

# Report

Report to:	<b>Finance and Information Technology Resources Committee</b>
Date of Meeting:	<b>19 January 2010</b>
Report by:	<b>Executive Director (Finance and Information Technology Resources) and Executive Director (Corporate Resources)</b>

Subject:	<b>Structure Change - Procurement Service</b>
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## **1. Purpose of Report**

1.1. The purpose of the report is to:-

- ◆ Request an amendment to the Procurement structure by replacing two Procurement Assistants with an additional Category Adviser.

## **2. Recommendation(s)**

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that they approve one additional FTE Category Adviser post at Grade 4 Level 2-5 within Procurement to support the development of the newly created Central Procurement Service
- (2) that they approve the removal of two Procurement Assistant posts currently within the structure, which will result in a saving of £4,050.

## **3. Background**

- 3.1. The 2009 review of the current, devolved Procurement structure within South Lanarkshire Council by KPMG, their recommendation on the future Operating Model for Procurement and the subsequent Committee Report detailed an indicative structure which would support the delivery of efficiencies going forward.
- 3.2. The structure included 7 Category Advisers (referred to as Category Specialists) which were split across three teams which would focus on delivering Category Sourcing and Management within the central procurement team, supported by the Procurement Officers and Assistants. The number of Category Advisers was determined by the 7 Council Resources but did not include South Lanarkshire Leisure which is currently serviced by Community Resources.
- 3.3. An initial review of the recommended structure was carried out by the Head of Procurement and focused on Resource requirements; the best organisational structure for Procurement to engage with its customers, and the priority to deliver efficiencies in a relatively short period of time to support the Council's efficiency targets for 2010 onwards.

- 3.4. The review highlighted the need to increase the capacity to deliver fit-for-purpose and effective Category Sourcing and Management within the central procurement team. The Category Sourcing and Management function will be the responsibility of the Category Advisers, and they will be accountable for the delivery of Category efficiencies. These are expected to result in the release of efficiencies across the £330million operating procurement spend and approximately £200million capital procurement spend per annum.
- 3.5. The recommendations made by KPMG regarding the number of Category Advisers did not take into consideration the inclusion of the Capital budget (approximately £150-200m per annum).
- 3.6. The recommended business case with seven Category Advisers was an efficiency of £3million delivered over 24-36 months which equated to 1% of £300m.

#### **4. Proposal**

- 4.1. It is proposed that 1 additional FTE Category Adviser be established, in order to increase the capacity of the Central Procurement Service in Category Sourcing and Management, and will allow 8 Category Advisers to be balanced across four procurement teams.
- 4.2. The change to the structure reflects the need to focus on the delivery of Category Sourcing and Management. In particular, the additional post will allow the service to deliver efficiencies more quickly, and in excess of the business case originally presented. The additional post will also allow the service to influence Capital Procurement Expenditure more efficiently and effectively.
- 4.3. To ensure no adverse impact on staffing costs, it is proposed that two Procurement Assistant posts are removed from the structure.
- 4.4. The post has been evaluated in line with the Council's Competence Initiative Scheme and has been graded at Grade 4 Levels 2-5.

#### **5. Employee Implications**

- 5.1. 1 additional Category Adviser post would be established, as set out as follows:

<b>Post Title</b>	<b>Number of posts</b>	<b>Grade/SCP</b>	<b>Hourly Rate</b>	<b>Total cost (salary and on costs)</b>
Category Adviser	One	Grade 4 Level 2-5 SCP 79-88	£ 19.60- £22.42	£47,580

- 5.2. 2 Procurement Assistant posts would be removed from the structure.

#### **6. Financial Implications**

- 6.1. The replacement of 2 FTE Procurement Assistant posts with 1 additional FTE Category Adviser will result in a total saving of £4,050 (including on costs).
- 6.2. The change reduces the overall budget requirement for the service as was detailed in the original report.

#### **7. Other Implications**

- 7.1 None.

## **8. Equality Impact Assessment and Consultation Arrangements**

8.1. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and, therefore, no impact assessment is required.

8.2. Consultation has been undertaken with the Trade Union.

**Linda Hardie**

**Executive Director (Finance and Information Technology Resources)**

**Robert McIlwain**

**Executive Director (Corporate Resources)**

15 December 2009

### **Link(s) to Council Values and Objectives**

- ◆ Accountable, effective and efficient.

### **Previous References**

- ◆ Report to Finance and IT Committee – 10 June 2009

### **List of Background Papers**

- ◆ Extract from KPMG's report showing the proposed Organisation Chart
- ◆ Final Draft of the Head of Procurement's proposed Organisation Chart

### **Contact for Further Information**

If you would like to inspect the background papers or want further information, please contact:-

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