



DERBY CITY COUNCIL

COUNCIL CABINET
22 FEBRUARY 2005

Report of the Scrutiny Management Commission

Overlapping Areas of Control and Management: Procurement

RECOMMENDATION

1. To a) consider the undermentioned recommendations of the Scrutiny Management Commission, made in the attached topic review report and b) to respond to the Commission on those recommendations in accordance with the Constitution:

Recommendation 1: i) Council Cabinet be strongly advised that the internal audit programme of reviews for 2005/06 should include a review of procurement-related activities across Council departments (conclusion 2 refers); ii) as part of that review, the model adopted in D&CS should be *considered* in respect of possible adoption by each department, honed according to departmental/divisional circumstances and needs (conclusion 5 refers).

Recommendation 2: Following the initial review in recommendation 1, the maximum gap between periodic reviews should thereafter be 5 years, so as to accord with the original Best Value principle (conclusion 5 refers).

Recommendation 3: The new procurement manual must have a crucial role in promoting adherence to corporately negotiated contracts. In parallel there needs to be more internal promotion of those contracts, with the advice of the Corporate Communications Unit (conclusion 7 refers). However, departments should be encouraged to source separately where that represents demonstrably better value-for-money (conclusion 9 refers).

Recommendation 4: Where a department do source separately because the cost is cheaper or quality higher than under the corporate call-off contract, that needs to be fed back to the corporate procurement officer, rather than hidden - the Council's procurement function needs to be live, active and responsive to alternative sources of supply at lower cost and higher or similar quality when discovered by departments. This might be done through a quarterly report to the corporate procurement officer (conclusion 9 refers)

SUPPORTING INFORMATION

2. The attached report results from the investigation carried out by a sub-group of members on behalf of the Scrutiny Management Commission. The work involved surveys of departments and directorates, interviews conducted by support officers plus direct evidence-gathering interviews by members.
3. The report looks at the personnel involved in the procurement function. The report has been kept intentionally brief - with an appendix listing the evidence documents - and the number of recommendations kept intentionally low, achieved by restricting these to action points. However, it is also be important that Council Cabinet and appropriate officers also take account of the conclusions, as these contain important observations and messages.
4. Although the practice has developed that Cabinet commission a chief officer to prepare a response to a topic review report, in this case it is essential that recommendation 1 is considered promptly as this relates to the internal audit work programme from April 2005.

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Background papers:	Listed in the Appendix to the main report
List of appendices:	Appendix 1 – Implications; Appendix Two – The report

IMPLICATIONS

Financial

- 1.1 None directly arising. Recommendation 1 offers the possibility of widening commitment budgeting across departments which would deliver more reliable in-year budget control.

Legal

- 2.1 None directly arising

Personnel

- 3.1 None directly arising. If recommendation 1 is implemented the work content of a significant number of staff might be altered marginally and, for a smaller number of mainly departmental finance staff, significantly. Recommendation 1 would also affect the 2005/06 work programme of internal audit staff.

Equalities impact

- 4.1 None directly arising.

Corporate objectives and priorities for change

- 5.1 The recommendations made by the review may promote the following *Corporate Objective* • **integrated, cost effective services** that respond to customers' and community needs, rather than those of the Council; *and* the associated *Commitment* that 'the Council will: • be open, transparent and honest in everything it does • value its employees in delivering services' and these *Priorities for Change*: 1. Minimise increases in Council Tax and increase value for money from Council services and 8. Enhance the community leadership role of the Council both at strategic and neighbourhood level, through partnership working and listening to, and communicating, with the public.