

Procurement Review Summary of Main Findings and Recommendations

Main findings

- The traditionally disaggregated model for procurement across D/Ds has constrained co-ordinated strategic thinking and oversight. This limits achieving optimal economies of scale and increases business and contractual risks.
- Continued Board level sponsorship for procurement is needed through the D/RPD..
- Understanding and awareness of whole life costs against headline costs is generally weak.
- HSE lacks a high level commercial procurement strategy.
- HSE could consider adopting a system of Designated and Key Designated posts for the procurement function as some OGDs (including DWP) have done, where the requirement is for identified procurement posts to be filled by qualified staff.
- A lead responsibility needs to be taken for internal training on procurement issues and contract management.
- The key requirement is for a technically professional, customer-focused advice and contract letting service. Central to this is the ability to source the market, have a sharp deal making capability, and achieve best whole life transaction costs.
- There is a lack of clarity on respective roles and responsibilities of managers/customers and procurement specialists.
- More needs to be done to identify opportunities to aggregate demand to maximise VFM.
- There is a relatively poor appreciation of the distinction between budget authority and purchasing authority in HSE.
- There is scope for greater standardisation of contract models and processes.
- Achieving real transfer of business risk to the supplier is proving problematic, particularly as the private sector becomes more risk averse.
- HSE is not uniformly good at involving the procurement function sufficiently early in decisions that will have procurement implications.
- Better understanding is needed on the balance for procurement between customer service and HSE governance issues.
- A focus for promoting best practice is needed.
- Developing more strategic relationships with key suppliers needs to be explored.
- The opportunity is here to bring together the elements of central purchasing expertise in RPD.
- Procurement issues need to be better communicated across HSE.

Recommendations

- Procurement issues should be raised at Board level where appropriate and there should be activity to raise the profile of procurement.
- HSE should develop a commercial strategy.
- The procurement function should develop and use professionally qualified staff where appropriate.
- New approaches should be piloted for managing supplier relationships.
- The new Procurement Unit should provide a customer responsive, technically professional advice and contract letting service with a sharp negotiating capability.

ANNEX 1 TO PAPER B/04/007

- Procurement Unit to lead on corporate governance issues for procurement and to ensure consistent approaches that minimise business risk.
- A communication strategy and plan should be developed to promote awareness of procurement and best practice.