

Executive

Corporate Procurement Progress Report

11 May 2009

Report of the Strategic Director Customer Services and Resources

PURPOSE OF REPORT

To provide an update of progress made to date in respect of the Corporate Procurement Programme of Activities approved by the Executive on 3 March 2008.

This report is public

Recommendations

The Executive is recommended:

- (1) To note the progress made to date in respect of the Corporate Procurement Programme of Activities;
- (2) To note the progress in respect of the establishment of the centralised procurement function.

Executive Summary

Introduction

- 1.1 Following the previous report to the Executive in September 2008, the Corporate Procurement Team have further developed best practice via a suite of templates with accompanying guidelines to meet the Council's procurement needs from simple invitation to quote exercises to complex OJEU projects, involving partnership working with other Local Authorities and a range of public sector partners, including the PCT and Thames Valley Police.
- 1.2 The key role of the Council's procurement function is to work in co-operation with departments to ensure value for money (right time, place, quantity, quality and price) procurement practice – from options appraisal right through to the completion of the contract life cycle - is being exercised by departments and support them as necessary to promote best practice in line with the Corporate Procurement Procedure Rules. Essential to the success of these objectives is the rigorous monitoring of an audit and compliance plan to enable contracts to be established for relevant aspects of the business and recorded on the corporate contracts register.

- 1.3 Progress to date has resulted in a large number of qualitative contracts over a short period of time both at corporate, where it has been necessary to engage stakeholders across the Council taking account of varying needs, and a service specific, covering the majority of services across the Council, level, demonstrating value for money in terms of cashable savings, improved terms, focused and effective service level agreements, SMART key performance indicators and a contract management protocol that reaps additional savings beyond the bottom line figures recorded through the tender process.
- 1.4 The attached Corporate Procurement Programme of Activities to 31st March 2009 report – Appendix 1 – with the accompanying Corporate Procurement Cashable Savings – Appendix 2 - and the Procurement and Contract Management self-assessment document – Appendix 3 – provide details of key wins to date, from the highly successful collaborative Internal Audit and Recruitment and Advertising tenders (Oxford City Council and Oxfordshire County Council respectively) to the service specific achievements, such as the Vehicle Spare Parts tender, which other authorities are now expressing an interest in joining. The key thing is that no matter what the size of the procurement undertaken the savings (anywhere from 5% to 40%), terms and management processes put in place are securing benefits for the Council for years to come.
- 1.5 The Procurement team has continued to undertake both project by project and generic training, with workshops completed for Environmental Services and advice delivered to a wide range of officers from Planning, House and Economy to Communications. The key focus has been on forward planning and options appraisals in advance of projects with procurement's success in managing key projects leading to closer involvement with the Value for Money review programme.

Proposals

- 1.6 In the report we request the Executive to note the progress to date in delivering our overall procurement objectives agreed by the Executive in March 2008. In particular, the items to note are:
- A suite of effective and easy-to-use templates – some of which are being shared with other Local Authority partners – which is resulting in a vast improvement in compliant, best practice processes;
 - Continued development and establishment of Purchase Cards;
 - Effective use and sharing – both internally and externally – of the Contracts Register;
 - An innovative approach to procurement whereby we are currently undertaking the provision of a polyclinic in Banbury and expressing an interest in the re-provision of the Bicester Community Hospital;
 - Strategic procurement practices whereby a single contract can release savings in terms of a competitive reduction in costs, early payment discounts, a restriction of the application of annual price increases and retrospective discounts for extending contracts to other public sector partners.
- 1.7 The following aspects are continuing to provide benefits and will be further enhanced by the rollout of a comprehensive training programme:

- Contract Compliance, to ensure 90% of the Council's expenditure is on-contract, therefore increasing Value for Money;
- Rationalisation of the number of suppliers;
- Ensuring effective use of Corporate Contracts;
- Proactive liaison with small local businesses via supplier workshops, meet the buyer events and the forthcoming email circular which will include a feedback questionnaire, asking suppliers' views on the introduction of a Procurement newsletter and a micro site for the sharing of information.

Conclusion

- 1.7 The report demonstrates that the 2008/09 Corporate Procurement Programme targets have been exceeded and taken to the next level, not only in terms of cashable savings with the target of £200,000 having been exceeded by some 70% at £339,555 for the year, but also in terms of qualitative and strategically grounded procedures and protocols that are seeing best practice embedded across the Council. The Corporate Procurement team also have a clear plan for the way forward with SMART objectives set to further develop the function in 2009/10 – as detailed within the Draft Corporate Procurement Programme of Activities for 2009/10 (Appendix 4).

Key Issues for Consideration/Reasons for Decision and Options

- 3.1 The purpose of the report is to demonstrate progress made to date against the Corporate Procurement Programme of Activities agreed by the Executive in March 2008. From the information provided the Executive can make an overall judgement about the progress made in achieving the corporate procurement objectives and identify aspects where action is required to improve performance.

The following options have been identified. The approach in the recommendations is believed to be the best way forward

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| Option One | To review current progress made to date and consider any actions arising. |
| Option Two | To approve or reject the draft Corporate Procurement Programme of Activities for the first 6 months of 2009/10. |

Consultations – Not applicable

Implications

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| Financial: | <p>Financial Effects: There are no adverse financial effects on the Council by continuing with the Procurement Programme of Activities.</p> <p>Efficiency Savings: Based on the current level of savings achieved to date, it is envisaged the overall procurement savings target will be achieved.</p> <p>Comments checked by Karen Curtin, Interim Head of Finance, 01295 221551.</p> |
| Legal: | Legal work very closely with procurement to ensure that |

our processes are compliant and not open to challenge

Comments checked by Liz Howlett, Head of Legal and Democratic Services/Monitoring Officer 01295 221686

Risk Management:

If the Council fails to continue to support the implementation of the programme of activities in respect of procurement, there is a risk efficiency savings will not be achieved. A number of the actions relate to developing good practice for the commissioning of goods and services, by implementing sophisticated procurement practices as well as using market intelligence the Council will be able to fully demonstrate it has strategies in place to consistently secure value for money.

Comments checked by Rosemary Watts, Risk Management and Insurance Officer, 01295 221566

Wards Affected

None directly.

Corporate Plan Themes

An Accessible, Value for Money Council

Executive Portfolio

Councillor James Macnamara - Portfolio Holder for Resources

Document Information

Appendix No	Title
Appendix 1	<i>Corporate Procurement Programme of Activities for 2008/09</i>
Appendix 2	<i>Corporate Procurement Cashable Savings for 2008/09</i>
Appendix 3	<i>Procurement and Contract Management Self-Assessment Report for 2008/09</i>
Appendix 4	<i>Draft Corporate Procurement Programme of Activities for 2009/10 - TO FOLLOW</i>
Background Papers	
None	
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