



Meeting	SLT	Agenda Item	9a
	Performance and Resources Board		9
Meeting Date	13 April 2021		
	26 April 2021		
Report Author:	Director of Corporate Services		
Presented By:	Director of Corporate Services		
Subject:	Procurement Review Report – Next Steps		
Type of Report:	Decision		

RECOMMENDATIONS

1. Members of Performance and Resources Board (P&R) are asked to note the content of this report and appendices A (Barkers Report) and B (ECFRS structured action plan).
2. Members of P&R are asked to note the approval in principle given by SLT regarding the three proposed next steps provided under the **Options and Analysis** section of the report.

BACKGROUND

A specialist audit of Procurement was undertaken in July 2020 as part of the 2019/20 internal audit plan. The audit set out to review the current procurement practices (based on a sample set of procurement exercises) and to ensure that there was compliance with the current procurement policies and procedures.

The report provided a rating of **partial assurance** with a number of recommendations for improvement as set out in a previous paper presented at Performance and Resources Board on 25 January 2021.

Following the internal audit, it was agreed to proceed with an external review of procurement. The Service commissioned this review through a specialist procurement consultant, Barkers. This review focused on the following key areas:

- **Procurement Policy and Procedures** – high level review existing end to end practices, contract templates and reporting.

- **Savings opportunities** – identification of high-level opportunities to reduce third party spend based on twelve months spend data. Example opportunities based on our experience of what works in the reality of your business context.
- **Governance and Reporting** – consideration of factors such as actionable reporting information, supplier risk, performance, local sourcing, and social value creation.
- **Right size review** – volume and type of procurement activity (including potential additional activity) with recommendation of optimal team structure.
- **Proposed organisation structure** including role profiles
- **Further insight/analysis** into the degree of procurement activity siting in the supply chain i.e. Estates team using service providers to pass through services they have themselves procured and/or subcontracted.

OPTIONS AND ANALYSIS

At the Performance and Resources Board meeting of 25 January 2021, it was agreed that once the Barkers report was complete, the Director of Corporate Services would present a structured plan and recommendations, as set out in Appendix B.

It should also be noted that the outputs of the Barker's report will assist in achieving the RSM procurement audit recommendations in terms of the follow up audit actions. However, it should also be noted that ECFRS has not paused any progression of the RSM audit actions and has already made progress in moving these forward. Progress against these can be reviewed in Appendix C.

The review also highlights the collaborative opportunities which could be explored further with other Fire & Rescue Services and the Police 7-Forces procurement functions.

Proposed next Steps:

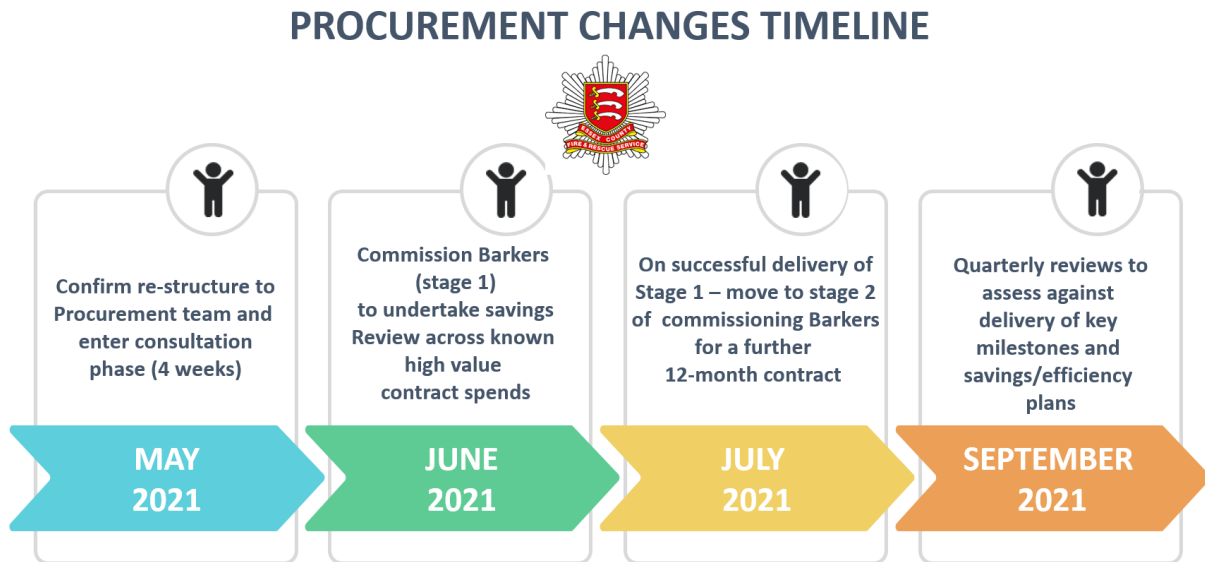
1. Proceed with the redesign and re-structure of the procurement function. This is a precursor to all other required changes.
2. Approval of the benefits of change to be proven through a two-stage process. The first stage being to commission Barkers to implement an early review of fleet costs, waste management services and cleaning contracts with a view to demonstrating savings across all three areas, exceeding their own delivery costs. Please note this could be made contractual.
3. The second stage would be a longer-term commitment to continue working with Barkers over a 12 month period, to support the team during the transitional restructure arrangements and to accelerate the change and benefits realisations identified within their report.

It should be acknowledged that over a 12 month period, based on a review of Barkers costs, in providing similar arrangements within other service of a similar size to ECFRS, it is estimated that a budget of £10k per month would be required for this activity. It is recognised that this would require a full business case to draw from the Spend to Save Earmarked Reserves. SLT members have approved this in principle with the agreement

that further information and detail will follow with regards to what the investment returns in investment and cost savings.

To ensure that Public Sector Procurement Legislation is adhered to it is proposed that the process for the appointment of Barkers would be to direct award under the crown commercial framework, utilising the 7F Management Consultancy Framework 2. An indicative timeline is provided below in diagram 1.

Diagram 1.



BENEFITS AND RISK IMPLICATIONS

The benefit of implementing the required improvements is one of enabling a centralised approach to all aspects of procurement, whilst ensuring that key departments across the service are supported in the right way and the right time.

It is also recognised that there will be financial cost benefits/savings in delivering a centralised procurement function with the right people in the right roles, working with the right software and reporting mechanisms provide forecasting and analysis capability as well as contract management.

Learning has been taken from the 7F procurement functions who also contract external assistance in providing an effective transformation of their procurement arrangements. This is particularly notable around savings and efficiency models that assist in delivering more effective management of contracts and improvement of specification/tenders.

The risk of not enabling external assistance in this area could lead to a prolonged delivery of the audit recommended outcomes and place the service at continued risk of non-compliance against procurement legislation. There is a further risk that the service will not realise and benefit from potential financial savings due to ineffective procurement arrangements.

Identifying opportunities and risks will help our service to develop cost reduction proposals, increasing the value received from suppliers. This will be achieved through capturing the following information and data:

- How much the organisation spends
- Those who are spending and what is being purchased
- Which vendors provide the most business constituents
- Which business constituents purchase the same or similar products and services.
- What percentage of spend is with key suppliers and the number of suppliers that provide small value transactions.
- How many transactions are processed by our service and how much is the associated administrative cost.

FINANCIAL IMPLICATIONS

The completed procurement review was a fixed cost £15,000 (full breakdown available in previous P&R paper 25 January 21) and budgeted for though ECFRS Spend to Save Earmarked Reserves.

Further information to follow concerning the onward engagement and investment of commissioning BARKERS to continue in supporting ECFRS to deliver their key procurement change requirements.

EQUALITY AND DIVERSITY IMPLICATIONS

Any change to key processes will be subject to Equality Impact Assessments and key stakeholders within this external review. We want to ensure that all processes are inclusive and transparent.

WORKFORCE ENGAGEMENT

All members of the Procurement team were briefed prior to the Barkers Commercial Consultancy review, as have key stakeholders within other areas of the service such as Property, Fleet, HR, and ICT.

Barkers interviewed key members of the Procurement team and senior business stakeholders whilst completing a rapid analysis of the expenditure and supply base. During the analysis, Barkers interviewed 11 key members of staff and 1 external network contact from another FRS. A common themes section is identified in Barkers full report.

LEGAL IMPLICATIONS

The purpose of the review is to establish meaningful outcomes and clear deliverables to assist with ensuring that ECFRS is compliant against Procurement Legislation requirements. This will assist with ensuring that we are not exposed to any challenge from potential vendors when purchasing products or services.

HEALTH AND SAFETY IMPLICATIONS

None specific to this report.