

Executive

Corporate Procurement Strategy and Action Plan

12 April 2010

Report of Head of Finance

PURPOSE OF REPORT

This report brings forward for Members' approval, the procurement strategy for the council. The primary objective of the procurement strategy is to procure services that are affordable, fit for the purpose, meet the needs of local people and service users and provide value for money.

This report is public

Recommendations

The Executive is recommended:

- (1) to consider and approve the draft procurement strategy for the council which is attached at Appendix A.

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 2010. 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 £339k in 2008/9 against a target of £200k and an initial in-year investment of £121k. The savings secured to date result in the team being self funding for the future with the savings increasing year on year.

- 1.4 The target for ongoing cashable savings in 2009/10 is £200,000 and this has already been exceeded by £10,000. Non cashable savings of £35,000 have been achieved due to the roll out of Procurement Cards and the impact of the procurement process on our capital programme has reduced Council expenditure by circa £300,000.
- 1.5 Progress made in embedding strategic procurement in the Council has been recognised by the Audit Commission as part of the Council's Use of Resources assessment and a score of 3 has been awarded. In developing this strategy the Council has reviewed Councils that have achieved a top score of 4 for KLOE 2.1.
- 1.6 The purpose and objective 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 improving the procurement practices in the council.
- 1.7 The strategy sets out the key principles underpinning our approach to procurement. The primary objective of our Procurement Strategy is to procure services that are affordable, fit for the purpose, meet the needs of local people and service users and provide value for money.
- 1.8 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.

Cherwell's priorities

- 1.9 The council recognises that procurement is a critical mechanism for delivering value for money and achieving sustainable outcomes for its local communities. This strategy aims to provide a clear framework for procurement to ensure a coordinated approach is adopted across the council that reflects our aims and objectives. As such, the strategy reflects the council's priorities identified in its corporate plan and sustainable community strategy.
- 1.10 Cherwell's sustainable community strategy, 'Our District, Our Future' sets out the vision for Cherwell for the next twenty years. It has been developed by the Cherwell local strategic partnership, through consultation with people in the community, residents in rural and urban settings, carers, parents, and a range of organisations working with different groups across Cherwell. The corporate plan is due to be refreshed during 2010/11 and as an outcome of this exercise we will produce a three year strategy for the period 2011/12 to 2014/15.

This initial one year strategy sets out how the council will 'achieve a balance between potentially, but not necessarily competing objectives' (creating strong, safe and prosperous communities, CLG) over the next year by:

- Delivering significant cost and efficiency savings;
- Improving options appraisal and planning methodology;
- Basing our procurement decisions on whole-life costs that achieve clearly evidenced sustainable outcomes;

- Enhancing collaboration with a wide range of partners to improve procurement outcomes in terms of quality and exploiting economies of scale;
- Promoting a mixed economy of service provision that engages with the private, public and voluntary sector organisations.

1.11 Achievement of the above objectives will achieve value for money, provide innovative solutions and demonstrate the Council's commitment to supporting wider social, economic and environmental objectives, in ways that offer real long-term sustainable benefits to the local area.

Conclusion

1.12 The procurement strategy has been written as part of the recommendations of the National Procurement Strategy.

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

- Our sustainable procurement strategy which sets out a series of key areas for development, required action and responsibilities.
- 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 authorities who have obtained a high KLOE score in Use of Resources for KLOE 2.1.

Implications

Financial:	Financial Effects: There are no adverse financial effects on the Council by implementing the procurement strategy. Comments checked by Karen Muir, Corporate Accountant, 01295 221559.
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 Karen Muir, Corporate Accountant, 01295 221559.

Wards Affected

All

Corporate Plan Themes

An Accessible, Value for Money Council

Executive Portfolio

Councillor James Macnamara - Portfolio Holder for Resources and Organisational Development

Document Information

Appendix No	Title
Appendix 1	Draft Corporate Procurement Strategy and Action Plan 2010/11
Background Papers	
2009/10 Procurement Action Plan Cherwell's Sustainable Community Strategy, 'Our District, Our Future'	
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