

Committee: Finance & Administration

Agenda Item

Date: 25 March 2010

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Title: Procurement Activity Update

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Item for information

Summary

1. In January, the Committee approved a new Procurement Strategy. The Action Plan from the Strategy is attached to this report for ease of reference.
2. Apart from preparing new Contracts Procedure Rules (elsewhere on today's agenda), progress on implementing the action plan has not been made as rapidly as was originally envisaged. In particular, item 1 (procurement service relaunch) and item 3 (spend analysis) will not be completed by the end of March, and items 7 and 8 (systems development) have been deferred from April to October.
3. A contributing factor has been the continued unavoidable absence of the lead adviser from the Essex Procurement Hub. Robust feedback has been provided to the Procurement Hub and they have agreed to provide a statement of their capacity and availability by 22 March. A verbal update will be provided at the meeting.
4. If it emerges that the Hub is unable to provide support to the Council on implementing the Procurement Strategy, the Council will need to investigate other options including employing a procurement specialist directly and/or joint working with other councils and procurement agencies. The Committee will be kept informed of progress.
5. The Council has received funding from Improvement East to make progress on its Use of Resources scores. This funding can be used to make progress on procurement and will be drawn upon in the event that Hub does not have the capacity to deliver the level of support required. In addition, the Council may need to invest its own resources into corporate procurement on the basis that in due course such a corporate resource should be self-financing.
6. Although progress on certain corporate aspects of procurement is not at the desired rate, operational support to service based procurement activity is continuing uninterrupted.

Recommendations

7. To note the report.

Background Papers

[Procurement Strategy](#)

Impact

Communication/Consultation	No specific implications
Community Safety	No specific implications
Equalities	No specific implications
Finance	No specific implications
Health and Safety	No specific implications
Human Rights/Legal Implications	No specific implications
Sustainability	No specific implications
Ward-specific impacts	No specific implications
Workforce/Workplace	No specific implications

**Procurement Strategy Action Plan
 approved January 2010**

	Action	Outcome	Lead Officer	Target Date
1	Relaunch procurement service and ensure there is clear direction to spending officers	Clarity about how the Procurement Hub can help spending officers Greater use of Marketplace system and framework contracts	Chief Finance Officer Senior Procurement Consultant (with support of SMB)	March 2010
2	Adopt new Contract Standing Orders	Contract Standing Orders reflect modern procurement methods and the current business needs of the Council	Chief Finance Officer Senior Procurement Consultant	March 2010
3	Conduct a spend analysis	Areas where contracts can be introduced are identified and action plan agreed to implement. Procurement savings target can be quantified Areas of 'maverick' spend identified and action taken via spending officers to address	Senior Procurement Consultant	March 2010
4	Compile contracts register	Improved forward planning of contracts renewal. Scope identified to make greater use of framework contracts and/or partnership working.	Senior Procurement Consultant	September 2010
5	Create procurement section on the Council's website	Upcoming contracts advertised on website Guide for suppliers on how to deal with the Council is published	Chief Finance Officer	July 2010

	Action	Outcome	Lead Officer	Target Date
6	Instigate half-yearly meeting for staff using the Marketplace ordering system.	Improved staff satisfaction with the ordering system	Senior Procurement Consultant	September 2010
7	Implement electronic invoice module within Marketplace	Efficiencies achieved. Reduction in paper invoices received by the Council.	Chief Finance Officer	April 2010
8	Implement interface between Marketplace and Finance General Ledger systems.	Efficiencies achieved. Improved performance in payment of invoices.	Chief Finance Officer	April 2010
9	Implement purchasing cards for lower value transactions	Faster payment of suppliers Reduced process costs	Chief Finance Officer	December 2010

Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
The Procurement Strategy Action Plan may not be implemented on schedule	4 (some key actions already delayed)	2 (desired improvements are not made as quickly as intended)	Secure the required capacity and capability to implement the Action Plan

- 1 = Little or no risk or impact
 2 = Some risk or impact – action may be necessary.
 3 = Significant risk or impact – action required
 4 = Near certainty of risk occurring, catastrophic effect or failure of project.