

**OVERVIEW AND SCRUTINY MANAGEMENT COMMITTEE
7 JUNE 2007**

**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 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.
5. In June 2006 members received a report on progress and have asked for an update report to be presented in June 2007.

Main Considerations for the Council

6. 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.
7. 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

8. Attached at **Appendix 1** is a table outlining the 2006-07 and ongoing action points, complete with lead responsibility, target date and current implementation status.
9. 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.

10. Originally there were 20 action points being actioned during 2006-07. However 3 have been removed and are to be incorporated within the Procurement Reform Project (a project to introduce an enhanced corporate procurement function) and for the purpose of this report are being shown as AMBER. The majority of the remaining 17 action points are progressing well, with 13 of them showing as GREEN and completed within the proposed target deadline and 3 showing as AMBER and progressing towards completion.
11. There is 1 action point that is highlighted as RED. This action point refers to a savings methodology to be incorporated within the contracts database, this action point was to be formulated through the Corporate Procurement Board. However, this group's workload was suspended during 2006-07 pending the procurement reform process. This RED indicator is not an external target from the NPS but an internal County Council target.
12. Progress to date has been good, with actions undertaken towards achieving each of the procurement objectives within the strategy.
13. 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.
14. 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) came on line in the latter part of 2006-07 and will deliver significant cashable savings to the County Council.
15. Recent collaborations undertaken have included stationery and e-forms. A collaborative procurement arrangement for bulk liquid fuels for vehicles and heating is currently underway. Additionally a programme of further collaborative activity for the coming year is currently being explored to be programmed for the remainder of 2007-08.
16. 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 £1.279 million of non-cashable Gershon efficiency savings.
17. 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.
18. The Wiltshire Schoolquote system has continued to be developed with 167 schools already utilising this community sourcing tool. During 2006-07 more than £500,000 of goods and services were processed through the system resulting in significant efficiency gains being received by the schools. Efficiency gains of 32% were reported when 61 schools joined together to procure copy paper in a successful pilot of the 'Community Requests' demand aggregation tool. The Wiltshire Schoolquote system has been recognised and promoted by the Department for Education and Skills as an example of procurement excellence in providing a brokerage service to the schools community.
19. In an attempt to promote a diverse and competitive supply market the County Council has continued working alongside the Federation of Small Businesses (FSB) and the voluntary sector. This work has enabled the Council to achieve the standard required to sign the National Small Business Friendly Concordat.

20. Expanding on the publication of a guide entitled "How to do business with the public sector" during 2006-07 working collaboratively with the Wiltshire District Councils and Swindon Borough Council the BuyWiltshire website was launched. This web site enables local SME's to register the type of services they can provide to local authorities and at the same time view all the tendering opportunities available from six authorities in one centralised portal. This initiative will provide the SME community with a central point of access to all Wiltshire local authority contracts and also facilitates business to business opportunities within the Wiltshire SME community. This initiative has received national recognition.
21. Procurement Project 2006 (PP06) was concluded. The project identified £62m of spend to be targeted for review during the coming years, the areas identified included training, consultancy, individual care placements, taxi journeys and postal services.
22. An ongoing programme of improvement and refinement to the procurement governance arrangements commenced with the introduction of a Corporate Procurement Board (CPB). Early decisions taken by the Board included the endorsement of the findings of PP06 to be included in the work programme of the CPU, endorsement of the continued refinement and development of the Gateway Review Process. Another major decision taken by the Board was to look at the structure of procurement across the whole of WCC, how it was resourced, its function and responsibilities.
23. Robson Rhodes produced a detailed report on the structure and governance of the procurement function within WCC. The recommendations from this report have been acknowledged by CMB and a way forward was agreed.
24. One major change resulted in the CPU transferring from Environmental Services into the Department of Resources with the Director of Resources taking responsibility to undertake the Procurement Reform Project to introduce an enhanced corporate procurement function.

Areas For Improvement

25. Early identified enhancements to the procurement governance arrangements in addition to the existing CPS Action Plan include a review of contract regulations, a clearer definition of the various types of arrangements which should fall outside of contract regulations, partnership and grant arrangements. A review of the exemption process is required and development of the new CPS for 2009 and beyond.
26. Key benefits of the procurement reform will include clear accountability and transparency of all aspects of the procurement process and provide further opportunities for procurement savings. The development of a dedicated contract management strategy will help sustain identified procurement savings throughout the contract term. A revision of the line management responsibilities and structure of procurement resources will enable a more flexible approach and allocation of the central pool of expertise.
27. The development of a procurement toolkit, a corporate contract database and grants and partnership register, coinciding with the introduction of the new business management system, will improve the quality of management information, enabling the Council's spend profile to be identified, help reduce off-contract spend and reduce the likelihood of legal challenge associated with procurement activity.

Environmental Impact of the Proposal

28. Consideration is given to the environmental impact of progressing individual key procurement activities and development of establishing sustainable procurement goals is continuing with a closer working relationship being established with the Action Sustainability Group who are acting as lead advisors to the Government's Sustainable Procurement Task Force.

Risk Assessment

29. 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

30. 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 Chief Financial Officer and Member for ICT, Procurement and Partnerships.

Options Considered

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

Reasons for Proposal

32. 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

33. 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.

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

None