

Subject: Procurement Strategy update

Status: For Publication

Report to: Cabinet

Date: 25th November 2009

Report of: Head of Financial Services

Portfolio Finance & Resources

Holder:

Key Decision: No

Forward Plan

General Exception

Special Urgency

1. PURPOSE OF REPORT

- 1.1 The purpose of the report is to seek Member approval for the updated Procurement Strategy.

2. CORPORATE PRIORITIES

- 2.1 The matters discussed in this report impact directly on the following corporate priorities:-

- Delivering quality Services to our customers
- Delivering regeneration across the Borough
- Encouraging healthy and respectful communities
- Keeping our Borough clean, green and safe
- Promoting the Borough
- Providing value for money services

3. RISK ASSESSMENT IMPLICATIONS

- 3.1 All the issues raised and the recommendation(s) in this report involve risk considerations as set out below:

- The Council and its officers need to continue to progress the embedding financial management practices within the Council. The initial adoption of a Procurement strategy was one of a number of key strategic documents, aligned to corporate priorities, which evidence that the Council is doing just this.

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4. BACKGROUND AND OPTIONS

4.1 The updated Procurement Strategy is attached at Appendix 1.

4.2 This is the second update to the original strategy approved in 2006 The main purposes of the strategy being to:

- State the Council's overall policy and its medium term objectives for procurement (i.e. the acquisition of goods and services from third parties) and to create a framework for procurement across the Authority, which will be monitored and updated regularly to ensure continuous improvement.
- Recognise the role that procurement plays in the area of work force issues, diversity, equality and sustainability. In particular the role of local businesses and small to medium-sized enterprises (SMEs) to the economy of Rossendale.
- Give an overview of the Council's existing approach to procurement and compare that with current best practice and where it wants to be in the future.
- Maintain a balanced approach to the differences involved in the commissioning of services at a corporate level to those of procuring goods and services at a departmental level

4.3 The key changes to the 2006 strategy reflect the positive developments in the Councils approach to procurement over recent years; they are as follows:

- The Council's improvements with regard to collaborative procurement. Since 2006 we have embedded collaborative procurement within the Authority. We have achieved this by amending our Standing Orders to ensure officers should procure collaboratively where appropriate. By incorporating this change into our contract procedure rules, it has resulted in a pro active attitude within the Authority. When collaborating with other public sector partners it has enabled us to share knowledge and potential savings. The buying power of a number of Authorities working together also means we become a more important customer and as a small authority we can take advantage of the volumes of the larger authorities to drive our costs down.
- Electronic procurement and system changes: authorised officers have now been fully trained on the e-procurement system. We can restrict purchases to our preferred suppliers which give us control of the creditor database. Orders are emailed to our suppliers and subsequent

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payments are made by BACS. E-orders/invoices/payments ensure a more streamlined system of paying for our goods and services.

- Management control and review - by ensuring all orders are placed through our on-line procurement system we have good management information on what expenditure is being committed prior to invoices being received. This facilitates better financial control and management information for our accountants, especially during the current financial climate.
- The Authority is more active in promoting tendering opportunities to businesses, including holding supplier days. The Lancashire Hub is working with the Chamber of Commerce to promote contracting opportunities and advising small businesses on bidding for local authority work. The procurement staff within the Authority speak daily with suppliers advising them on the best way to find out about public sector contracting opportunities.
- When entering into a new contract we consider whole life costing, including any maintenance and disposal costs. The Authority is committed to achieving the actions within the Flexible Framework to promote sustainable procurement which includes SME, environmental, equalities & diversity issues. In 2008 we adopted the North West Improvement & Efficiency (NWIEP) standard contracting documentation for our invitations to tender. These documents have been developed by the regional procurement body with legal advisors to ensure legal compliance when going out to tender. The documentation now includes guidance on relevant clauses for sustainable procurement.

COMMENTS FROM STATUTORY OFFICERS:

5. SECTION 151 OFFICER

5.1 No further comments or additions to the report.

6. MONITORING OFFICER

6.1 All legal implications are covered within the body of the report save that further consideration needs to be given to the Strategy by the Corporate Policy Steering Group. Any subsequent amendments will be considered by Legal Services as part of that process. The Strategy needs to be reviewed to ensure that it is robust, fit for purpose and minimises the risk of challenge.

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7. HEAD OF PEOPLE AND POLICY (ON BEHALF OF THE HEAD OF PAID SERVICE)

7.1 The Strategy is subject to review by the Corporate Policy Steering Group and a full Community Impact Assessment, which could lead to the Strategy being changed.

8. CONCLUSION

8.1 The Procurement Strategy has been developed to ensure its continuing robustness and to ensure that it continues to be fit for purpose in meeting both the needs of the Council and the achievement of the Councils corporate priorities.

9. RECOMMENDATION

9.1 That Members consider and approve the updated Procurement Strategy

9.2 That any further changes recommended by the Corporate Policy Steering Group be delegated to Portfolio Holder for Finance and Resources.

10. CONSULTATION CARRIED OUT

10.1 Team Lancashire

10.2 Informal Supplier Consultation

11. COMMUNITY IMPACT ASSESSMENT

Is a Community Impact Assessment required Yes / ~~No~~

Is a Community Impact Assessment attached ~~Yes~~ / No

Previously submitted

12. BIODIVERSITY IMPACT ASSESSMENT

Is a Biodiversity Impact Assessment required Yes / ~~No~~

Is a Biodiversity Impact Assessment attached ~~Yes~~ / No

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Background Papers	
Document	Place of Inspection
Revised strategy with tracked changes	Finance