

minutes



Meeting PROCUREMENT SELECT COMMITTEE

Date Monday, 27 November 2006 (commencing at 2.00 pm)

Membership

Persons absent are marked with 'A'

COUNCILLORS

John Knight (Chair)
Joe Lonergan MBE (Vice-Chair)

A Kenneth Bullivant
 Albert Haynes
 Stan Heptinstall MBE
 Helen Holt

Mark Spencer
Chris Winterton
Yvonne Woodhead

MINUTES

The minutes of the last meeting held on 30 October, having been circulated, were confirmed and signed by the Chair.

APOLOGY FOR ABSENCE

An apology for absence was received from Councillor Bullivant.

DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS

None.

PROCUREMENT REVIEW: VIEWS OF CABINET MEMBER AND STRATEGIC DIRECTOR, RESOURCES

The Chair welcomed Councillor John Stocks, Cabinet Member for People and Performance, and Arthur Deakin, Strategic Director, Resources.

Councillor Stocks said that he welcomed the scrutiny of procurement. He referred to comments by the former Best Value Board about procurement by the County Council. He believed that the procurement business plan proposed a solid Best Value procurement regime. He outlined other steps taken in recent years, including changes to financial regulations and the introduction of e-procurement. He referred to collaboration with other local authorities. The report by Deloitte showed how much more could be achieved, although Councillor Stocks' view was that £5m savings per annum would be hard to achieve. He saw a need to improve relations between departments and the Corporate Procurement Unit (CPU) and to cut off-contract purchasing.

Mr Deakin saw the business plan as a powerful model, which called on commitment from departments. Failure to comply would, he said lead to drastic action, although he recognised that there would on occasions be purchases which would fall outside of corporate contracts. He expected that the Procurement Board would be chaired by the relevant Cabinet member and would hold officers to account. A possible response from the Board (subject to discussion with trade unions) might be along the lines of "three strikes and you're out". He believed that diminishing returns meant that it would take a lot of effort to achieve the full £5m savings.

In response to Councillor Spencer, Councillor Stocks commented that off-contract purchases would dilute the authority's buying potential. Mr Deakin stated it might be possible to reduce a department's budget if a major procurement decision was taken off-contract. Richard Ratcliffe, Assistant Treasurer (Procurement and Trading) indicated that one consequence of the business plan would be that departments' budgets for stationery, for example, would be lower, to reflect the lower prices obtained through central purchasing.

Councillor Lonergan referred to the Deloitte report's criticisms of the CPU and e-procurement, and was disappointed by the intention to aim for the lower savings target. He contrasted this with Leicestershire County Council's ambitious savings targets. Councillor Heptinstall believed that price should be a larger factor in procurement decisions, and that there should be commitment from members and employees to ensure best value from procurement. Councillor Stocks agreed that the Deloitte report had been hard hitting. He pointed out that new systems would help to identify off-contract purchases. He stated that discipline would be needed, and referred to the roles of the Procurement Board and to high level officer involvement. He believed that quality and sustainability should have some weighting in making procurement decisions. Councillor Winterton felt that unless there was a business case for buying off-contract, departments should face financial penalties for doing so. Mr Deakin stated that in addition to new systems, better communication and policing mechanisms were needed.

Councillor Lonergan asked about e-procurement, monitoring and members' involvement. Councillor Stocks said that while the detail of monitoring processes had yet to be decided, he expected the CPU to bring regular reports to the Procurement Board. He welcomed members' views on monitoring. Councillor Winterton said that systems ought to easily produce management information. Mr Deakin expressed his determination that procurement should be transparent and accountable. E-procurement might need additional investment, but would produce savings. Members felt that the minutes of Procurement Board meetings should be readily available.

Councillor Knight concluded the discussion by stating his view that the Deloitte model was stringent and achievable. Members recommended that price should count for at least 50% of a procurement decision, with the Procurement Board able to allow variations to this.

Members recapped the main issues arising throughout the review, and agreed that at the next meeting, which will be the last for this Select Committee, they would consider a draft report outlining their conclusions and recommendations. Once agreed, this report would be sent to Cabinet in February 2007.

WORK PROGRAMME

It was agreed that the next meeting of the Select Committee be held at 2.00 pm on Monday, 8 January 2007 to prepare the final report.

The meeting closed at 3.10 pm.

CHAIR