REPORT TO: POLICY & RESOURCES COMMITTEE ON 15 DECEMBER 2009

SUBJECT: DESIGNING BETTER SERVICES - PROCUREMENT UPDATE

BY: CHIEF FINANCIAL OFFICER

1. REASON FOR REPORT

1.1 To provide members with a progress report on Designing Better Services Procurement Project.

1.2 This report is submitted to Committee in terms of Section A(37) of the Council's Administrative Scheme relating to Procurement.

2. RECOMMENDATION

2.1 It is recommended that the Committee note the Council's progress on the implementation of the Procurement Project and approve the change to the Implementation plan.

3. BACKGROUND

3.1 The Procurement Business Case was approved by Policy & Resources on 22nd September 2009.

3.2 The first stage of the implementation was to seek consultation from staff directly in scope of the project or affected by the impact of location changes (37 members of staff in total). The results of the consultation can be found on **APPENDIX 1**. The purpose of consultation was to ensrue that the views of the staff directly affected by the proposals was obtained and then to consider the impact of those views on the proposals. A number of points were identified by staff and they are sumamrised on **APPENDIX 1**. the nature of the comments have not resulted in any changes to the proposals and feedback has been provided to staff in respect of the points raised.

3.3 The next stage is the recruitment of the new section, which has started with the appointment process for the post of Assistant Manager.

3.4 During the consultation stage, work has been undertaken to locate a suitable office for the new procurement team and the remaining members of the Payments team. This relocation was due to take place in April (Project Implementation Plan), however premises are vacant due to the temporary accommodation arrangements for the HQ heating system renewal and this has allowed for an acceleration of the plan bringing forward the location changes to January 2010.

3.5 In turn this has resulted in a review of the Project Implementation Plan and in particular the rescheduling of staff savings to be achieved by moving departmental work to the new unit. This has the effect of achieving the saving earlier than originally reported but does incur front end costs this is financial year of £37,000.

£000's	**Current 2009/10**	**Year 1 2010/11**	**Year 2 2011/12**	**Year 3 2012/13**
Original Business Case Net Cost/Savings		**24**	**(682)**	**(1,095)**
Reworked Plan Net Costs/Savings	**37**	**(136)**	**(793)**	**(1,104)**

3.6 Measuring the performance and improvement made in this area since the introduction of the Procurement Team has been done, has been by way of Committee Reports, National Best Practice Indicators, Efficiency reports and Service Improvement Plan reports. These reports have provided an indication of certain aspects of improvement arising from procurement developments, but until now we have not had a vehicle to measure overall corporate developments. The Scottish Procurement Directorate has developed a self assessment programme based on the eight sections of the McClelland report. The results of the assessment carried out for Moray by Scotland Excel can be seen on **APPENDIX 2** along with an extract from Dorothy Cowie, Director of Scotland Excel which will give context to the results.

4. SUMMARY OF IMPLICATIONS

(a) Single Outcome Agreement/Service Improvement Plan

The Designing Better Services Plan supports the sound governance at strategic, financial and operational levels, sound management of resources and competitiveness, trading and discharge of authority functions.

(b) Policy and Legal

The DBS Procurement Business case was approved by Policy & Resources committee on 22 September 2009.

The Moray Procurement Initiative progress has, until now, been reported and monitored through the F & ICT Service Improvement Plan. With the approval of the DBS Project, governance of this area will now be carried out via the DBS programme.

(c) Resources (Financial, Risks, Staffing and Property)

Procurement improvements are key to the Council's drive for efficiency savings.

The change does impact on the Departmental staffing budgets with the early release of the following FTE (full time equivalent):

F & ICT	0.67	January 2010
Central & Chief Exec	0.25 &0.7	April 2010
Education	5.14	September 2010
Environmental Services	7.67	January 2011
Community Services	4.17	April 2011

(d) Consultations
A number of staff directly affected by the proposed changes have been consulted on the effects of the Business Case. The Principal Accountant has been consulted on the rescheduling of the Net Case Savings.

5. CONCLUSION

5.1 A Review of accommodation availability has allowed the project manager for the Procurement Project to revise the implementation plan for this project. The revised plan identifies an acceleration of the net savings.

5.2 The self assessment programme developed by Scotland Excel will be a key system for monitoring performance of the council in terms of procurement.

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Background Papers:
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Signature: ______________________ Date : November 2009

Designation: Chief Financial Officer Name: Mark Palmer