

| | | | |
|-------------------------|--|----------------------------------|--|
| Subject: | Corporate Procurement Strategy | | |
| Date of Meeting: | 18th September 2008 | | |
| Report of: | Director of Finance and Resources | | |
| Contact Officer: | Name: Claire Jones | Tel: 29- 1408 | |
| | E-mail: Claire.t.jones@brighton-hove.gov.uk | | |
| Key Decision: | Yes | Forward Plan No. CAB 2207 | |
| Wards Affected: | All | | |

FOR GENERAL RELEASE**1. SUMMARY AND POLICY CONTEXT:**

- 1.1 The purpose of this report is to introduce the revised Corporate Procurement Strategy which sets out the council's strategic approach to purchasing goods, services and works. This strategy replaces the Corporate Procurement Strategy 2005 – 2007.
- 1.2 The Strategy outlines the role of procurement in enabling the authority to deliver on its key objectives such as Value for Money and supporting the local economy, whilst ensuring that the council's commitment to Sustainable Procurement is reinforced.

2. RECOMMENDATIONS:

- (1) That the Cabinet note the principles outlined within the revised strategy attached as Appendix 1
- (2) That the Cabinet approve and endorse the Corporate Procurement Strategy 2008 - 2011

3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

- 3.1 The existing Corporate Procurement Strategy 2005 – 2007, was implemented in response to the publication of the National Procurement Strategy (2003 – 2006). The existing strategy encompassed the policy objectives of the National Strategy and adapted and prioritised them to meet the council's local context.

- 3.2 The Corporate Procurement Strategy 2005 - 2007 took account of the constructive recommendations from the Scrutiny Review of Procurement in September 2004. Implementation of recommendations such as commitment to capacity building have been delivered through initiatives such as the Chartered Institute of Purchasing & Supply Corporate Award Programme. The revised Corporate Procurement Strategy 2008 – 2011 continues to build on the successes driven by the Scrutiny Review and the further recommendations made in September 2007.
- 3.3 The revised Corporate Procurement Strategy 2008 – 2011 recognises the solid foundations put in place by the existing strategy. However, it addresses the need to build upon these foundations and ensure that key principles become embedded within all procurement activity. Principles such as
- **Sustainable Procurement** – identify and address from day one of a purchasing activity the ways in which the local economy can be supported, how the environment is protected and that equality for all is paramount. Focus is given to ensuring contracting opportunities for local businesses are clear, unambiguous and straightforward.
 - **Value for Money (VFM) and the drive for efficiencies** – the goods, services and works purchased by council officers should be cost effective without compromising quality. Officers can then ensure that the council is purchasing the right goods at the right time for the right cost.
 - **Proactive Procurement and Relationship Management** – Being suitably prepared and therefore able to secure the right procurement outcome is critical for ensuring Value for Money objectives are achieved. Reinforcement of the link between Corporate Procurement and the wider procurement community (council contract officers and managers) is required to ensure procurement best practice is adopted. The introduction of Procurement Relationship Managers who will be the key single point of contact within Corporate Procurement for Directorates is one initiative to be implemented that will support this.
 - **Using Technology to Realise Efficiencies** – In order to secure a greater return on our investment of the e-purchasing system, Corporate Procurement will focus on using the system to produce reports on spend across the councils and 'off-contract' spend. Creditor data held on the system will be used to support the launch of a supplier rationalisation programme in 2009/10.
 - More widely, procurement of IT software and hardware should be supported by robust terms and conditions of contract. Corporate Procurement in collaboration with Legal Services will be developing a council standard technology contract.

- 3.4 Without adoption of the Corporate Procurement Strategy 2009-2011, there is an increased risk to the council of the following:
- The product or service not meeting the Council's needs or is not delivered on time due to poor procurement planning and execution. This could lead to increased costs to rectify budget overspend and citizens may not receive the services they expect.
 - Poor contract management and monitoring could lead to a drop in performance standards and health & safety risks which potentially could lead to litigation. Service may not be maintained as originally set out, impacting our citizens.
- 3.5 The application of the principles outlined in the Strategy will help successfully deliver the council's scheduled key procurement initiatives. Projects such as the long term partnering strategy within Housing Management for repairs and maintenance of the housing stock and procurement of an integrated payroll system within HR.

4. CONSULTATION

- 4.1 Consultation has taken place with Finance and Resources DMT and other senior council officers including Sustainability, Equalities, Risk and Health & Safety.

5. FINANCIAL & OTHER IMPLICATIONS:

5.1 Financial Implications:

The council's Medium Term Financial Strategy sets out the financial plans over a 3 year period. One of the financial planning principles for meeting savings within the financial strategy is to deliver Value for Money through procurement savings. The Corporate Procurement Strategy will support the delivery of these savings across council services.

Finance Officer consulted – Andrew Simpson – August 2008

5.2 Legal Implications:

The Corporate Procurement Strategy contributes to the council meeting its legal obligations as a 'public authority' under the EU Public Procurement Directive and accompanying Public Contracts Regulations 2006. The Council must take the Human Rights Act into account in respect of its actions but it is not considered that any individual's Human Rights Act rights would be adversely affected by the recommendations in this report.

Legal officer consulted – Alison Leitch – August 2008

5.3 Equalities Implications:

The Corporate Procurement Strategy sets out the council's commitment to promote equality via corporate purchasing and procurement processes. This is an important element of the council's progress as measured by the Equalities Standard.

An Equalities Impact Assessment (EIA) is being conducted as part of the process of drafting and implementing this strategy. The resulting action plan will demonstrate how we can continue to ensure that effective, appropriate, fair services are delivered on the council's behalf.

Equalities officer consulted – Elizabeth Noble

5.4 Sustainability Implications:

The Corporate Procurement Strategy highlights how sustainability issues should be considered during all council procurement activity. The Strategy's commitment towards sustainability supports the council's overall commitment to sustainability and to carbon emissions reduction targets. These are outlined in the wider corporate commitments including the Sustainability Strategy, Carbon Management Programme and Climate Change Action Plan.

Sustainability officer consulted – Mita Patel

5.5 Crime & Disorder Implications: None.

5.6 Risk & Opportunity Management Implications:

The role of risk management is key when assessing all possible procurement activities within the council. There is increased financial, service and reputational risk if Contract Officers do not follow the procurement best practice as outlined in the Corporate Procurement Strategy.

5.7 Corporate / Citywide Implications:

The council spends over £220 million on procuring goods and services per annum. The Corporate Procurement Strategy sets out methods to ensure this money is spent according to best practice. This will be of benefit to the wider community and support the council in meeting its strategic objectives.

6. EVALUATION OF ANY ALTERNATIVE OPTION(S):

N/A

7. REASONS FOR REPORT RECOMMENDATIONS

- 7.1 Cabinet is asked to note and approve the Corporate Procurement Strategy to ensure that best practice procurement is adopted across the council.

SUPPORTING DOCUMENTATION

Appendices:

1. Corporate Procurement Strategy 2008 - 2011

Documents In Members' Rooms: None

Background Documents: None

