

Executive

Joint Corporate Procurement Strategy and Action Plan 2012/13

28 May 2012

Report of Head of Finance and Procurement

PURPOSE OF REPORT

This report brings forward for Members' approval, the joint procurement strategy and action plan for 2012/13 for the council. The primary objective of the procurement strategy is to procure goods, services and works that assist in reducing service budgets in line with severe funding reduction while being fit for the purpose, meeting the needs of local people and service users, and providing value for money over their lifetime.

This report is public

Recommendations

The Executive is recommended:

- (1) to consider and approve the joint corporate procurement strategy and action plan for 2012/13 for the council which is attached at Appendix 1.

Executive Summary

Purpose and objectives of the procurement strategy

- 1.1 Cherwell District Council adopted its first formal Procurement Action Plan in 2007/08 and has refreshed it annually to cover the period to March 2012. The Council has exploited the benefits of contemporary procurement practice by investing in the formation of a Corporate Procurement Team in 2008 that operates under an innovative "invest to save" initiative, with annual targets ensuring the operation is both "self funding" and providing additional returns.
- 1.2 Procurement has a very strong link with finance, contract management, compliance and efficiencies and so the Council positioned the Corporate Procurement Team within finance under the direction of the Head of Finance.
- 1.3 The approach has secured cashable savings of £1.5m against a target of £775,000 from April 2008 to March 2012 with £613,000 achieved in year against a target of £150,000. Further non-cashable savings of more than

£180,000 and capital savings of some £124,000 have been achieved over the same period. The cumulative total for contracts let for more than a year from April 2008 to March 2012 is £2.1m. The approach to procurement outlined within the attached strategy with the implementation of a joint procurement team based on long-term planning and wider collaboration allow the team to continue to be self funded and guarantee year on year savings with the target for 2012/13 cashable savings being set at £150,000.

1.4 The challenge of continuing to provide year on year cashable savings when many areas of spend at both Councils are already under effective contracts which have delivered substantial savings is to be met by a number of initiatives:

- building procurement options appraisals into service delivery planning;
- focusing on collaboration which best delivers economies of scale savings;
- delivering more outcome based specifications which encourage supplier innovations;
- working with suppliers to introduce more efficient ways of working which will remove costs for both parties;
- improving contract management to drive out further savings;
- removing barriers to and exploiting savings from prompt payment discounts;
- seeking more inflation controls such as 1% below CPI.

1.5 The purpose of the procurement strategy is to communicate clearly to stakeholders, operational managers, procurement specialists and suppliers in the private and voluntary sectors, the council's vision for the procurement services, supplies and works so that each may play a meaningful role in improving the procurement practices and delivering budget reductions at the council.

1.6 The strategy sets out the framework for all our procurement activity. It confirms the objectives that we should be aiming to achieve, the policies to be considered and followed and the mechanisms by which we will put in place the council's vision.

Priorities

1.7 This strategy aims to ensure a coordinated approach is adopted across the council that reflects our aims and objectives. Procurement acts as one of the building block enablers to the Councils' objectives from the wider countywide and regional partnerships right down through business plans to individual officer action plans. Contract management forms part of the procurement cycle and there is interdependence between the two functions.

1.8 We can confidently echo the words of Francis Maude in saying that 'collectively (with South Northamptonshire) we have made a good start with the savings we have already delivered – but it is only the beginning. We need to challenge traditional procurement thinking and make a significant step-up in capability if we are to deliver on the challenges ahead of us.' This strategy looks to move the procurement journey forward by:

- Releasing continued savings from joint working with South Northamptonshire;

- Extending collaboration from Oxfordshire and Buckinghamshire into Northamptonshire and Cambridgeshire to improve procurement buying power;
- Building sustainable methodologies based on the whole-life costs that take account of the Public Services (Social Value) Act 2012;
- Providing procurement advice and project support to transformation programmes;
- Engaging effectively with SMEs and local businesses and fulfilling the remit of the Localism Act 2011, the Big Society agenda and the implications of the Local Government Resource Review.

1.9 Achievement of the above objectives will deliver value for money, provide innovative solutions and demonstrate the Council's commitment to shaping the local community and supporting wider social, economic and environmental objectives.

Conclusion

1.10 The joint corporate procurement strategy has a fundamental role in helping the Council reduce its services budget and protect front line services as it manages the implications of reduced government funding.

1.11 The full procurement strategy is set out as an Appendix 1. It also contains:

- The Action Plan outlining key objectives for 2012/13;
- The procurement performance indicators which are the key measures the council will collect and benchmark against other similar authorities.

Consultations

Various consultations with internal and external stakeholders. A review of best practice examples from other high performing authorities.

Implications

Financial: Financial Effects: There are no adverse financial effects on the Council by implementing the procurement strategy. The cashable savings target will assist in protecting Council services and managing funding reductions.

Comments checked by Karen Muir, Corporate System Accountant, Cherwell District Council, 01295 221559.

Legal: Legal work very closely with procurement to ensure that our processes are compliant and not open to challenge. The monitoring officer also plays a key role as part of the PSG Core and Strategy Groups.

Comments checked by Kevin Lane, Head of Law and Governance, 0300 0030107

Risk Management: The main risks to the Council associated with this recommendation are legal (mitigated through the procurement and contract formation process) and service failure impacting on the customer (mitigated through

contract and performance management).

Comments checked by Claire Taylor, Corporate
Performance Manager 0300 003011

Wards Affected

All

Corporate Plan Themes

An Accessible, Value for Money Council

Executive Lead Member

Councillor Ken Atack
Lead Member Financial Management

Document Information

Appendix No	Title
Appendix 1	Joint Procurement Strategy and Action Plan 2012/13
Background Papers	
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