



<b>Subject:</b>	Review of BCC Operating Model for Procurement
<b>Date:</b>	18 May 2018
<b>Reporting Officer:</b>	Ronan Cregan, Director of Finance and Resources
<b>Contact Officer:</b>	Gerry Millar, Director of Property and Projects

<b>Restricted Reports</b>	
Is this report restricted?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
If Yes, when will the report become unrestricted?	
<i>After Committee Decision</i>	<input type="checkbox"/>
<i>After Council Decision</i>	<input checked="" type="checkbox"/>
<i>Some time in the future</i>	<input type="checkbox"/>
<i>Never</i>	<input type="checkbox"/>

<b>Call-in</b>	
Is the decision eligible for Call-in?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

<b>1.0</b>	<b>Purpose of Report or Summary of main Issues</b>
1.1	The Council currently spends approximately £70m every year on the goods and services it needs to deliver its own services. As part of the Council's efficiency programme the operating model for council procurement has been reviewed by Westminster Procurement Services with the aim of identifying opportunities to become more commercial and better supporting inclusive economic growth in the city. This report sets out the rationale for the review, highlights the urgent nature of this review and sets out the broad recommendations.
<b>2.0</b>	<b>Recommendations</b>
2.1	The Committee is asked: <ul style="list-style-type: none"> <li>To agree the organisation structure outlined in the report.</li> </ul>

- To note the recommendations of the WPS review as summarised in Appendix 1.

**3.0 Main report**

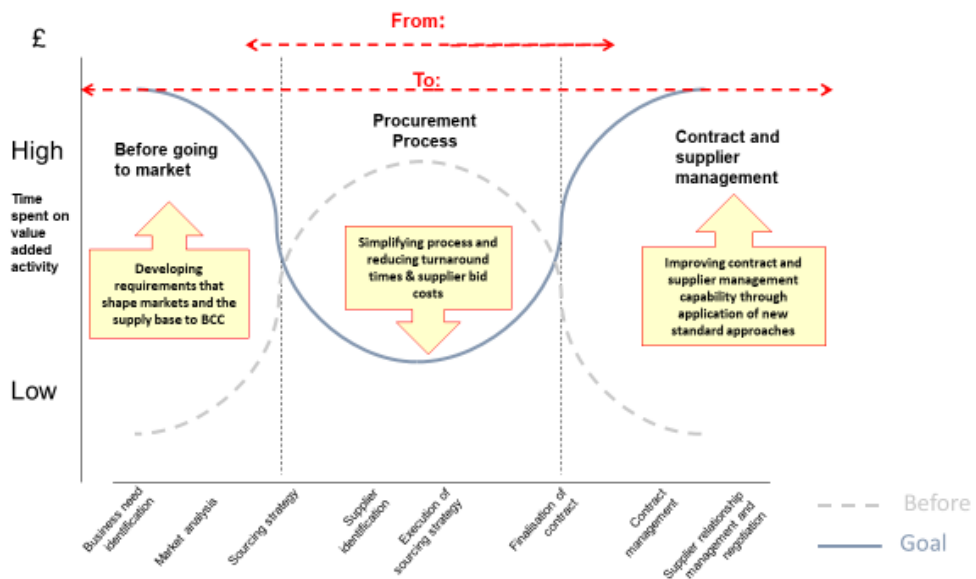
Key Issues

**3.1 Why change and the sense of urgency**

The Corporate Procurement Services (CPS) function is primarily focused on delivering the programme of tenders, which covers ‘corporate’ tenders and the tender requirements for some, but not all operating functions.

An independent review of the current procurement operations identified that a broader more ‘commercially focused approach’ which addresses the full commercial lifecycle and introducing appropriate commercial & procurement processes across the Council, will deliver greater value and better align with the Belfast Agenda.

**The new DNA for BCC – re-prioritising organisational effort across the commercial lifecycle**



**3.2** To deliver the recommendations there is a need to re-structure the current CPS function and recruit the vacant positions. The urgency is exacerbated by the current backlog in the tender programme and the existing staff shortage with the team currently operating at less than 50% capacity.

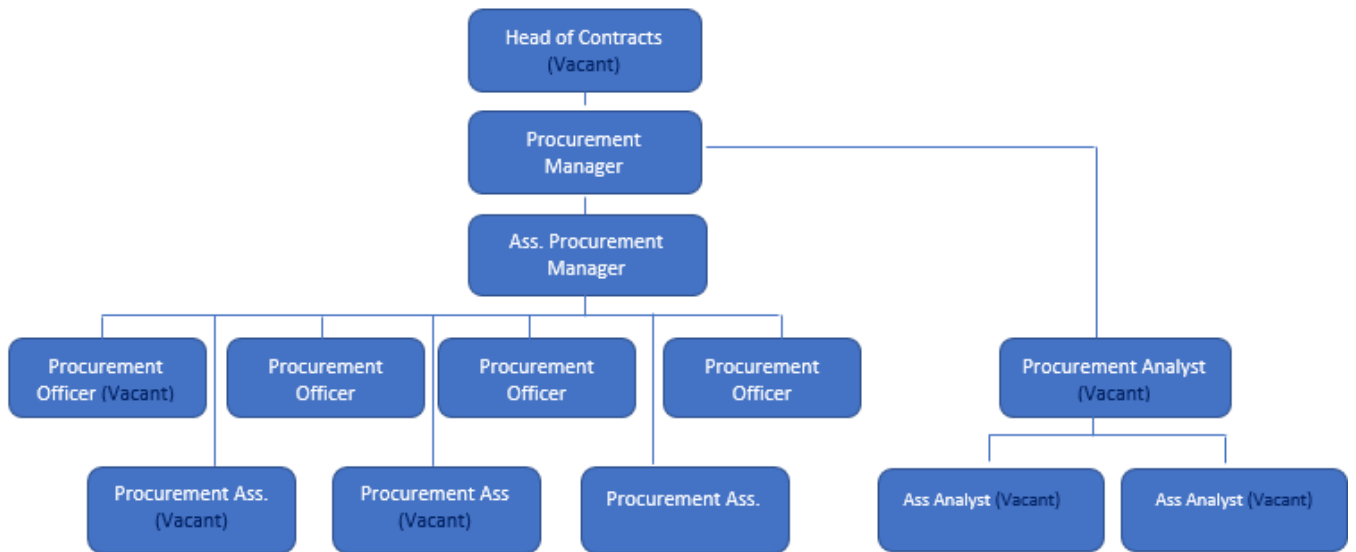
**3.3** The above model has and is working successfully in regard to the procurement of capital schemes where great emphasis is put on specifying what is needed, procurement processes are fairly streamlined and every procured project has dedicated project management to ensure VFM delivery. Obviously this all

occurs within one Directorate so it is easier to manage than all the various tenders for goods and services arising from all across the organisation. The overall spend on procuring goods and services which range from stationery items to zoo animals to specialist advice services to occupational health support etc is annually in the region of £70m. The opportunity for a more commercial approach is fairly obvious along with the social value in terms of local buying within Belfast and other areas to support the Belfast Agenda inclusive growth overall aims.

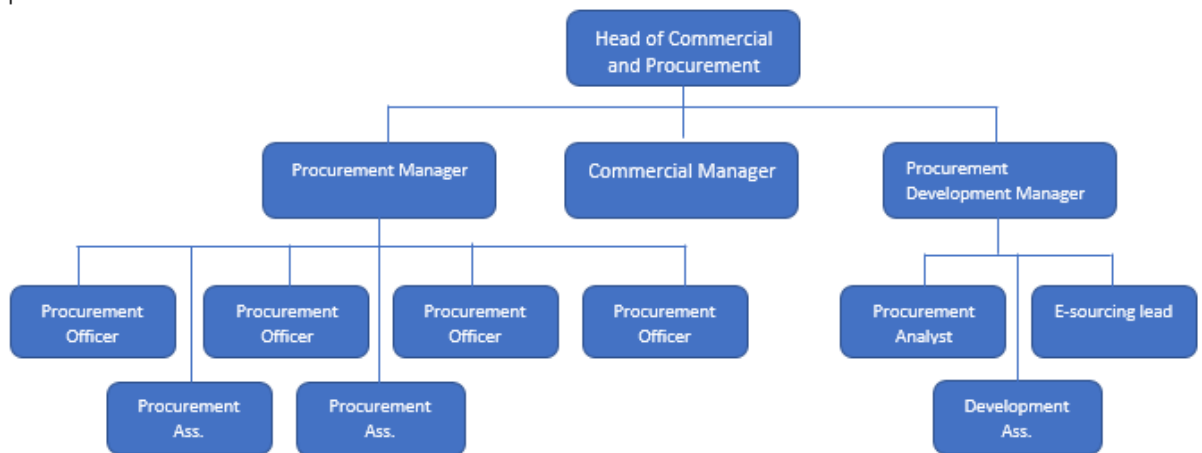
**What will the re-org do - what is the purpose?**

- 3.4 The purpose is to introduce a new commercial focus to BCC. The new function will be responsible for ensuring that commercial thinking is at the heart of all BCC operations to drive superior value.
- 3.5 This will be achieved through a centre led approach where the new CPS function provides the vision, direction and control and the 'action' takes place where it is most effective. For example, if appropriate procurement skills reside in other functions, responsibility for undertaking the procurements may be delegated, however the process methodology and direction will be provided by the centre.
- 3.6 It is proposed that the existing Corporate Procurement Services will be replaced with a new function known as 'Commercial and Procurement Services'. This newly named function more accurately reflects the new roles and purpose and will support the re-positioning within the organisation. The new structure will absorb all the 'value adding activity' currently delivered by Corporate Procurement Services and add new roles and responsibilities to address the greater breadth of scope.

3.7 The current organisation structure for Corporate Procurement Services (showing vacancies):



To be: The indicative organisation structure for 'Commercial and Procurement Services'



3.8 N.B. The final org chart may slightly vary from the above indicative chart, but only at the junior levels as detailed JDs are agreed. The hierarchy is not meant to demonstrate job grades.

3.9 Westminster Procurement Services (WPS) have set out a series of recommendations attached as Appendix 1, but can be summarised as follows:

3.10 Key highlights / changes of the new function and procurement practices:

	<ul style="list-style-type: none"> <li>• Creation of a new function and practices across the Council</li> <li>• Flatter structure, with a reduction in admin roles</li> <li>• New cadre of management level positions</li> <li>• Splitting current role activity of Procurement Manager to allow greater focus and depth on remaining activity</li> <li>• Additional responsibilities /roles to support a broader remit/focus.</li> <li>• Will eventually report to the Deputy Chief Executive and Director of Finance.</li> <li>• Headcount neutral</li> </ul>
3.11	<p>Many of the changes will relate to how procurement is managed across the organisation but in respect of the CPS it is recommended that the Head of Contracts post which is currently vacant is renamed Head of Procurement and Commercial Services and the Commercial Manager post which was previously agreed by Committee is located within the service. The review outcomes have been notified to staff and the Trade Unions have also been made aware the review was undertaken. No formal consultation can begin until we have endorsement by the Committee. It should be noted that there are currently seven vacancies in the Procurement team as staff have gone to other Council's and agencies due to the demand for procurement skills.</p> <p><b>Financial &amp; Resource Implications</b></p>
3.12	<p>The proposed restructuring will be delivered within the existing procurement staffing budget.</p>
3.13	<p><b>Equality or Good Relations Implications</b></p> <p>None</p>
<b>4.0</b>	<b>Appendices – Documents Attached</b>
	Appendix 1 – Report Recommendations