

OVERVIEW AND SCRUTINY MANAGEMENT COMMITTEE
9th JUNE 2006

**PROGRESS REPORT ON THE IMPLEMENTATION OF THE CORPORATE
PROCUREMENT STRATEGY****Purpose of Report**

1. To inform Members of progress on the implementation of the Corporate Procurement Strategy (CPS) approved by Cabinet (21st January 2005).

Background

2. In January 2005 Cabinet approved the adoption of a revised CPS. The purpose of that document was to detail the strategic direction for procurement related activities for the County Council for the period 2005-2008.
3. The Strategy set clear objectives for each area of procurement activity, highlighting the associated key issues and a table of proposed actions required to achieve those objectives.
4. It was agreed that the Strategy would be owned by the Virtual Procurement Team (VPT) and that progress would be monitored by the Cabinet Member for Procurement. Additionally, at the appropriate time progress would be reported to Overview and Scrutiny Management Committee.

Main Considerations for the Council

5. The implementation of the CPS is important to ensure that the County Council meets the recommendations of the National Procurement Strategy (NPS) and the overall requirements of Best Value. The successful implementation of a corporately supported Procurement Strategy is viewed as best practice in both the public and private sectors and will be a key enabler improving the results of purchasing and achieving efficiency savings over the next three years.
6. Since the adoption of the CPS significant progress has been made against the incorporated objectives. This report briefly outlines progress to date and also highlights additional activity undertaken by the Corporate Procurement Unit (CPU).

Progress

7. Attached at **Appendix 1** is a table outlining each of the original 49 action points, complete with lead responsibility, target date and current implementation status. The table is constructed to provide comments on an exception basis.
8. The table utilises a traffic light indicator showing GREEN for items which are virtually complete and within the proposed target deadline, AMBER for items showing that more work is needed and the deadline is approaching or that work has not significantly commenced but the deadline is a distant requirement and RED where the original target date is unlikely to be achieved.

9. The majority of the 49 action points are progressing well, with 29 of them showing as GREEN and completed within the proposed target deadline, 14 as AMBER and progressing towards completion.
10. There are 6 action points that are highlighted as RED. There are valid reasons for the current position and these action points will be delivered once the obstacle to their completion is overcome. None of the RED indicators are external targets from the NPS - they are internal County Council targets. For ease of reference, the 6 RED actions and those with significant progress are set out in a summary and exception report attached at **Appendix 2**.
11. Progress to date has been good, with actions undertaken towards achieving each of the procurement objectives within the strategy.
12. Work is being undertaken externally with the various Wiltshire District Councils who have each signed up to implementing the objectives contained within the CPS across Wiltshire. This work has been given additional impetus as it now comes under the umbrella of the Wiltshire Customer First Partnership.
13. A programme of collaborative procurement arrangements has been embarked upon with the Wiltshire Districts and other interested public bodies. The first of these arrangements (Agency Staff and Advertising) will come on line in the Summer of 2006 and will deliver significant cashable savings to the County Council. Additional collaborative procurement arrangements are programmed for 2006-07 and will continue to be explored at every opportunity.
14. As part of the adoption of the CPS a number of improvements have been implemented to the corporate procurement governance arrangements. A direct result of this has enabled the achievement of over £1.1 million of non-cashable Gershon efficiency savings.
15. Continuation of the corporate contracts has continued to deliver cost effective provision of goods and services and where appropriate, after benchmarking, these contracts have been extended with the current suppliers.
16. In an attempt to promote a diverse and competitive supply market the County Council has established working links with the Federation of Small Businesses (FSB) and the voluntary sector, provided training on competing through the tendering process and published a guide entitled "How to do business with the public sector."
17. Procurement Project 2006 (PP06) has commenced. This project is to identify and map out the major areas of procurement activity which will then be compared to existing contractual arrangements and any new opportunities will be explored and implemented wherever possible.
18. A programme of improvement and refinement to the procurement governance arrangements is to be commenced with the introduction of a Corporate Procurement Board (CPB). The CPB will replace the VPT (which will remain as a procurement practitioners group) with a more strategic role. Its terms of reference are as follows:
 - Steer corporate initiatives to improve procurement policy and practice, including implementation of the current procurement strategy.

- Design and implement a strategy to achieve recurrent savings of 2.5% per annum in all the Council's contracts for procurement of goods and services.
 - Establish and monitor performance, including relevant indicators.
 - Monitor compliance with contract regulations.
 - To act as the Project Board for significant procurement exercises and undertake 'Gateway reviews' for significant corporate and service procurement.
 - Direct procurement policy and practice in departments.
19. In order to improve corporate procurement governance a draft protocol for the involvement of the Overview and Scrutiny Management Committee has been developed. This is to ensure that each major tender exercise receives constructive lay internal challenge to the project objectives and overall process. The suggested protocol is set out in the attached **Appendix 3**.

Environmental Impact of the Proposal

20. Consideration is given to the environmental impact of progressing individual key procurement activities.

Risk Assessment

21. The immediate risk of not implementing the CPS will have implications for not meeting key elements of the National Procurement Strategy and the requirements of the efficiency review and the CPA framework.

Financial Implications

22. Although the implementation of the CPS does not have any direct financial implications, the achievement of the aims and objectives within it will continue to contribute to significant efficiencies and savings. These will be identified and monitored as appropriate with the County Treasurer and Member for ICT, Procurement and Partnerships.

Options Considered

23. Individual procurement activity will be the subject of an appropriate options appraisal.

Reasons for Proposal

24. To continue to improve Corporate procurement performance and governance to provide a framework for the procurement of resources to ensure delivery of best value services that contribute effectively towards the Council's strategic goals and objectives.

Proposal

25. That:-
- (i) The contents of the report be noted.
 - (ii) Officers report back in one year on continued implementation progress be agreed.

- (iii) The continued implementation of the Corporate Procurement Strategy be supported.
- (iv) The draft protocol as discussed in paragraph 19 and detailed in **Appendix 3** for the involvement of the Overview and Scrutiny Management Committee in major procurement activities which will become an Appendix to the Procurement Strategy and Contract Regulations be adopted.

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The following unpublished documents have been relied on in the preparation of this Report:

None