

| Report of | Meeting | Date |
|---|-------------------|---------------------|
| Assistant Chief Executive (Business Transformation) (Introduced by the Executive Member (Resources)) | Executive Cabinet | 3 September 2009 |

PROCUREMENT STRATEGY

PURPOSE OF REPORT

1. To advise members of performance achieved against the current Procurement Strategy and seek approval for a new Joint Procurement Strategy with South Ribble Borough Council.

RECOMMENDATION(S)

2. That the contents of this report are noted and that the draft strategy attached at Appendix 1 is approved for implementation.

EXECUTIVE SUMMARY OF REPORT

3. The Council's current Procurement Strategy covers a five year period from July 2004 to July 2009 and is therefore now due for renewal. This strategy was drafted around the milestones contained within the 3 year National Procurement Strategy which was published in October 2003, all of which have now been achieved. Additionally the strategy required savings of £500,000 over the life of the strategy. This target has been achieved and exceeded with over £1.7 million of procurement related savings realised during the 5 year strategy life.
4. Chorley Council is the host authority for a shared procurement service with South Ribble Borough Council, as part of the wider Finance and Assurance Shared Services Partnership which commenced January 2009.
5. As both Chorley and South Ribble Councils have similar procurement priorities and in order to take advantage of joint working efficiencies, it is proposed to replace the expiring 5 year CBC Strategy, with a new 3 year joint CBC/ SRBC Strategy.

REASONS FOR RECOMMENDATION(S)

(If the recommendations are accepted)

6. To replace the existing Procurement Strategy which is due to expire imminently with an up to date and more relevant Strategy, which takes account of the new Shared Services arrangement and the efficiencies of joint working.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

7. A separate CBC strategy was considered and rejected as this would not embrace the spirit of the partnership or take advantage of the efficiencies of joint working.

CORPORATE PRIORITIES

8. This report relates to the following Strategic Objectives:

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|--|---|---|---|
| Put Chorley at the heart of regional economic development in the Central Lancashire sub-region | x | Develop local solutions to climate change. | x |
| Improving equality of opportunity and life chances | x | Develop the Character and feel of Chorley as a good place to live | |
| Involving people in their communities | | Ensure Chorley Borough Council is a performing organization | x |

BACKGROUND

9. Chorley Borough Council adopted its current 5 year Procurement Strategy in July 2004 and this is therefore now due for review and renewal. As the Council commenced a shared procurement service in January 2009 with South Ribble Borough Council, and as both Chorley and South Ribble Councils have similar challenges, aims and priorities in respect of procurement, it now seems sensible to review both council's strategies jointly, thus aligning targets and objectives and taking maximum advantage of the efficiencies of joint working. This has now been done and a new joint draft strategy is proposed at Appendix 1.
10. The draft joint strategy has been prepared in an easy to read one page format and includes the key values contained within the current strategy. It also takes account of more recent initiatives including the Flexible Framework for Sustainable Procurement, and acknowledges those instances where progress and targets may be different at each authority.

ACHIEVEMENT AGAINST THE 2004-2009 STRATEGY

11. The expiring strategy was adopted in 2004 shortly after publication of the National Procurement Strategy in 2003, and the majority of the targets and objectives are consequently based around achievement of the National Strategy targets. These cover the following four key themes:
- Providing Leadership and Building Capacity
 - Partnering and Collaboration
 - Stimulating Markets and achieving Community Benefits
 - Doing Business electronically
12. A key requirement of the National Procurement Strategy was for all Councils to undergo an independently assessed Procurement Health Check / Procurement Challenge to test and evidence progress against the milestones and targets contained therein. Chorley completed a self assessment questionnaire and provided various documentary evidence for a Procurement Challenge day which took place in March 2006 and was led by the Improvement and Development agency (IDeA). IDeA were impressed with the Council's commitment and progress against the Strategy and commented as below in their subsequent report:

"The Challenge identified that Chorley had completed 17 of the 20 milestones, applicable to District Councils, against the National Procurement Strategy for Local Government (NPS). The Team commend the council on their excellent progress. It is also noted that the council are targeting 100 % attainment against all NPS milestones by March 2007, and we believe that Chorley will deliver on this given the evidence obtained during the Challenge. "

The Council has now evidenced progress against all 20 of the milestones contained within the National Procurement Strategy and the new joint draft procurement strategy takes

forward these initiatives including Value for Money, e-procurement, joint working, effective engagement and inclusive, sustainable and socially responsible procurement, for ongoing progress and development.

13. The 2004-2009 Strategy contains a Savings Target of £500,000 over the life of the strategy broken down into the following areas:

- Take costs out of the Procurement Process
- Take advantage of the Council's full purchasing leverage
- Improve general purchasing and procurement procedure

14. The £500,000 target was exceeded in the first 18 months of the strategy life and total Procurement related savings over the 5 year period are in excess of £1.7 million. Some of the larger key savings areas realised during the strategy life are shown below:

| Description | Saving |
|--|----------|
| Admin Services restructure in 2004/05 as a result of process efficiency changes including those anticipated from the new financial system including full P2P (Procure to Pay) system in 2005/06. This resulted in 3.9 posts being removed from the procurement process saving £377,683 of staff time over the strategy life. | £377,683 |
| New three year CCTV Service and maintenance contract introduced January 2005 saving £25,500 over the life of the contract. The lack of an effective contract in the past had left CCTV equipment in a poor state of repair and the savings achieved provided the much needed, necessary investment to bring these back up to a satisfactory level. | £25,500 |
| Electronic recruitment advertising. Savings shown include £20,000 for trial period in 2005/06 and £40,000 achieved in 2006/07 | £60,000 |
| Shared Contact Centre £43,000 p.a. from 2005/06 – saving shown is for 4 years of strategy life. <i>(NB. The Council pursued an exit strategy in respect of the CRM aspect of the shared contact centre in 2008 which will impact on the savings achieved.)</i> | £172,000 |
| Christmas Lighting, formal quotation exercise, November 2006 | £8,379 |
| Kerbside Recycling bags, bulk purchase in March 2006 | £17,280 |
| Transfer to OGC Buying Solutions Framework for UPVC windows procurement during 2006/07 | £16,521 |
| Mobile Phones new 2yr contract using OGC Buying Solutions framework – saving shown is over two year period 2006 to 2008. | £11,780 |
| Joint e-auction for water coolers in partnership with Blackburn with Darwen Council and LCC saving £6729 over 33 months within strategy period | £6,729 |
| *Price and process saving using OGC Buying Solutions Framework – Computacentre (maintenance/support/consultancy) over 4 year period 2004 to 2008 | £24,770 |
| *Capita Academy Software – via OGC Buying Solutions framework 2006/07 | £32,766 |
| New contract for Cleaning of Public Conveniences saving £18,645 per year from May 2007. (2 years within existing procurement strategy life) | £37,290 |
| Royal Mail credits negotiated, 2007/08 | £5,309 |
| Insurance – Retender of Council's main policies saving £128000 p.a. – saving shown is 3 years of remaining strategy life | £384,000 |
| Property Services Partnership, 7 yr contract from July 09 saving £117090 per year. Savings shown are for 2 years of strategy life | £234,180 |

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|--|-------------------|
| Joint Telephony Procurement 2008/09 with SRBC using OGC Buying Solutions Framework. : | |
| a) consultancy saving | £10,800 |
| b) Actual 7 yr system life saving is £252,000, saving shown is for 1 year of Strategy life | £30,012 |
| White Young Green appointment to carry out Condition Surveys, negotiated improved offer -2008/09 | £8,419 |
| Software Licences, Microsoft Enterprise Agreement | £7,592 |
| Benefits Scanning Agreement – new arrangement negotiated from May 08 | £22,825 |
| Reduction in cash collections from 6 per week to weekly 2008/09 | £5,571 |
| Negotiated Prize Freeze with Scottish Power to compensate for on-going billing problems, thus avoiding contracted price increase 2008/09 | £33,263 |
| Change of Postal Provider from Royal Mail to TNT 2008/09 | £9,016 |
| Grand Total | £1,541,685 |

* Source: OGC Buying Solutions Savings Statement

IMPLICATIONS OF REPORT

15. This report has implications in the following areas and the relevant Corporate Directors' comments are included:

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| Finance | x | Customer Services | |
| Human Resources | | Equality and Diversity | |
| Legal | | No significant implications in this area | |

GARY HALL
ASSISTANT CHIEF EXECUTIVE (BUSINESS TRANSFORMATION)

| Report Author | Ext | Date | Doc ID |
|---------------|------|----------------------------|---------------------|
| Janet Hinds | 5622 | 15 th July 2009 | CBC Strategy Report |

| Background Papers | | | |
|-----------------------------------|-----------|------|--------------------------------|
| Document | Date | File | Place of Inspection |
| Procurement Strategy 2004-2009 | July 2004 | | www.chorley.gov.uk/procurement |
| IDeA Procurement Challenge Report | June 2006 | *** | Procurement Office, Union St |