

Department for Environment, Food and Rural Affairs

Procurement Capability Review Improvement Plan

Version and Date:	Version 1
Approved by:	Director General, Finance and Commercial
Plan Owner:	Director of Purchasing and Supply

Defra - PCR Improvement Plan

<p>Summary of Review</p>	<p>The OGC Review recognised the strength of the Procurement Function and its achievements in the context of the range and complexity of Defra’s commercial delivery structures. It highlighted the organisational and cultural changes being put in place by the Renew Programme and the importance of Procurement’s ongoing alignment with it. The OGC recognised the cost and VFM pressures that CSR07 brings and the initiatives already underway to address these.</p> <p>The report highlighted the work required to develop a better integrated approach to Procurement and Commercial Management across the wider network and to couple this with a more cohesive approach to managing risk.</p>
<p>Vision</p>	<p>We will use the PCR recommendations to support the work already underway with the Strategic Sourcing Board and to support increased focus on gaining procurement efficiencies across the Defra network.</p>
<p>Programme Governance</p>	<p>The programme will be led by the Defra Director of Procurement with the DG Finance and Commercial as Programme SRO.</p>
<p>Outcomes and Benefits</p>	<p>The OGC has recognised and given support and endorsement to our existing initiatives as well as helping identify a number of areas where the effectiveness of our Procurement and Commercial work can be improved.</p>

Defra - PCR Improvement Plan

Today	In 12 months	In 24 months
<p>Leadership</p> <p>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.</p>	<p>1a. PCD to update and consolidate existing material into a commercial strategy which is agreed by the Management Board (MB).</p> <p>1b. The Renew Defra Transformation Programme will deliver revitalised leadership, direction, processes, capabilities and behaviours to achieve a range of benefits including improved delivery through network partners, better focus and prioritisation, and more effective accountability. Renew is a fundamental building block for the delivery of VFM.</p> <p>1c. The Financial Management Improvement Plan (FMIP) will strengthen financial controls, budgeting and reporting, essential to effective VFM management</p> <p>1d. MB will endorse a mandate for Procurement & Commercial Management (PCM) that sets out clear terms of reference for procurement across the Defra network</p> <p>1e. The PCM mandate will be communicated across the Defra network through the Heads of Finance</p> <p>1f. A Strategic Sourcing Board (SSB) will be established, fully accountable to MB, to review overall departmental progress toward achievement of CSR 07 savings targets.</p>	<p>1f. SSB role strengthened to develop and drive department wide commercial strategy and capability development, as well as ongoing review of savings against CSR targets.</p>

Defra - PCR Improvement Plan

Today	12 Months	24 months
<p>Leadership contd.</p> <p>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.</p> <p>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.</p>	<p>2a. New DG Finance is a member of the MB and represents procurement on the Board. The Director of Purchasing & Supply (DPS) reports directly to the DG Finance</p> <p>2b. DG Finance will be a permanent member of the SSB, a group fully accountable to the MB</p> <p>2c. DPS will be a permanent member of the cross Defra Finance network, and provide regular updates on procurement and commercial matters</p> <p>2d. DG Finance will regularly attend the Defra Network Collaborative Procurement Group meetings</p> <p>3a. Joint DG Finance/Finance Directors/Heads of Finance/DPS/Heads of Procurement workshop will</p> <ul style="list-style-type: none"> • Review progress against CSR07 procurement savings & agree corrective actions • Agree structure and approach for DPS/HOFaBA way of working to implement commercial strategy and achieve VFM targets <p>3b. SSB will review CSR07 savings against business area targets</p>	<p>2d. DG Finance seen by stakeholders as adding value as board champion for commercial activity.</p> <p>3c. Assignment of VFM targets to business areas to be an established part of the Defra financial planning and budgeting process, with regular monitoring through the monthly financial management reporting process</p>

Defra - PCR Improvement Plan

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<p>Governance and Organisation</p> <p>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.</p> <p>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</p> <p>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</p>	<p>4a. DPS will present a business case to MB, setting out for approval the savings targets and required resources for the CSR 07 period</p> <p>4b. SSB will monitor delivery savings delivered against target</p> <p>5a. MB will commission work to develop guidance on the commercial considerations to be taken into account in setting up and possible externalisation of new bodies.</p> <p>5b. Upon completion of 5a, the MB will introduce adequate controls for critical changes in status e.g. to a private limited company</p> <p>6a. Head of Performance and Audit (in PCM) and Departmental Risk Coordinator will review corporate risk management processes and set out recommendations</p> <p>6b. This review will be presented to the Audit and Risk Committee for endorsement and implementation</p> <p>6c. Event will be run to increase awareness of commercial risk management</p>	<p>4c Business plan objectives delivered with no significant variations</p> <p>5c. Evidence that 5a has been embedded across the organisation.</p> <p>6d. A full review will have been completed of Defra supply chains, identifying areas of risk embedded in the supply chain and mechanisms to manage such risk</p>

Defra - PCR Improvement Plan

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<p>Skills Development and Deployment</p> <p>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.</p> <p>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.</p> <p>9. 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</p>	<p>7a. The DG Finance will review the organisational structure and resourcing of PCM</p> <p>7b. Develop formal BRM/CRM (Business/Customer Relationship Management) process between PCM and core-Defra business units, and provision of commercial management surgeries</p> <p>8a. Workforce strategy review will be completed by PCM as part of the Defra Talent Management Programme, and presented to the SSB.</p> <p>8b. Outcome of OGC-led Reward (and Remuneration) Project will be reviewed and implemented as appropriate</p> <p>8c. Participation in the three elements of the GPS programme (Switch, Fast Stream and Graduate entry) will be developed</p> <p>9a. PCM will work with OGC to ensure the new Defra competence framework is at an appropriate level for all staff engaged with supplier expenditure, and present the outcome to SSB for implementation</p> <p>9b. Review of commercial skills and competencies for all Defra staff engaged with supplier expenditure will be complete and recommendations agreed</p>	<p>7c. Implemented outcomes from 7a & b</p> <p>8d. A proper resourcing strategy is in place and subject to regular review</p> <p>8e. Key element of Defra Talent Management Programme, 'Best of Breed' career development, will be implemented across the Defra procurement network</p> <p>9d. Competency gap identified in 9b & 9c closed.</p>

Defra - PCR Improvement Plan

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<p>Skills Development and Deployment contd.</p> <p>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.</p> <p>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.</p>	<p>9c. Assessment of procurement resources capability across the Defra procurement network will be undertaken and used to support the deployment of a Defra-wide Category Management Strategy</p> <p>10a. SSC will commission a review of Buy4Defra users to establish user opinion on the training and functionality of the system, and to take any actions as necessary</p> <p>11a. Review of commercial legal advice including resource implications across the Defra network will be undertaken and presented to SSB and MB</p>	<p>10b. System and training refreshed as per 10a to improve user experience</p> <p>11c Provision of external legal advice is overseen by DG legal.</p>

Defra - PCR Improvement Plan

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<p>Systems and Processes</p> <p>12. The Finance Director should commission the development of a spend and influence map covering total third party expenditure across the Defra network.</p> <p>13. The Finance Director should commission an assessment of the quality of third party spend MI across the Defra network, and ensure implementation of an action plan to provide accurate, timely and comprehensive data.</p> <p>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.</p> <p>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.</p>	<p>12a. Spend and influence map covering all Defra third party expenditure will be presented to MB, cross-Defra finance network group, and cross-Defra collaborative procurement group</p> <p>13a. Assessment of the quality of 3rd party spend information across the Defra network completed and reported to MB.</p> <p>14a. DPS will review the role, objectives and management arrangements for the cross-Defra collaborative procurement group, and agree changes with the DG Finance</p> <p>15a. Head of Performance and Audit will be appointed, with Head of Strategic Procurement providing support</p>	<p>12b. Cross-Defra spend reports using the new network-wide category coding schema will be rolled out</p> <p>13b. All spend information should be accessible on-line</p> <p>14b. Cross-Defra collaborative procurement group able to point to significant benefits delivered to Defra through improved and more effective joint working</p> <p>15b. Evidence of systematic and mature knowledge sharing activity across the network.</p>

Defra - PCR Improvement Plan

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<p>Systems and Processes contd,</p> <p>16. The DOP should implement a supplier relationship management programme across the whole of Defra which is aligned with OGC's Market Engagement Programme.</p> <p>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.</p>	<p>16a. Defra Network Strategic Supplier Relationship Management programme scoped and implementation plan developed and endorsed by SSB</p> <p>17a. Contract Management Centre of Excellence (CMCoE) will be reinstated and fully operational</p>	<p>16a. Defra Network Strategic Supplier Relationship Management programme implemented</p> <p>17b. Evidence of contract managers being seen as part of the commercial community and consistent, high quality and effective contract management capability.</p>

Defra - PCR Improvement Plan

Workstreams/ Recommendations	Project Objectives	Deliverables	Timing
<p style="text-align: center;">Defra's PCR objectives are being dealt with as part of its business planning process and we anticipate this section will be agreed and published in due course.</p>			

Defra - PCR Improvement Plan
