

Procurement Capability Review Programme Department for Environment, Food and Rural Affairs

Delivering World Class Procurement Operations

A photograph showing a blurred view of people walking across a modern bridge. In the background, the dome of St. Paul's Cathedral is visible against a clear sky. The image is used to convey a sense of movement and activity.

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Defra Overview



Office of Government Commerce

Seven key facts to give context to the Review findings:

- 1** Defra's two overarching objectives are to secure a healthy natural environment for today and the future and to lead the global effort to avoid dangerous climate change. To achieve this the department's goals include tackling the causes and symptoms of climate change, protecting the environment and natural resources, and assuring sustainable food and farming.
- 2** Defra's strategy is for a small and focused central department that delivers policy through a delivery network that includes agencies, NDPBs, levy boards, trusts, charities, not-for-profit companies, and profit-making organisations. A partnership approach is required with many of these organisations where independence is an important element of the relationship. The Hampton review has encouraged some consolidation of the network organisations, and in 2006 two new NDPBs were formed: Natural England and the Commission for Rural Communities. The upcoming Sustainable Development in Government (SDiG) report records Defra as having 91 public delivery partner bodies outside of the core department. The larger delivery partners include the nine Defra executive agencies, the Forestry Commission, the Environment Agency, Natural England, and British Waterways.
- 3** Emergency planning and response is an unusual yet important part of Defra's role. Flooding, animal disease and decontamination are just some of the threats that require sudden and sometimes massive response by the department, underpinned by wide ranging contingency planning.
- 4** The department and its wider network has some 25,000 staff and total spend is £4bn in 2006/07, with an additional £2bn in grants and a further £2bn (Comprehensive Spending Review CSR 07) of PFI expenditure. Defra is a significant influencer in many supply markets where, as in waste management, the department is required to stimulate growth and development.
- 5** Defra is engaged in very considerable change: the Board of Management has a significant number of new members, and a Financial Management Improvement Plan is delivering organisational and procedural changes to overhaul the accounting and finance capability. The Renew Defra programme has been launched to improve customer focus, develop stronger partnerships with delivery bodies, and build a high performance culture.
- 6** The Spending Review SR 04 and, to a greater extent, the latest CSR 07 have imposed additional pressures and forced a far tougher and more rigorous approach to costs, headcount and service delivery.
- 7** The Procurement and Contracts Division (PCD) is the central procurement unit in Defra, with a headcount of 54 that influences £1.1bn of spend. Other procurement is undertaken by Chief Information Officer's Division, Estates, Environment Agency and Rural Payments Agency that control significant sums of expenditure.

Headlines



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- 1 As with other departments, the CSR 07 settlement raises unprecedented financial challenges for Defra. The Renew programme, part of meeting those challenges, will add change pressures to them. Procurement throughout the Defra network will have to secure VFM significantly above current levels of achievement. This step change will require strong leadership and a firm mandate from the Board.
- 2 Defra's Permanent Secretary, in her own words, is passionate about procurement. Her Board has several new personnel and it will pay close attention to financial management and procurement over the CSR 07 period. Her Board received its first presentation on procurement during our review. The review team felt that most Board members understood the importance of commercial activity.
- 3 Defra funds delivery of goods and services to the public through several legal entities, including a variety of public and private service delivery bodies. Therefore, some operate for commercial profit, some do not, and that position changes over time. In significant areas of expenditure Defra is a near-monopoly funder and the agency a near-monopoly provider, creating a high degree of mutual dependence. Both these facts present Defra with commercial risk, particularly in a period of funding uncertainty. Defra does not have a structured way of bringing these commercial risks to senior management and Board attention.
- 4 To date Defra has performed well in OGC's procurement savings reports, always placed in the top three departments. There are nodes of good to excellent procurement capability across the network. Core Defra employs best practice in sustainability through procurement, preparedness for animal health emergencies and use of forensic accountancy services. Procurement in the Environment Agency appears to be of a high standard. Natural England's new procurement function looks promising and all significant network entities have a professionally staffed functional unit.

Headlines (continued)



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5 Defra has managed its markets in waste services. It has reduced entry barriers by dislocating waste construction from landfill services and encouraged investment from financial markets. It has funded support for local authorities to manage large-scale PFI waste projects. PFI funding for these projects will escalate sharply in CSR 07 and the need for skilled market management will intensify.

6 Contract management capability is uneven across the Defra network. In the Chief Information Officer's Division (CIOD), skilled external staff have helped the CIO to achieve significant improvement in IT supplier performance but not all major Defra contracts are well managed. The Contract Management Centre of Excellence work was unable to be sustained due to resource constraints. Defra was considering funding for this work in CSR 07. In the Environment Agency such training is provided by external companies.

7 PCD has initiated a series of meetings with network procurement staff. These meetings have had limited impact to date but there are significant unrealised opportunities for value gain through demand aggregation, harmonisation of specifications, good practice sharing and staff secondment and rotation.

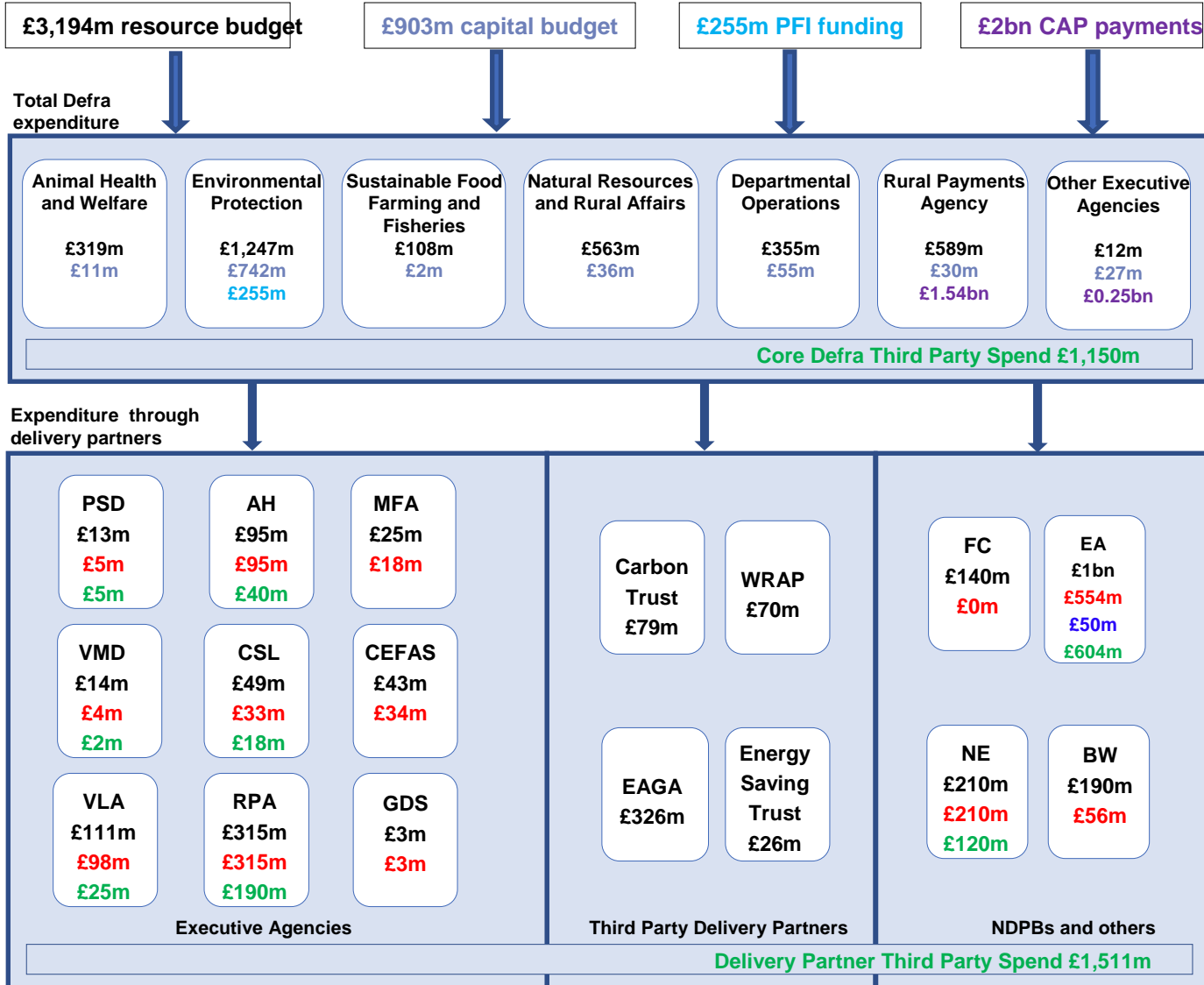
8 Both PCD and CIOD rely heavily on interim staff because of a perceived dearth of sufficient civil service capability. This has produced some good results (at a cost) but raises concerns about succession planning and skill transfer. We were told of reduced morale among civil servants in PCD because they consider that the use of long-term commercial interims may restrict their promotion opportunities.

Note: Renew is Defra's major change programme whereby all work on policy development and implementation will be brigaded into programmes and projects, with resource allocation and management supervision organised accordingly. As a support function, PCD will be required to service the business demands emanating from the new arrangements, as well as to pursue its cross-cutting VFM activities.

Defra Spend Map



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Key

- EA ← Name of organisation
- £1bn ← Total department Cost
- £554m ← Defra funding
- £50m ← Welsh Assembly funding
- £604m ← Third Party Spend

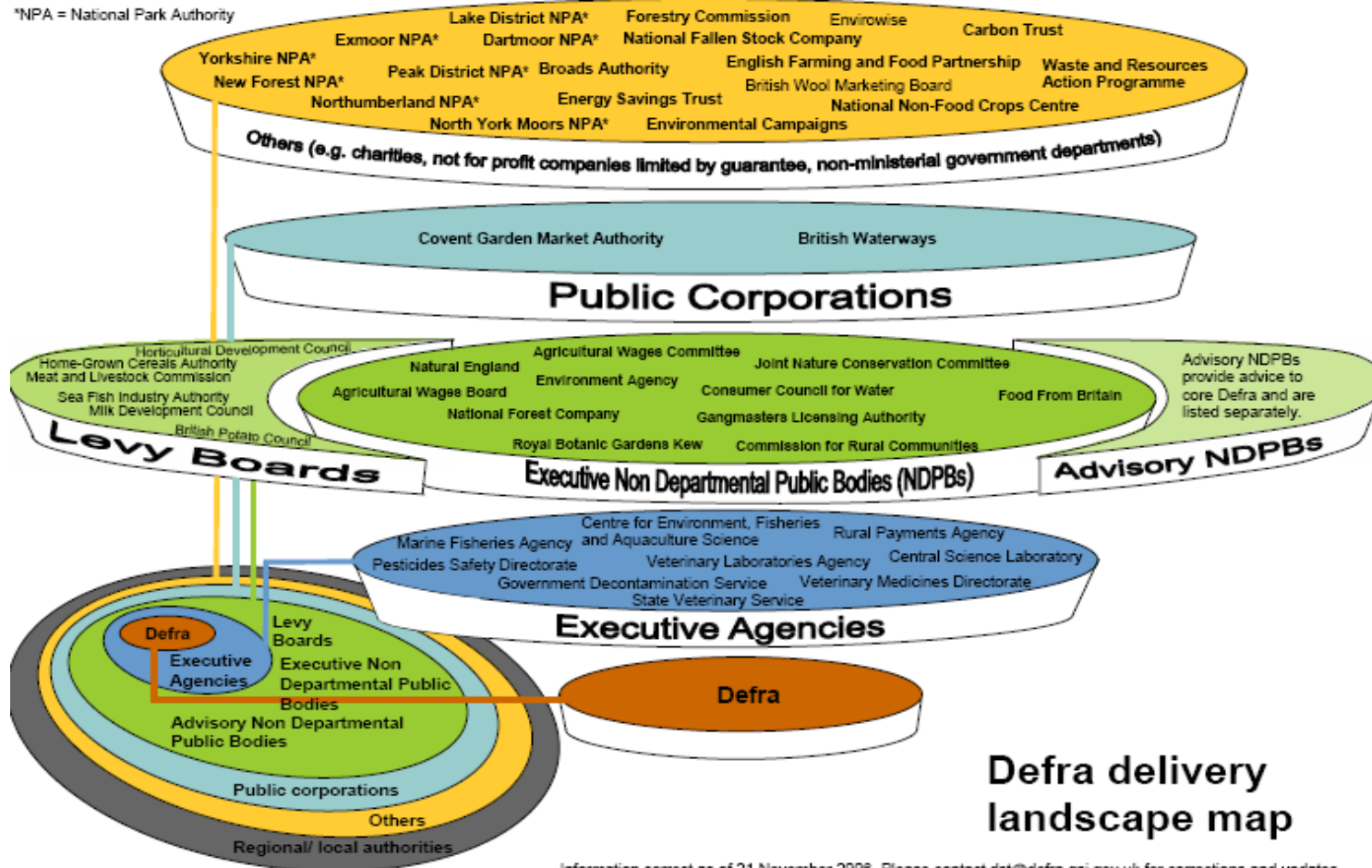
- RPA – Rural Payments Agency
- VLA – Veterinary Laboratories Agency
- CSL – Central Science Laboratory
- CEFAS – Centre for Environment, Fisheries and Aquaculture Science
- PSD – Pesticide Safety Directorate
- VMD – Veterinary Medicines Directorate
- AH – Animal Health
- MFA – Marine and Fisheries Agency
- GDS – Government Decontamination Service
- FC – Forestry Commission
- EA – Environment Agency
- NE – Natural England
- BW – British Waterways

* Note: Figures are drawn from the 2007 Defra departmental Report and stakeholder input
CAP payments include Single Payments Scheme (£1.8bn) and Rural Development Programme for England

Defra Structure

Defra's Family Landscape

*NPA = National Park Authority



Information correct as of 21 November 2006. Please contact dst@defra.gsi.gov.uk for corrections and updates.

Review Model

9 indicators of procurement excellence in 3 groups:

Leadership

1. Visibility and impact of leadership
2. Vision, aspirations, business and policy alignment
3. Stakeholder and supply base confidence levels

Skills development and deployment

4. Effective resourcing of procurement activity
5. “Intelligent client” capability

Systems and processes

6. Governance and organisation
7. Strategic and collaborative approach to market engagement and sourcing
8. Effective use of procurement and PPM tools and techniques
9. Knowledge and performance management

1. Visibility and impact of leadership

Defra's top leadership faces a considerable financial challenge in CSR 07 and has recognised procurement as an important element to enable the department to live within its budget. There are examples of excellent commercial leadership in pockets within Defra and across the network.

Key Facts:

- Defra has a relatively new Permanent Secretary who states that she is passionate about procurement and has renewed some Board membership. Historically the Board paid little attention to procurement and its cash releasing potential. There is a pressing need to identify VFM within a tight CSR 07 settlement. The Permanent Secretary and Board members confirmed that it will pay close future attention to budgetary control and require a significant contribution from procurement.
- The Finance Director (FD) oversees procurement and is the Board level champion. The Director of Procurement (DOP) is Defra's functional head of procurement. He is graded SCS1 and reports to the FD. This typical central government arrangement depends for effectiveness on the quality of the FD's procurement championship at the Board. The review team found it to be impressive in Defra. However, the FD is a senior finance interim and is scheduled to leave the department in mid 2008.
- The DOP is well regarded as effective deliverer who is passionate, motivating, and a good leader within core Defra and his own division. He has no direct line authority over procurement matters across a significant part of the department's total spend. The review team noted senior management opinion in core Defra that "procurement needs to come out of the shadows". PCD currently influences £1.1 billion out of Defra's overall annual expenditure of £4.0bn (excluding grants). The DOP has provided cross-government leadership on a number of Government Procurement Service initiatives.
- The CIO is visible within core Defra and the wider network and operates effectively across government. He has led a significant recovery programme of the IBM e-enabling contract.
- Commercial leadership of the estates function is centrally exercised by PCD and the Estates Directorate. The Board has approved a major commercial project for the sustainable built environment.
- Strong points of commercial leadership were sampled across the network, including the Environment Agency (EA), where high quality senior staff operate with a clear mandate from the EA board, and Natural England, a relatively new agency.

2. Vision, aspirations, business and policy alignment

Defra does not have an overarching commercial strategy. Although procurement needs to be better integrated into financial planning, planning has started on procurement's contribution to achieve the required VFM outcomes for CSR 07. PCD is well aligned with Defra's needs for sustainability and emergency planning. Despite being organised partly on a project basis, PCD is not yet fully aligned with the demands of the Renew programme.

Key Facts:

- Improved VFM through better procurement will be essential for Defra to meet its CSR 07 financial challenges successfully. The management plan available at the time of the review for the finance division, of which PCD is part, contained only a single-line reference to the function.
- PCD does not yet have a Board-approved commercial strategy for core Defra and the network. Its DEEPS programme (Delivering Efficient and Effective Procurement Solutions) contains useful material from which a strategy could be developed.
- PCD has prepared a list of more than 160 current business aims, some resourced and some not. Work is in progress to prioritise this list and organise it into an implementation plan, aligned with Defra's objectives, as the basis of future resources allocated by the Board for procurement.
- Defra has a good-quality estates strategy covering its network. The department is represented on OGC's cross-government estates group and its contribution is well regarded. Defra has a Property Asset Management Board that covers the whole Defra network.
- PCD allocates procurement resources to support specific projects. This way of working will become much more prevalent under Renew, altering both the scale and the priority of business demand on the Division. The review team did not see sufficient evidence of structured resource allocation as it would have expected to find.
- Since the last major Foot and Mouth epidemic in 2001, Defra has greatly improved its commercial arrangements to deal with serious outbreaks of animal disease. Schedules are in place for wide-ranging supply of goods and services at short notice on pre-agreed terms.
- Unusually for a business support function, PCD carries some Defra policy responsibilities; in this case for travel and for the procurement and use of timber and food. There is clearly a balance to be struck between value for money, and policy delivery through procurement considerations.
- Defra and PCD take sustainability seriously in procurement. The review team did not assess how widely the requirements of sustainable production and consumption are embedded in contract terms, or how effectively the provisions in place are enforced across upstream and downstream supply chains.

3. Stakeholder and supply base confidence levels

Suppliers generally rate Defra's performance well, the best being in IT, and there is scope for improvement in contract management. There was no noteworthy criticism from central financial stakeholders. PCD is well regarded within Defra for its service but there is unmet service demand, probably because of insufficiency of resource.



Key Facts:

- Key results of the OGC supplier survey were as follows:
 - The great majority of respondents indicated that procurement teams are well trained, experienced and competent (87%), and are fair and ethical in their dealings with suppliers (92%).
 - Somewhat lower results were reported on contract management where 74% believed the staff are competent and well trained, but relationship management was rated highly at 92%.
 - Defra pays a very high proportion (95%) of its invoices on time, despite some suppliers experiencing problems with the technology used to lodge contracts and arrange payment of invoices.
 - About two thirds of suppliers felt that Defra struck the right balance between thoroughness and a desire to achieve results quickly, and a similar proportion believed that the department clearly and appropriately specifies what it wants.
- IT suppliers gave positive feedback on CIOD during interviews. They had experienced a mature relationship with good access to the Defra Board, and commended Defra's help in finding solutions to delivery problems.
- Defra stakeholders commented during interview as follows:
 - Where PCD is involved it provides a professional service, valued by business customers. The business approach is helpful rather than restrictive and the quality of procurement advice is good. On occasions PCD staff have attended client meetings and conducted procurement surgeries in business areas.
 - There was evidence of unmet demand for PCD's services, ascribed by customers to insufficiency of PCD staff resource. Following the Board's agreement, science procurement was moved to PCD and it is recognised that there is scope for ongoing improvement. A few interviewees characterised PCD as being reactive and not well integrated into parts of the Defra network.
- Central stakeholders (including the Treasury and NAO) commented favourably on Defra's ability to enable the delivery of waste projects in local government through the Waste Infrastructure Delivery Programme (WIDP).

4. Effective resourcing of procurement activity

Defra has around 230 procurement staff in nine teams across the network, and the review team were impressed on several occasions by the quality of the procurement talent available. It appeared that PCD had been under severe headcount pressure in previous years and consequently has a strong reliance on interims – something that has made the retention of good quality permanent staff more difficult. CIPS training is widely available and encouraged across the Defra network, although more could be done on post MCIPS development.



Key Facts:

- There are 54 procurement staff in PCD, 113 in the NDPBs and around 60 across the other Defra procurement teams, many of whom are MCIPS qualified. The review team were impressed by the quality of some staff.
- PCD headcount has been in decline (down from 79 in 2004 to a target of 48 by March 2008). This is in contrast to EA where staff numbers have been protected because of the recognised contribution that procurement has made in driving out savings.
- There are 30 interims in PCD, several of whom have been in role for five years and who fill many of the senior posts within the department. While there is positive feedback about the quality of the senior interims, this position has led to a perceived glass ceiling for permanent members of staff.
- PCD recognise that more attention needs to be paid to succession planning, and that plans are needed for key members of the department.
- Originating from the Foot and Mouth Disease (FMD) outbreak in 2001 and uniquely across central government, PCD has a forensic accounting capability that has added considerable value to the scrutiny of invoices and commercial costs. With the reduced demands of FMD over the past few years, PCD has moved the focus of the team onto tender price evaluations for procurement projects.
- CIPS training is widely encouraged across the Defra network and there is a high proportion of MCIPS qualified staff. However, the review team would like to see more consideration of post MCIPS development and training, or job rotation and secondment across the network.
- The Director of Procurement has bid for up to two graduates from the 2008 OGC Government Procurement Graduate Scheme, will provide a placement for the Fast Streamer Procurement Placement Option, and supports the fast tracking of staff wishing to become procurement professionals mid-career.
- Internal commercial legal resource is scarce: there is one full time G7 and one part time SCS1 that provide legal assistance to PCD, and a small budget of £50k for external legal resources. This is low given the scale and scope of Defra procurement activity.
- The review team did not believe the new Defra competency framework adequately addressed commercial risk management and the specialist skills and competencies needed to manage third party supplier activity across the department.

5. 'Intelligent client' capability

There is some formalised Supplier Relationship Management activity across Defra but no coordinated approach to enable the sharing of supplier performance or benchmarking of the services provided. Contract management capability is mixed, and this is further complicated by the range of third party organisations used in Defra's delivery chain.



Key Facts:

- There are some areas of Supplier Relationship Management (SRM) activity across Defra including:
 - CIOD(IT) has implemented SRM with IBM, Atos Origin and a number of other key suppliers. This has to some extent been driven by pressing operational issues and the need to resolve them urgently. Commercial skills of the CIOD team were viewed as very capable.
 - EA has an established SRM process with its top 20 suppliers and Natural England has introduced executive sponsorship of its top suppliers.
- However there is no Defra-wide SRM capability or plan, and as a consequence there is no single holistic view about the performance of each supplier across all contracts where they are providing services into the Defra network. There has been supplier engagement by the Permanent Secretary and the Director of Procurement but not as part of a structured SRM process with systematic engagement at Board level.
- PCD initiated a contract management Centre of Excellence and 26 contract management manuals were prepared but the initiative was curtailed due to resource constraints. The review team saw the print management manual which is impressive.
- Contract management tends to be carried out by the business units but there is little evidence that this activity is resourced or managed adequately. In addition to CIOD, Estates is a notable exception where contract management resource has been involved in the procurement process before contract award so that the team are more informed and influential in the commercial matters.
- Defra has made good progress in implementing the recommendations of the OGC Kelly report "Improving Competition and Capacity Planning in the Municipal Waste Market" and developing the market in waste management to overcome a lack of sector capability and competitiveness. It was however not clear that local organisations have the contract management capability to manage the major deals that are being developed.
- Over and above Executive Agencies and NDPBs, Defra has developed a wide range of delivery partners, including not-for-profit organisations, PLCs and Trusts. The rationale for the commercial arrangements in some of these bodies is not known.
- There is also a high dependency between a number of the not-for-profit and for-profit organisations and Defra, and the potential in times of financial uncertainty for tension and instability in such arrangements between 'tied' buyer and supplier.

6. Governance and organisation

There are no terms of reference that set out the roles, responsibilities and accountabilities for procurement across the Defra network, although these do exist in some areas (e.g. EA). PCD's existing structure may not be appropriate for its role going forward.



Key Facts:

- Within core Defra there is limited governance over procurement expenditure. At the time of the review the Board was considering the recommendations in the paper put to it in November 2007. In the EA there is a strong mandate from the Board.
- The DOP does not have a mandate over procurement activity within Defra's NDPBs. At the moment he exerts some influence over other network procurement activity with NDPBs and the agencies.
- PCD has grown both organically and through strategic design, and this structure may not be fit for purpose under the changes proposed by the Renew programme, where there will be greater demands on the flexibility and allocation of PCD resources and expertise.
- PCD does have a Client Relationship Management (CRM) process but this does not appear to be effective from the business units' perspective. This is due to lack of resource in PCD and the conflicting priorities for staff with CRM responsibilities.
- EU and other public procurement regulations appear to be adhered to by PCD.
- PCD has a framework of purchasing policies although a number are 'work in progress'. Procurement guidance is available on the intranet and is reasonably comprehensive, although there is little reference to supplier management.
- The Defra network has agreed to participate in a department-wide Estates strategy but there appears to be no compulsion for agencies and NDPBs to meet those commitments.

7. Strategic and collaborative approach to market engagement and sourcing

PCD has analysed and segmented the department's spend and has a clear goal to focus on strategic spend and to delegate/ automate the transactional procurement. Category management was introduced in PCD in SR 04 and CSR 07 will place significant additional requirements on PCD. There are situations across the network where there are multiple contacts with the same supplier and uncoordinated spend. PCD has initiated a collaborative network across Defra but the full potential of this network has not yet been realised.



Key Facts:

Strategic sourcing

- While PCD is in the process of implementing category management, individual sourcing strategies could not be provided to the review team. Science procurement has been migrated into PCD with the aim of professionalising the procurement and applying category management techniques.
- PCD has segmented its procurement spend and is working to reduce effort on the tactical procurement by calling off from established frameworks, including those let by OGCbuying.solutions. There is an aspiration to focus far more on strategic procurement and key suppliers.
- There are good examples of innovative solutions being considered on travel and estates, where commercial models that incentivise reduced consumption are being considered.

Collaboration

- PCD set up a collaborative network which is attended by representatives from all parts of Defra. This collaborative network was set up 18 months before the review, on the initiative of PCD, and is still developing. There are no formal objectives and the purpose and focus are unclear to some of the network representatives. The value derived from attendance has been mixed, and in particular to address the niche requirements of some of the smaller components of the Defra network.
- Although there are instances of collaborative buying across Defra (e.g. Veterinary Labs Agency leading on glassware procurement), similar goods and services are sometimes procured across Defra without any collaboration or benchmarking between procurement teams. Examples include animal welfare, print, research and development, and mapping.
- There are examples of core Defra collaborating on governmental cross departmental deals, with participation in four OGC pilots for energy, travel, office solutions and fleet.
- There is no consistent category management approach across the network.

8. Effective use of procurement and PPM tools and techniques

Core Defra's purchase-to-pay function has been overhauled and efficiency dramatically improved. Across Defra, there are various strategies for processes and systems resulting in different approaches being taken to the exploitation of skills and learning, procurement expenditure and management information.

Commercial risk is not systematically managed and there is no unifying report to the Board covering critical third party risks, which itself is a significant risk given the reliance by Defra on its arms' length delivery network. There are opportunities for improved management and exploitation of IPR.



Key Facts:

- There is no single strategy for coordinated use of procurement tools and systems across the Defra network.
- Defra's Shared Services Centre runs an Oracle financial and procurement system for core Defra and four agencies.
- PCD and EA use different contract management systems. Natural England is looking to invest in the same system as EA.
- Within PCD there are few front-end electronic purchasing tools available and those that exist are little used. Defra has conducted only one electronic auction, in 2003, and currently plans to hold one more.
- The FD is currently considering a comprehensive business case submitted by PCD for further IT investment, including a front end e-procurement tool, e-tendering and a replacement contracts database.
- Defra's purchase-to-pay function was overhauled by PCD and relocated to the department's Shared Services Centre. Benefits realised included staff reduction from 79 to 9.
- There are mixed views on the ease of use of Buy4Defra. Of those interviewed, frequent users find it easy, but occasional users struggle.
- Use of the Government Procurement Card (GPC) is mixed. 2,500 users in core Defra spent £9.3 million in 2006/7 and 7,000 users in the EA spent £50.3 million in the same year. The review team were not able to establish in the time available the extent of wider network use of the GPC.
- Defra does not systematically identify, manage and mitigate commercial risk across its network, with a senior executive commenting that commercial risk is not brought to Board attention as he would expect in the private sector. In 2006/7 internal audit gave a limited opinion on the Statement of Internal Controls, including the management of risk.
- Defra commissions much data gathering and research. The department does not have an overview of the value it could gain from protecting and exploiting the Intellectual Property Rights inherent in this work, or a plan to secure it. The review team noted one good example of the use of functional data for commercial gain; that of environmental data by the EA.
- A system exists to alert PCD to new projects so that it may give early consideration to procurement implications but it is often not used by project originators.

9. Knowledge and performance management

Defra has achieved good VFM performance over the past few years, and with ongoing investment expects to be able to raise the level of achievement. No spend and influence map was provided, and the quality of management information varied widely even though all the Defra divisions use the same Oracle system. Benchmarking has been carried out and quality systems are in place.

A

Key Facts

- There was no overall spend and influence map covering Defra's third party expenditure, but a considerable amount of third party expenditure analysis is produced by PCD for some agencies.
- There is an acknowledged weakness in quality of financial information across the network. This has led to extensive manual cleansing and analysis of spend data taking place within PCD. (Defra has not yet completed the OGC Public Sector Procurement Expenditure Survey.)
- PCD and the procurement function within EA view benchmarking as an important aid to improve performance. A Hackett report was recently commissioned which gave a favourable view with strong performance on cost savings. PCD has ISO 9001 certification and is working towards CIPS accreditation.
- Defra is in the top three departments for procurement VFM returns to OGC, saving core Defra £98m in 2004/05, £101m in 2005/06, and £99m in 2006/07. This is a good performance considering that the top two departments are DWP and HMRC, which have a far higher procurement spend than Defra. This target will rise to between £120m and £221m over the CSR 07 period. Benefits realisation will depend heavily on a stable financial system and the financial management improvement programme currently being implemented.
- There was no link of efficiency targets to management levels below Board, so that for example the Heads of Finance and Business Administration (HOFaBAs) did not have procurement savings targets for their own areas.
- The strength of relationship between PCD and the HOFaBAs appeared variable and it is believed they could be used to greater effect to influence the PCD agenda within each business area.
- There is no consolidated view of contracts across the Defra network, including when contracts are due for renewal, or the extent of Defra's contractual liabilities.
- PCD have calculated a Return on Investment of 26:1 on the value provided by professionally trained staff within procurement.
- There is a significant unrealised opportunity for sharing of procurement and commercial knowledge and best practice across the network. Emergency preparedness is carried out by core Defra and some agencies but there is an opportunity for comparison of deals or supplier performance.

Final Defra Score Card

World Class Leadership	1	Visibility and Impact of Leadership	A	Development Area
	2	Business and Policy Alignment	A	Development Area
	3	Stakeholder and Supplier Confidence	A/G	Well Placed
World Class Skills Development and Deployment	4	Resourcing	A	Development Area
	5	Intelligent Client Capability	A/R	Urgent Development Area
World Class Systems	6	Governance and Organisation	A/R	Urgent Development Area
	7	Sourcing and Collaboration	A	Development Area
	8	Use of Tools and Techniques	A/R	Urgent Development Area
	9	Knowledge and Performance Management	A	Development Area

Recommendations



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Leadership

1. The Board should play a strong role in commercial leadership by clearly communicating to all relevant personnel its vision and plans for effective policy delivery using third parties and for the achievement of VFM across the Defra network. It should endorse a commercial strategy produced by PCD which outlines objectives, responsibilities, accountabilities and the rules and procedures to be followed, including collaboration. The Board needs to provide PCD with clear terms of reference to enable it to achieve the aims set out in the strategy, and achieve savings as specified over the CSR 07 accounting period.
Timing: 0 – 3 months
2. In recruiting the new Finance Director, the Permanent Secretary must place appropriate emphasis on the role as Board champion for procurement, ensuring that the Director of Procurement is supported in increasing the visibility and impact of procurement throughout the Defra network.
Timing: 0 – 3 months
3. The Finance Director should ensure that there is a clear line of sight between the Board level VFM targets and the individual VFM targets for HOFaBAs and the business areas that they represent. A structure and approach should also be agreed to ensure that HOFaBAs and the Director of Procurement work together to agree and implement the commercial strategy, and achieve VFM targets.
Timing: 3 – 6 months
4. The Finance Director should review PCD's business plan and agree with the Board the targets and resources will form the objectives for the DOP and the Defra procurement teams over the CSR 07 period.
Timing: 3 – 6 months

Recommendations



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Governance and Organisation

5. In adding new delivery bodies or changing the commercial status of existing ones, the Board should develop standard commercial considerations that ensure the department's commercial interests are protected and commercial risk is adequately managed. **Timing: 6 – 12 months**
6. The Permanent Secretary must ensure that Defra's corporate risk management processes pay sufficient attention to third party supply risks at all levels within the organisation. **Timing: 0 – 3 months**

Skills development and deployment

7. The Finance Director should review, in the context of the wider Defra network and the new commercial strategy, the structure of PCD including its category management, contract management and customer relationship management capability, together with its ability to incorporate the requirements of Renew. **Timing: 3 – 6 months**
8. The Finance Director should ensure that PCD has a resourcing strategy which addresses succession planning, staff retention and development, and skills transfer (specifically from interim staff and consultants). This should give consideration to secondment and job rotation with other Defra procurement units, and draw upon GPS work on standard procurement job descriptions, career paths, and their skills development directory. **Timing: 3 – 6 months**

Recommendations



Office of Government Commerce

9. The Board should define a set of commercial skills and competences for all staff in Defra who are engaged with supplier expenditure, to complement the recent new departmental competency framework. The GPS practitioner competence framework would be a useful baseline for this work. **Timing: 6 – 12 months**
10. The Shared Services Centre should evaluate the effectiveness of training for 'Buy4Defra' and implement a development plan to ensure suitability for both frequent and occasional users. **Timing: 6 – 12 months**
11. The Director General, Legal should review the strategy for the provision of commercial legal advice across the network, including legal advice procured independently by large projects. **Timing: 3 – 6 months**

Systems and processes

12. The Finance Director should commission the development of a spend and influence map covering total third party expenditure across the Defra network. **Timing: 0 – 3 months**
13. The Finance Director should commission an assessment of the quality of third party spend Management Information across the Defra network, and ensure implementation of an action plan to provide accurate, timely and comprehensive data. **Timing: 3 – 6 months**

Recommendations

14. The DOP should agree the role, objectives and management arrangements for the Defra procurement network forum, with the primary goal to remove duplicated procurement activity across Defra and ensure that the department is able to consolidate and exploit its spend to maximum effect. **Timing: 6 - 12 months**
15. The DOP should identify an appropriate senior manager to own, lead and improve information sharing across the Defra network. This should include the development of tools, techniques and a best practice repository. **Timing: 12 - 24 months**
16. The DOP should implement a supplier relationship management programme across the whole of Defra which is aligned with OGC's Market Engagement Programme. **Timing: 6 - 12 months**
17. The DOP should develop a strategy for Contract Management across Defra, including reinstatement of the Contract Management Centre of Excellence or the development of alternative methods to improve capability and effectiveness in both procurement and business areas. **Timing: 6 - 12 months**