

meeting	County Council		
date	9 December 2010	agenda item number	<b>10</b>

## **Report of the Cabinet Member for Finance and Property**

### **Procurement Strategy**

#### **1 Introduction**

- 1.1 The purpose of this report is to seek County Council approval of the Procurement Strategy 2010-2012 and associated amendments to the Council's Financial Regulations.

#### **2 Information and advice**

- 2.1 The County Council's last procurement strategy covered the period 2002 to 2005. It was followed in 2006 by the Deloitte's Business Plan for Professionalising Procurement, which has defined the direction for procurement development over recent years.
- 2.2 In February 2010, the County Council approved the Improvement Programme, which included a Procurement Transformation Programme. This programme had the following key elements:
- a) Establishment of a single procurement centre to serve the whole Council
  - b) Introduction of a category management approach to our procurement activity
  - c) Introduction of an electronic ordering and invoicing system
  - d) Further improvements in our engagement with local suppliers
- 2.3 Since that time, additional resources have been put into developing category management and implementing the electronic systems. This has included undertaking a comprehensive spending analysis. Electronic ordering went live in July 2010 and has been instrumental in enforcing the spending controls that were put in place by the Chief Executive in August 2010.

- 2.4 Work has also been undertaken to revise and update the Council's Procurement Strategy in line with the direction set by the February report. The Procurement Strategy is attached as Appendix A.
- 2.5 The Strategy aims to:
- a) Secure the effective procurement of goods, works and services that support the delivery of the Council's strategic plan objectives
  - b) Deliver substantial cost savings through better procurement
  - c) Deliver a "one council" approach to procurement
  - d) Improve our engagement with local suppliers
  - e) Encourage innovation and a pragmatic approach to risk
  - f) Encourage longer term thinking and commitment to a strategic approach to procurement
- 2.6 It comprises five strands of work that are designed to deliver these aims:
- Strand 1 – Governance and structure
  - Strand 2 – Professionalising our approach
  - Strand 3 – Partnering and collaboration
  - Strand 4 – Doing business electronically
  - Strand 5 – Engaging with the local market
- 2.7 The County Council's Financial Regulations in respect of the procurement of goods, services and works are designed to support the delivery of the Procurement Strategy. These Regulations have been reviewed to ensure that they are consistent with the direction set out in the new Procurement Strategy and three changes are proposed to support the move towards more centralised arrangements for procurement.
- 2.8 It is proposed that the opening sentence of section 9.3.1 be amended to read:
- "The Council's Corporate Procurement Unit (CPU) shall be notified in advance of all procurement exercises with an estimated value greater than £10,000 and shall advise on areas for procurement efficiency to be achieved through central procurement arrangements, including framework agreements, partnerships and collaborative procurement."
- 2.9 It is proposed that section 9.3.2 be amended to read:
- "Where goods, services or works are NOT obtained through an existing approved framework agreement, partnership or in-house provider, the procedure to be followed is dependent on whether the requirement is for 'Supplies and Services' or 'Works' and the estimated total value of the purchase over the full duration of the order or contract."

2.10 It is proposed that section 9.5.3 be amended to read:

“Prior approval from the Head of Service, Departmental Budgeting and Accounting and the Head of Procurement must be obtained for all exceptions 9.5.2.1.1 to 9.5.2.1.5.”

### **3 Statutory and policy implications**

3.1 This report has been compiled after consideration of implications in respect of finance, equal opportunities, personnel, Crime and Disorder, Human Rights and those using the relevant service.

### **4 Recommendations**

4.1 That County Council:

- a) Approves the Procurement Strategy 2010-2012
- b) Approves the changes to Financial Regulations proposed in paragraphs 2.8, 2.9 and 2.10.

**Councillor Reg Adair**  
**Cabinet Member for Finance and Property**

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#### **Financial Services' comments**

The proposed changes to Financial Regulations clarify the role of the Corporate Procurement Unit in procurement exercises. [AS 16/11/2010]

#### **Legal Services' comments**

The recommendations in this report are matters which must be approved by Full Council. [SSR 17/11/2010]

#### **Background papers available for inspection**

County Council Report (Improvement Programme) 25 February 2010  
Deloitte's Professionalising Procurement Business Plan 2006

#### **Electoral division(s) affected**

All