arises from a demand decision and outcome specification, with the tender process framework being made

up of European Union Directives and UK procurement regulations, as well as the Authority's own governance and Financial Regulations.

Procurement frameworks³ contain a list of pre-approved suppliers to be used if they are judged to be beneficial to the Authority; however, the size of national framework contracts can be so large they become restrictive to the market failing to present value for money. Large national frameworks, which are often a considerable 'distance' away from the Authority's Procurement Team, can become an administrative function rather than a business function to meet the needs of the Authority. If existing frameworks do not meet the Authority's requirements then approaches to the market (of which there are a number of methods) are made. It needs to be highlighted again, that the best business solution is not necessarily the best price. Value for money and not the easiest administrative route should be the key driver.

The County Procurement Team has recently undertaken a review of all of its tender documentation asking:

- Why we are asking for this information?
- How are we going to measure this?
- What will be the outcomes and how can these be measured?

As part of this process, the pre-qualification questionnaire has been streamlined, resulting in a simpler, more user-friendly document. The financial information document has also been reviewed to widen the way in which this information is considered, with the emphasis being on risk assessment. Those that tender for work with the Authority have been involved in this process and the Working Group welcomes this inclusive approach. The use of e-tendering and e-auctions have also proved to be particularly successful, user-friendly and cost effective.

Recommendation 3: Documentation is reviewed every two years, including input from service and business representatives and reflects legislative and technological changes.

8. Partnerships

Relationships with other local authorities are principally conducted through the Source Derbyshire and Source East Midlands facilities.

³ A framework agreement covers the procurement of a particular type of good or service from a pre-approved supplier(s) list over a fixed period of time. The agreement usually sets some of the terms and conditions under which the suppliers will enter into contracts with the customers. A framework can be agreed with many or a single supplier if necessary, and can be on a national, regional or local level.

Funding to develop this electronic tendering facility was obtained from the East Midlands Development Agency and it is here that informal joint working takes place.

Derbyshire County Council makes links with other local authorities when it is about to undertake a large procurement exercise, and the use of national framework agreements can in some instances be beneficial. The use of frameworks and the aggregation of demand also take place when this meets the Authority's business needs, as well as providing value for money. The Working Group is supportive of this approach and sees the value that can be derived for the Authority. Aggregation of demand should not necessarily lead to aggregation of supply, however, the needs of Derbyshire County Council and its service users should remain paramount. Aggregation of demand can lead to difficulties in negotiating specifications, due to the number of individual requirements. This can be a time consuming process. The aggregation of demand and the awarding of larger contracts often remove the opportunity to work with small, and often local, businesses that are unable to capitalise on procurement opportunities of this size.

Benchmarking against other local authorities allows the measurement of Derbyshire County Council's performance relative to its peers and can assist in the identification of positive action and improvement.

9. Local Spend

As part of this Review process the Working Group were keen to explore how the Authority could support local businesses. The Authority is not legally allowed to select a company based on its geographical location and a company's location will not add to the tender scoring process. Procurement opportunities are publicised on the Source Derbyshire website and a significant amount of work has been undertaken by the Corporate Procurement Team to engage with local businesses, including Meet the Buyer Events and advice in completing the documentation.

The Working Group was particularly impressed with the activity here and the proactive approach taken to engaging with local businesses. It was acknowledged by the County Procurement Officer that the documentation still requires further simplification and development and the Working Group were reassured that this would take place. As has already been noted in the report, procuring locally where possible not only has an economic but an environmental benefit to the County as illustrated by the County Procurement Officer's analogy that £1 spent in Derbyshire gives £1.60 in value, while £1 spent outside of the county only generates 90p in value. The Source Derbyshire and the

Procurement Connections⁴ websites have an important role to play here.

The benefits of procuring locally are widely recognised, as is the fact that the requirement to be efficient and effective in the use of public resources can contradict the need to support the local business community, especially during a period of economic downturn. A number of difficulties also exist in accurately mapping the Authority's local spend; understanding the Authority's current spending patterns is critical to maximising the effects of procurement actions and spending on the local economy. Wherever practicable, the Working Group would like to see consideration given to identifying opportunities to maximise the benefits for the local business community in the County. However, they do recognise that legal restraints and availability of appropriate suppliers, as well as value for money assessments still have to be made. The Group also acknowledge that it can be costly to bid for contracts and in some cases may require significant upfront investment, presenting a challenge to some businesses. However, the achievement of value for money for the Authority must remain paramount.

Recommendation 4: Strategic and operational opportunities to be identified that maximise the benefits to the local economy.

10. Fleet Procurement

Throughout this Review the complexity of the procurement process was apparent and the fleet procurement process has illustrated this. The Working Group considered the process by which the fleet is procured, identifying some of the activities that take place before specifications are placed out to tender. The size and complexity of the Authority's fleet of vehicles is significant and includes cars, gritting lorries, mini buses, tractors and trailers. The selection of vehicles is complex and requires the consideration and balancing of the following factors:

- Cost;
- Environmental Impact;
- Safety;
- Suitability for purpose.

The complexity of procuring fleet vehicles was exemplified by the selection of pool cars which included consideration of the following variables:

⁴ <http://www.sourcederbyshire.co.uk>
<http://www.procurementconnection.co.uk>

- Price;
- Depreciation;
- Maintenance;
- Tax;
- MOT;
- Driver evaluation;
- Disposal; and
- Fuel efficiency (CO2 emissions and consumption).

Subjective considerations were also taken into account, as were Euro NCAP (European New Cars Assessment Programme) safety ratings, driver and technical evaluations. The impact of OJEU (Official Journal of European Union) Regulations is also a contributory factor.

Derbyshire County Council links into the local government procuring process with OJEU Regulations preventing the specification of a particular type of vehicle. There is the opportunity to purchase fleet off the nationally tendered framework and this can generate value for money. Procuring specialist vehicles through the Office for Government Contracts can also generate better discounts. The size and complexity of the Authority's fleet procurement to some extent inhibits standardisation. However, effective management of the procurement process allows the team to meet the Authority's multiple requirements.

11. Sustainability and Procurement

The Working Group was briefed on the links that exist between sustainability and procurement. The process of procurement should not be solely focussed on cost; sustainability issues are increasing in importance and have financial implications for the Authority. The Climate Change Act 2008 established a number of targets for local authorities in relation to carbon emissions. The carbon reduction requirement applies to all large public and private organisations and cost the Authority £1.25m in carbon tax for the year 2010/11. The goal for the Authority is to reduce the amount it emits, which will in turn reduce the financial cost to the Authority, as well as to the environment.

It is here that the concept of whole life costing⁵ comes into play. The life-span of the product was also highlighted. The importance of considering all of the associated costs when making a procurement decision and not just the initial spend is essential. Important factors include energy usage and the cost of recycling/disposal of the item at the end of its life. As a public authority it is important, where possible, to

⁵ Whole life costing takes into account running costs such as energy usage, maintenance requirements, staff training needs and disposal costs, such as recycling, as well as the initial purchase price.

work with Authorities and organisations that have good environmental and sustainability policies. It is at the specification stage and within the context of the overall procurement objectives (including need, affordability and cost effectiveness) that there is most scope to consider sustainable and environmental issues. The use of local suppliers not only has a benefit for the County's economy but is also advantageous in having a shorter supply chain.

The concept of whole life costing should have an important role to play in making procurement decisions. It is important to raise awareness of costs to the Authority. The costs of maintenance and disposal are less visible, but are still those that Derbyshire County Council will have to pay at some point in the life of the product/service procured. Increasing the understanding of whole life costing will have a positive impact on the procurement process and its consideration should be included in procurement documentation and guidelines.

12. Equality and Procurement

The Equality Act 2010 has a specific measure on procurement, making provision to 'enable duties to be imposed in relation to the exercise of public procurement functions'. Public procurement is already inherently linked to the three existing public equalities duties (race, gender and disability). However, the new legislation makes a more explicit connection to the Single Equality Duty which now covers age, sexual orientation, religion or belief, pregnancy and maternity, and gender reassignment. Local authorities are explicitly permitted to take non-commercial matters into account during the procurement process, when they consider it 'necessary' or 'expedient' to do so; this enables compliance with the Single Equality duty.

13. SAP

The implementation of SAP, one of the largest corporate projects undertaken by the Authority, was problematic. However, this has now begun to generate information that will be helpful in determining what procurement activity has taken place in the past and inform future decisions. Ultimately it will give more control, better quality of information, greater transparency and category management information, all of which will enable the Authority to buy better. It will be important to monitor the quality and use of information here. If the information being produced on SAP does not support, or positively contribute to the procurement process, then adjustments will have to be made in this system.

Communication has an essential role to play - it is important to educate

staff on the implications of their procurement activity that they may be unaware of. Within the Authority there are still a considerable number of small orders taking place. The objective is to drive these out as the cost of administering often outweighs the purchasing price. SAP will support the identification of activity here. One of the challenges facing the procurement team is to address the existing culture and practices as control is drawn more centrally. All sections of the Authority have an important role to play here.

Recommendation 5: Monitoring of the quality and use of management information provided by SAP, making links to the operational process and the strategic decisions that are made.

14. Future Development

The responsibility for the procurement function transferred to the Director of Finance in 2011. The Working Group were impressed with his approach to procurement and his assessment that there is a considerable amount of work to be undertaken to move the organisation forward and optimise this process. The devolved nature of procurement in the Authority can be assessed as a fragmented approach and although SAP has allowed some standardisation, the challenge remains to create greater corporate discipline. The aim is to generate greater compliance and achieve consistency across the organisation; better value will be achieved and this will be aided by drawing key tasks into a central location. There still exist practices that sit outside the agreed format and the requirements of SAP; there is a degree of latitude that allows some people to procure in their own way and this will also be addressed.

There is a need to engender culture change; in some areas unofficial practices have become institutionalised, with expenditure circumventing pre-approval and financial controls, or in some cases authorisation being sought retrospectively to allow invoices to be paid. A review of the processes and management information supplied by SAP will seek to address this situation.

Recommendation 6: A review of the information produced by SAP is conducted, identifying any areas for further development.

The Director of Finance highlighted the need to standardise both the processes and the practices to generate more efficient ways of working. Getting employees to complete each stage of the procurement chain correctly will make improvements and deliver a service fit for the future, as well as driving out 'rogue' spending and delivering better cost efficiency. It was also noted that the benefits of standardisation should not detract from accessing the expertise and specialist knowledge held by staff in directorates. The Working Group was very supportive of this strategy and seeks Cabinet support for the Director of Finance's plans here.

Recommendation 7: Cabinet support the Director of Finance's procurement strategy.

The Authority is looking to place greater emphasis on risk in relation to procurement; at present procurement risk tends to be associated with physical values. Anomalies exist in the system where the purchase of 10,000 pens may have to go through more checks than the purchase of items below the current limit, but which may present a greater risk to, or

be more controversial for the Authority. Matching risk assessment with the delivery of long-term value will be a key activity going forward. Plans are in place to group procurement activity into categories and create category families. These will be staffed by people with specialist knowledge of the market and ensure best value is delivered. Procurement decisions here will continue to be governed to a certain extent by the requirements of Financial Regulations which lay down the processes for approval. It has to be noted that procurement experts make recommendations on a course of action to decision makers. It is important to be clear about what we want to procure and make sure that when we go to market all the appropriate background work has been carried out. The process then becomes a quality/cost trade-off decision. There are financial and reputational impacts of poorly conceived and/or executed procurement decisions.

Recommendation 8: Procurement activity should not be undertaken by officers not trained and approved as procuring officers. To those whom autonomy is delegated should be subject to the same professional standards and internal controls as dedicated corporate procurement officers.

Recommendation 9: A transparent list of approved procurers is produced and these procurers become members of an internal network of procurement officers who receive regular support, development and training.

15. Conclusion

This Review has highlighted that local government procurement is complex, highly regulated and multi-faceted. Devolved spending has its advantages and disadvantages. Departmental procurement does give access to specialist knowledge and skills, although it can lead to a lack of consistency and quality, also resulting in cost inflation. The Working Group advocate a degree of centralising, citing the increased control and standardisation that is achievable. However, they would like to stress that if more activity is brought into the corporate centre it will be important to maintain links to, and the involvement of, frontline service delivery experts, to ensure the knowledge and experience held here is utilised.

One area that was highlighted throughout this Review was the importance of accurate needs identification and assessment of pre-procurement decisions. It is important to consider the effectiveness of this pre-procurement stage, acknowledging that without a solid foundation there may be consequences for the procurement process which could have been avoided.

Local government procurement is an activity that is heavily regulated, with European Union Directives and UK procurement regulations providing the framework within which the Derbyshire County Council Procurement Team operates. Although this provides a degree of standardisation and consistency, it does inhibit flexibility and responsiveness.

The Working Group believe the Director of Finance's plans to centralise more procurement activity will ensure consistency and raise standards, as well as curtailing any remaining 'rogue' spending; however, it remains vital that there is accurate needs identification in the first instance and that staff involved in the use of products/services are given the opportunity to input into this process. The use of data arising from the SAP system will support better decision making, tendering and contact management, but it is recognised that the quality of data generated is only as good as the information inputted in the first instance.

The length of time dedicated to this review reflects the complexity and scope of procurement activity. There are so many different elements to be considered, especially as the operational landscape is constantly changing and developing. The Authority's Procurement Team has instigated a number of changes to improve performance, generate greater efficiencies and these including expanding the use of Source Derbyshire, e-auctions and procurement cards. However, areas for

improvement will always exist. It is important to recognise that the size of the organisation can generate economies of scale, but conversely this may also lead to inefficient procurement activity and disparate practices. The strategy of the Director of Finance in seeking to increase compliance and generate greater corporate discipline is supported by the Working Group, as is the adoption of a risk based approach to procurement activity. The Working Group feels that one area of development remains and this is to increase understanding of the procurement function and promote the work of the corporate and departmental procurement teams. Increasing the understanding and the achievement of greater transparency will allow non-procurement specialists to understand the implications of their pre-procurement/demand identification decisions and their subsequent procurement activity.

It remains true that effective and efficient procurement is so much more than simply 'buying things cheaper', a common misinterpretation of the procurement function. The number of variables and vested interests at play at any given moment in time are considerable and the challenge to reconcile these cannot be underestimated.

16. Action Plan

Recommendation	Action By	Review Date	Outcome
Recommendation 1: The Working Group would like to see the consolidation of category management into procurement practices and strategies throughout the organisation.	Cabinet Members and Chief Officers		
Recommendation 2: Corporate Procurement Team to have oversight of all procurement contracts over a value of £100,000 or those which are deemed to have a significant risk factor for the Authority.	Cabinet Members and Chief Officers		
Recommendation 3: Documentation is reviewed every two years, including input from service and business representatives and reflects legislative and technological changes.	County Procurement Officer		
Recommendation 4: Strategic and operational opportunities to be identified that maximise the benefits to the local economy.	Cabinet Members With Chief and other Key Officers		
Recommendation 5: Monitoring of the quality and use of management information provided by SAP, making links to the operational process and the strategic decisions that are made.	Cabinet and Chief Officers		
Recommendation 6: A review of the	County Procurement		

information produced by SAP is conducted, identifying any areas for further development.	Officer		
Recommendation 7: Cabinet support the Director of Finance's procurement strategy.	Cabinet		
Recommendation 8: Procurement activity should not be undertaken by officers not trained and approved as procuring officers. To those who autonomy is delegated should be subject to the same professional standards and internal controls as dedicated corporate procurement officers.	Heads of Departments		
Recommendation 9: A transparent list of approved procurers is produced and these procurers become members of an internal network of procurement officers who receive regular support, development and training.	County Procurement Officer, Heads of Departments and Learning and Development		