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# 1. Executive Summary

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We have great pleasure in providing this Executive Summary in respect of our review of Procurement in Belfast City Council (BCC).

1. Procurement is currently operating as the provider of professional advice to departments who are, largely, conducting their own procurement activities. There is now the opportunity to refocus procurement to provide strategic and policy leadership. This will position BCC to take further initiatives to enhance Value for Money.
2. When the current procurement activity makes the transition to setting strategic and policy direction it can incorporate category management. Procurement specialists who are expert in specific categories of expenditure and who can engage in all the key phases of procurement thereby complementing Departmental technical skills.
3. BCC should adopt an Invest to Save strategy, one facet of which will be the appointment of a Head of Strategic Procurement. Very clear and demanding cost savings should be a Key Performance Indicator, with regular reporting of achievements. This will be one facet of organisational stepped change improvement goals.
4. Our recommendations take into account the future possibility for collaboration in the Northern Ireland public sector. BCC can establish itself as an exemplar procurement organisation and, if appropriate, encourage collaboration with other public sector bodies, not limited to other Councils. The opportunity for aggregation of expenditure and benefits to all collaborating bodies should be fully reviewed.
5. There is a requirement for all Councils to deliver Value for Money (VFM) on third party expenditure. We acknowledge that BCC has already achieved savings and that the approach can be the springboard for enhanced VFM, using, for example, a scrutiny of cost drivers as a key methodology.
6. BCC Procurement Unit currently has Key Performance Indicators (KPI's) in place. These can be re-focussed to ensure that the Indicators reflect revised areas of performance and provide the Senior Management Team and Elected Members with the information they need to monitor and review performance on a continuing basis.
7. There are facets of the procurement process that warrant immediate consideration. The Remedies Directive is, increasingly, motivating unsuccessful tenderers to consider a challenge to decisions on the award of contracts. Allegations of non-compliance with EU Procurement Directives can present BCC with legal and financial pressures. It is therefore imperative that Pre-Qualification and Tender evaluation models are robust and applied with rigour.
8. We commend BCC for introducing and conducting Gateway Reviews. This is an excellent foundation for applying Gateway Reviews to a wider range of procurements and ensuring that effective challenges take place, as a

minimum, at the Outline Business Case and Investment phases of the procurement process.

9. There is an urgent need to utilise the functionality of the SAP system as it impacts on procurement decisions and future strategy. The current lack of availability of fully analysed expenditure will hinder the creation of procurement strategies and policies. BCC recognise this situation and are committing resources to resolving outstanding issues.
10. Our recommendations are founded on a strategy of an evolution of procurement. We acknowledge the achievements made in a number of areas and wish to build on the achievements. To that end we are NOT recommending centralisation of procurement. However, we are recommending that those who will, in future, have delegated procurement authority in Departments will, be required to be 'licensed.' Their licence will be granted when they have undertaken a course of training to equip them with the necessary procurement and related knowledge and skills.
11. There have been notable cost reduction achievements. We are encouraging BCC to set a demanding but realistic cost saving goal on all third party expenditure. This can be done without jeopardising the delivery and quality of services. It will require a co-ordinated strategy and we are confident that all those involved in procurement would respond positively to a co-ordinated and actively managed cost reduction programme.
12. BCC currently does not have outsourcing as a strategic option for the delivery of services. Whilst there are critics of outsourcing, the strategy has delivered significant benefits to many Councils, including savings, investment in services and delivery of higher quality services. BCC may in the future consider outsourcing as a strategic option.
13. We have identified opportunities to enhance the performance of suppliers and contractors through the application of higher level contract management skills applied across BCC. The effort expended pre-contract award must be matched by the effort applied post-contract award. This would be aided by a greater understanding of cost drivers and the use of open book contracts with suppliers. There is the potential for integrating the changes in procurement with those required in contract management.