

**Meeting of the Cabinet – 9<sup>th</sup> September 2009**

**Report of the Interim Director of Finance**

**Report on Procurement Progress and Procurement Strategy 2009-2014**

**Purpose of Report**

1. To report progress against national procurement initiatives and update the Council's Procurement Strategy.

**Background**

2. This is the fourth Procurement report to Cabinet. Since the launch of the National Procurement Strategy for Local Government (2003-2006) in October 2003 and publication of the National Procurement Strategy - "Two Years On" (published August 2006). The Department for Communities and Local Government has recently published (April 2008) [National Procurement Strategy – Final Report](#) as the role of procurement continues to grow and influence the provision of services and supply of goods.
3. The Council has responded positively to the aims and objectives of the National Procurement Strategy (NPS) and good procurement practices are now embedded and continue to be developed across the Council.
4. The Government, through its Comprehensive Spending Review (CSR07), has replaced the Gershon efficiency process with a new efficiency process concentrating on cashable efficiencies at a more challenging level, they believe Public Bodies should have the ability to generate significant efficiencies through smarter procurement. Also, the Comprehensive Performance Assessment (CPA) is being replaced with a new Comprehensive Area Assessment (CAA) methodology. Both the existing CPA and new CAA processes will have a Use of Resources assessment and specific Key Lines of Enquiry (KLOE) relating to Commissioning and Procurement.
5. It is now appropriate to inform Cabinet on progress to date and to seek approval to an updated Procurement Strategy.

**Progress**

Good progress has been achieved by focussing procurement progress on 5 key Work streams.

Work stream 1. To develop electronic procurement through E-Business

Work stream 2. To developing relationships with local businesses and the 3<sup>rd</sup> Sector

Work stream 3. To improve Supply Chain Management

Work stream 4. To develop and widen Procurement Linkages

Work stream 5. To embed improvement within the Council's Practices and Processes

6. These Work streams have also supported a number of procurement priorities published in the National Procurement Strategy "Two Years On". The Work streams will continue to develop and be reviewed in light of developing policy, in particular the Comprehensive Spending Review and National Improvement and Efficiency Strategy.

Appendix A shows the progress we have made against these priorities.

7. There are two officer groups who now oversee these procurement initiatives these are at Assistant Director level which oversees strategy and the other at senior officer level as an officer working group.

### **Developing a New Procurement Strategy for 2009-2014**

The Government in its publication *National Procurement Strategy – Final Report* published in April 2008 sets out a number of procurement priorities which it expects local authorities to consider, including :-

- Business Transformation
- Sustainable Procurement (addressing social, economic and environmental issues, also equalities and diversity and engagement of the third sector)
- Progressing and developing principles in Small Business Friendly Concordat
- Confirming progress against National Improvement and Efficiency Strategy
- Supporting Local Government Commissioning role
- Developing value for money (vfm)

In light of the current economic climate there will be a strong focus on how procurement can assist local businesses, deliver efficiency savings and support commissioning.

8. The Council's Procurement Strategy has now been reviewed in the light of the above and a new strategic document for 2009-2014 is attached at Appendix B. It builds upon the solid foundation established to develop procurement across the Authority and includes new Government initiatives. Its main themes are:-

- Implementing key policy objectives
- Improving quality and performance
- Service provision
- Shared Services/Partnership working
- Developing modern procurement techniques and business transformation
- Building Capacity
- Consultation and support for employees and service users

The document attached is intended to give strategic direction not targeted actions, these will follow as detailed plans are developed.

9. It is also important to embed new structures and continue to build on progress made so far when considering the way forward.

## **Finance**

10. The Procurement, Contract Management and Creditor Services Division which predominantly supports the procurement function administer contracts to the value of £85m, and operational costs are approximately £494,000 of which about £310,000 is covered by income. The balance is included in central recharges. There are further costs across the Council of other Procurement and Commissioning teams not included in these figures.
11. The 2008/09 Annual Efficiency Statement has so far identified cumulative savings against procurement activities since 2005-06 of £5m.

## **Law**

12. The Council procure works, services, and goods and materials for the whole range of its functions including by way of example for its Education function under the Education Acts, and for its highway under the Highway Act 1980.
13. The Council may do anything which is incidental to conducive to or which facilitates the discharge of its functions under section 111 of the Local Government Act 1972. This would include the purchase of goods and materials and the provision of certain buildings and civil engineering work and the development of the Procurement Strategy referred to in this report.
14. The Council is required to have contract standing orders containing procedures to regulate its procurement process under section 135 of the Local Government Act 1972.
15. The Council is required to comply with the European Procurement Directives in the award of contracts.

## **Equality Impact**

16. The Council's Procurement Strategy encourages different groups from all backgrounds to work with the Council. The Council's contracts are awarded in an open, transparent manner treating all parties equally and fairly.
17. This report will have no specific effect on children and young people. There is no requirement for consultation with children and young people or the involvement of children and young people in the preparation of the report.

## **Recommendation**

18. It is recommended that the Cabinet:-

- (a) notes the continued progress in procurement
- (b) notes and endorses progress against the national procurement agenda
- (c) agrees the new Procurement Strategy for 2009-2014



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**Bill Baker**  
**Interim Director of Finance**

**List of Background Papers – see link above**

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