

OVERVIEW AND SCRUTINY MANAGEMENT COMMITTEE
6th NOVEMBER 2008

**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 ICT, Procurement and Partnerships. Additionally, at the appropriate time progress would be reported to Overview and Scrutiny Management Committee.
5. In 2006 and 2007 Members received a report on progress, and have asked for a final update report to be presented in 2008.

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. It will be a key enabler improving the results of purchasing and achieving efficiency savings over the next three years.
7. Significant progress has been made against the incorporated objectives since the adoption of the CPS. This report briefly outlines progress to date and also highlights additional activity undertaken by the Corporate Procurement Unit (CPU).

Progress

8. The majority of the action points of the 2005-2008 CPS were condensed into the first two years to allow time to give consideration to the replacement strategy and reconsider the position of the authority in relation to the developing economy, local supply base, the national agenda and major drivers for change within a procurement sphere of influence.

9. This approach has proven fortuitous as it has allowed the CPU to become actively involved within the three major changes facing this organisation during 2007-08 and beyond:
- (i) Local Government Review involving the merging of five separate procurement functions, with procurement chosen by the Implementation Executive as one of the early adopters for merging service provision across all five authorities.
 - (ii) The CPU has been heavily involved in the Business Management Programme (BMP) and the early stages of the implementation of SAP, taking part and contributing to the blueprinting phase of the BMP, helping to shape and define the processes, their suitability and the roles and responsibilities required to serve those processes.
 - (iii) Introduction of the concept of a Shared Service Centre to facilitate the new ways of working and maximise the benefits of the implementation of SAP leading to transformation of services.
10. Progress to date has been good, with all actions taken, either directly or incorporated within other areas of service transformation.
11. A continuation of CPU's involvement at a regional level has proven beneficial with the Senior Practitioners' Group being reformed under the umbrella of the Regional Efficiency and Improvement Programme (REIP) allowing for the sharing and development of procurement knowledge and expertise.
12. As part of the progress towards One Council there has been a programme of gathering contract information from the five authorities to enable co-ordination of any overlapping or conflicting contracting requirements. This programme of work has featured heavily in the various LGR workstreams, particularly in the areas of standardising business applications.
13. 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 £1.4 million of non-cashable Gershon efficiency savings.
14. Continuation of the corporate contracts has continued to deliver cost effective provision of goods and services. Where appropriate, after benchmarking, these contracts have been extended with the current suppliers or alternative framework agreements have been let.
15. The Wiltshire Schoolquote system has continued to be developed with most schools utilising this community sourcing tool. During this year the system has continued to deliver significant efficiency gains to each of those schools utilising the system. The Wiltshire Schoolquote system in 2006-07 was 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.
16. During 2007-08 the initiative was awarded a prestigious Chartered Institute of Purchase and Supply (CIPS) supply management award for Best Purchasing Initiative by a Smaller Organisation.

17. Last year it was identified that a review of contract regulations was required to enhance procurement governance arrangements in addition to the existing CPS Action Plan. The revision of contract regulations is being conducted by a Working Group with representation nominated by each of the five Directors. The first draft was produced in September and work is continuing to improve and refine and incorporate within the new constitution.
18. Work has commenced on the drafting of a replacement CPS to take the new Wiltshire Council forward and building on the successful improvements in procurement governance and performance over the last three years.
19. The procurement reform programme continues, feeding into the various LGR workstreams and BMP activity, 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.
20. 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

21. 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

22. 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

23. 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

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

Reasons for Proposal

25. 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

26. That:-
- (i) The contents of the report to be noted.
 - (ii) Officers report back in June 2009 highlighting the new corporate procurement strategy and provide the Committee with the opportunity to identify its future reporting requirements regarding procurement activity and performance.
 - (iii) The continued implementation and development of a new Corporate Procurement Strategy be supported.

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

None.