

# Executive

## Corporate Procurement Strategy and Action Plan 2011/12

4 April 2011

### Report of Head of Finance

#### PURPOSE OF REPORT

This report brings forward for Executive consideration, the refreshed procurement strategy and action plan for 2011/12 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

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The Executive is recommended:

- (1) To consider and approve the Corporate Procurement Strategy and Action Plan for 2011/12 which is attached at Appendix 1.

#### Executive Summary

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##### **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 2011. 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 £0.9m against a target of £625,000 from April 2008 to March 2011 with £306,000 achieved in 2010/11 against a target of £225,000. Further non-cashable savings of more than £160,000 and capital savings of some £720,000 have been achieved over the same period. The cumulative total for contracts let for more than a year from April 2008 to March 2011 is £1.5m. The approach to procurement outlined within the attached strategy with the further development of long-term

planning and collaboration allow the team to continue to be self funded and guarantee year on year savings with the target for 2011/12 cashable savings being set at £150,000.

- 1.4 It is vital that the Council continues to use effective procurement as a major opportunity to alleviate budget pressures. Research published by the NAO in its May 2010 Collaborative Procurement report outlined how only 10% of public sector spend is collaboratively procured and this is why the Council has moved beyond forging links within Oxfordshire and Buckinghamshire via the Strategic Procurement Partnership for Oxfordshire and the Milton Keynes, Oxfordshire and Buckinghamshire Procurement Partnership into Northamptonshire and Cambridgeshire via links with the former Northamptonshire Areas Procurement Service.
- 1.5 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.
- 1.6 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.
- 1.7 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**

- 1.8 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 ensure a coordinated approach is adopted across the Council that reflects our aims and objectives.
- 1.9 As such, the strategy reflects the Council's priorities identified in its corporate plan and sustainable community strategy. This strategy and action plan provides a procurement road map for tackling the challenges of achieving value for money and excellent services for the residents of Cherwell District Council over the next year. It will be a key driver for the delivery of the Council's Corporate Improvement Plan.
- 1.10 This strategy for the coming year sets out how the Council will 'achieve a balance between potentially, but not necessarily competing objectives' (Creating Strong, Safe and Prosperous Communities, CLG) by:
  - Releasing significant savings from the joint senior management structure and closer collaboration with South Northamptonshire Council;
  - Delivering additional cost reduction by the deeper embedding of a strategic procurement culture across the Council;
  - Developing planning and performance management principles;
  - Building sustainable methodologies based on the whole-life costs;

- Extending collaboration from Oxfordshire and Buckinghamshire into Northamptonshire and Cambridgeshire to improve procurement buying power;
- Expanding a mixed economy of service provision that engages with the private, public and voluntary sector organisations to facilitate the Big Society initiative.

1.11 Achievement of the above objectives will achieve 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**

1.12 The refreshed procurement strategy has a fundamental role in helping the Council reduce its services budget from £18.5 to £15.9 million in 2011/12.

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

- The Action Plan outlining key objectives for 2011/12;
- 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**

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

### **Implications**

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<b>Financial:</b>	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.
<b>Legal:</b>	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
<b>Risk Management:</b>	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**

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All

**Corporate Plan Themes**

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An Accessible, Value for Money Council

**Executive Portfolio**

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**Councillor James Macnamara**  
**Portfolio Holder for Resources and Communications**

**Document Information**

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<b>Appendix No</b>	<b>Title</b>
Appendix 1	Draft Corporate Procurement Strategy and Action Plan 2011/12
<b>Background Papers</b>	
None	
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