

WIRRAL COUNCIL

COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

17 NOVEMBER 2011

SUBJECT:	PROCUREMENT STRATEGY
WARD/S AFFECTED:	ALL
REPORT OF:	DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER:	COUNCILLOR ADRIAN JONES
KEY DECISION?	YES

1.0. EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to provide an update on the Corporate Procurement Strategy. It was agreed by Cabinet on 13 October 2011.
- 1.2 The Strategy is an enabler of the procurement efficiency targets agreed for 2011-12. These are reflected in the 2011-12 Budget as:-
- £2.0m from the annual procurement efficiency programme
 - £0.5m from reviewing the top 50 contracts
 - £0.2m from reviewing administrative support costs
- 1.3 Details of the projected savings for the 2012-13 Budget will be reported to future meeting of the Cabinet.

2.0 RECOMMENDATION

- 2.1 That the Procurement Strategy be noted.

3.0 REASON FOR RECOMMENDATION

- 3.1. All of the resource strategies were presented to Cabinet on 13 October 2011 at the commencement of the budget process for 2012-13. Therefore, although the procurement strategy was agreed by the Cabinet on 2 June 2011 it was re-presented to align the resource strategies.

4.0. **BACKGROUND AND KEY ISSUES**

4.1 The Corporate Procurement Strategy was approved by Cabinet on 2 June 2011. Since then, the following key activities have taken place:-

- Corporate Procurement Board established and has met twice
- Contracts Procedure Rules amended and presented to Cabinet elsewhere on this agenda
- Contracts Procedure Toolkit produced in August 2011 which will be available to all staff involved in purchasing via the Council Intranet site from October 2011
- Contracts/Procurement Forward Plan developed in August 2011 and available on the Council Intranet site
- A review of major contracts completed and actions identified to realise savings in 2011-12 and beyond. Some of these actions will require Cabinet approval, and an enhanced degree of discipline and control to be exercised across all Departments of the Council. It will be a prime focus of the Corporate Procurement Board to ensure this happens.
- Cabinet on 14 April 2011 engaged PriceWaterhouseCoopers to review certain contracts on a 'no-win-no-fee' basis. Findings from their initial review were presented in August 2011. This has led to the identification of four major contracts that will be subject to a full contract review.

4.2 The Procurement Strategy key priorities and action plan were presented to Cabinet on 2 June 2011. Good progress is being made with all milestones met or on target. The next series of milestones to achieve are:-

- Ensure there are targeted training and employment initiatives built in to all major contracts (by September 2011)
- Provide greater assistance to local businesses through e-tender training, 'Meet the buyer' events, attendance at Business Fairs and prime contractor involvement. (by December 2011)
- Measure the benefits of collaborative procurement by working with the Merseyside Procurement Partnership (by March 2012)
- Arrange a training event for elected Members on procurement issues (by March 2012)
- Improve performance relating to payments to suppliers, in particular to pay all SMEs within 10 working days (by March 2012)

5.0 **RELEVANT RISKS**

5.1 The risk of non-compliance with the Procurement Strategy and the governance arrangements may reduce the potential for savings. The Strategy sets out how compliance will be monitored via the Corporate Procurement Board.

5.2 A more disciplined approach to procurement may reduce flexibility in the way goods and services are sourced. This may present risks to services and the reputation of the Council if contracted suppliers are unable or unwilling to provide the goods or services required by the Council. There may be occasions when goods and services are needed urgently and to a different specification to the ones contracted for and there will need to be arrangements that will permit this, by exception, within appropriate delegated authority.

5.3 The strategy allows for such exceptions and requires Chief Officers to ensure they are properly documented and reported to the Procurement Manager to consider their potential breach of the EU Public Procurement Directives and subsequent risk of damages.

6.0 **OTHER OPTIONS CONSIDERED**

6.1 No other options were considered in the drafting of this report.

7.0 **CONSULTATION**

7.1 Consultation has been undertaken with all Departments of the Council and contracted suppliers affected by the implementation of the Procurement Strategy. There is ongoing consultation with other Councils in the Merseyside Region to promote the adoption of collaborative contracts which increase the potential for savings through aggregation.

8.0 **IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

8.1 There are no direct implications for voluntary, community and faith groups.

9.0 **RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS**

9.1 The Procurement Efficiency targets agreed by Council total £2.7m in 2011-12.

10.0 **LEGAL IMPLICATIONS**

10.1 All procurement activity will be conducted in strict accordance with the Council contract procedure rules and European procurement directives.

11.0 **EQUALITIES IMPLICATIONS**

11.1 An equalities impact assessment is considered for all contracts that are tendered or reviewed.

12.0 **CARBON REDUCTION IMPLICATIONS**

12.1 All new contracts include a requirement for suppliers to consider their carbon impact and contribute to the delivery of the Council carbon reduction targets.

13.0 **PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

13.1 There are none arising directly from this report

FNCE/239/11

REPORT AUTHOR: **Mike Fowler**
Head of Support Services
telephone: (0151) 666 3525
email: mikefowler@wirral.gov.uk

APPENDICES

Procurement Strategy

REFERENCE MATERIAL

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet	13 October 2011
Cabinet	2 June 2011
Cabinet	4 November 2010
Cabinet	4 February 2010
Cabinet	24 September 2009
Cabinet	9 April 2009
Cabinet	4 September 2008