

**WYRE FOREST DISTRICT COUNCIL**

**AUDIT COMMITTEE**  
**MONDAY 19<sup>TH</sup> NOVEMBER 2007**

**Corporate Procurement - Position Statement**

<b>OPEN</b>	
<b>COMMUNITY STRATEGY PLAN:</b>	
<b>CORPORATE THEME:</b>	Improving Corporacy & Performance
<b>KEY PRIORITY:</b>	Corporate Procurement
<b>STRATEGY:</b>	Corporate Procurement
<b>CABINET MEMBER:</b>	Councillor John-Paul Campion
<b>RESPONSIBLE OFFICER:</b>	Head of Financial Services
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**1. PURPOSE OF REPORT**

- 1.1 To provide Members with an updated position statement on Corporate Procurement.

**2. RECOMMENDATION**

**The Audit Committee is asked to DECIDE:**

- (i) **The updated position statement on Corporate Procurement be noted.**

**3. BACKGROUND**

- 3.1 Terms of Reference for the Audit Committee as approved by Council included receiving reports from Officers on developments and enhancements to the procurement process corporately.
- 3.2 The first report entitled "Corporate Procurement – Position Statement" was considered by the Audit Committee at its meeting on 24<sup>th</sup> April 2007, when it resolved that an update of work undertaken to progress Corporate Procurement be reported back later in 2007.
- 3.3 The post of Corporate Procurement Officer within the Financial Services Division was approved at Council on 28<sup>th</sup> February 2007 and was filled at the beginning of June 2007. The post holder is the Council's lead officer on Procurement and will :-
- Develop an updated Procurement Strategy in line with the National Strategy linked to Council Objectives.
  - Develop policies, procedures and guidance to support the delivery of the Procurement Strategy.
  - Lead, advise and co-ordinate Corporate Procurement.
  - Prepare the Annual Efficiency Statement Return.

#### **4. KEY ISSUES**

- 4.1 Following advances in electronic procurement and changes in European legislation, the Council's Standing Orders Relating to Contracts have been updated and considered by Cabinet on 30<sup>th</sup> August 2007, subsequently being adopted as part of the Council's Constitution following approval at Council on 19<sup>th</sup> September 2007.
- 4.2 The publication "How to do Business with the Council" was considered by both the Procurement Working Group and Corporate Management Team in September 2007, in order to achieve the October 2007 deadline for being published on the Council's Website, as shown in the Council's Improvement Plan.
- 4.3 An updated Procurement Strategy in line with the National Procurement Strategy and linked to Council Objectives is due to be considered by the Procurement Working Group at its meeting on 22<sup>nd</sup> November 2007.
- 4.4 The 2007/2008 Forward Looking Annual Efficiency Statement and the 2006/2007 Backward Looking Annual Efficiency Statement were both submitted by the due dates of 12<sup>th</sup> April 2007 and 5<sup>th</sup> July 2007 respectively.
- 4.5 A significant amount of work has already been carried out and reported in the Annual Efficiency Statements in relation to procurement which has resulted in both cashable and non-cashable gains and these have been included in the Budget 2007/2010. This work has been in respect of :-

- a new paper contract (annual cashable gain of approximately £4,000);
- a new agency staff contract (annual cashable gain of approximately £11,000 and non-cashable gain of approximately £12,000); and
- use of procurement cards (annual non-cashable gain of approximately £10,000).

In addition, annual procurement gains continue to be made from vehicle purchases (annual cashable gain of approximately £50,000 for 2007/2008).

- 4.6 Procurement work is on-going in relation to the following initiatives :-

- a new stationery contract;
- energy and energy monitoring;
- diesel supplies;
- postal services;
- insurance;
- mobile phones; and the
- total print management solution contract.

These procurement initiatives involve working with the West Midlands Centre of Excellence, who for example are carrying out a Regional District Insurance pilot project and also collaborative arrangements with neighbouring Local Authorities in order to take advantage of enhanced buying powers (for example on stationery,

energy/energy management and diesel purchases). The outcome of these initiatives will be reported in due course.

- 4.7 An analysis of 2006/2007 procurement data is currently under way to identify other areas of expenditure where procurement gains may arise.

## **5. FINANCIAL IMPLICATIONS**

- 5.1 Efficiency gains, including gains from procurement initiatives are intended to be available for improvements to front-line services which will also help deliver low council tax rises and achieve Council Objectives. Cashable procurement gains totalling £61,000 have been included in the Budget for 2007/2010 in relation to the agency staff contract and vehicle procurement. The gain relating to the new paper contract arose after the completion of the 2007/2008 base budget process.

## **6. LEGAL AND POLICY IMPLICATIONS**

- 6.1 There are no Legal and Policy Implications arising from this Report.

## **7. RISK MANAGEMENT**

- 7.1 Without Corporate Procurement, the Council risks both non-compliance with Standing Orders Relating to Contracts and failing to identify and realise savings.

## **8. CONCLUSION**

- 8.1 The Government's 2007 Comprehensive Spending Review (CSR2007) was announced on 9<sup>th</sup> October 2007 and the overall annual efficiency target will increase from 2.5% to 3%. This annual target is now based on cash-releasing value for money gains only and non-cashable gains cannot be taken into account. In order therefore to achieve this increased target, the efficiency process needs to be seen as a Council-wide initiative rather than merely a financial exercise as has been the case for the current spending review. The efficiency gains arising from the procurement process will be required to contribute to this increased efficiency target.

## **9. CONSULTEES**

- 9.1 Corporate Management Team.
- 9.2 Procurement Officer Working Group.

## **10. BACKGROUND PAPERS**

- 10.1 Audit Committee 24<sup>th</sup> April 2007 – Position Statement on Corporate Procurement.