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Finance and Corporate Scrutiny Board 1  
Cabinet Member for Strategic Finance and Resources

25<sup>th</sup> November 2013  
2nd December 2013

**Name of Cabinet Member:**

Strategic Finance and Resources. Councillor Gannon

**Director Approving Submission of the report:**

Executive Director, Resources

**Ward(s) affected:**

All

**Title:**

Progress against the Procurement Strategy 2010 - 2015

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**Is this a key decision?**

No. Although the matter within the Report can affect all wards in the City, it is not anticipated that the impact will be significant and it is therefore not deemed to be a key decision.

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**Executive Summary:**

The Procurement Strategy was first published in 2010. This report is a summary of progress against the strategy with some suggestions for further development of the strategy.

**Recommendations:**

**Finance and Corporate Services Scrutiny Board (1)**

- (1) That the Board make recommendations to Cabinet Member for Strategic Finance and Resources on the progress made against the procurement strategy

**Cabinet Member for Strategic Finance and Resources**

- (1) Consider the comments or recommendations from Finance and Corporate Services Scrutiny Board (1)
- (2) That the progress against the procurement strategy is endorsed

**List of Appendices included:**

Appendix 1 Summary of Commissioning and Procurement savings

**Other useful background papers:**

None

**Has it been or will it be considered by Scrutiny?**

Yes

The report is to be taken to Finance and Corporate Scrutiny Board 1 on the 25<sup>th</sup> November 2013:

**Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?**

No

**Will this report go to Council?**

No

**1. Context (or background)**

1.1 In June 2010 the Cabinet Member (Strategic Finance and Resources) approved the Procurement Strategy 2010 – 2015. The same strategy was also adopted by Solihull and Warwickshire Councils with a view to working as a shared procurement service with the resultant benefits of reduction in duplication of effort, economies of scale and increased purchasing power.

**2. Options considered and recommended proposal**

- 2.1 Since the introduction of the Procurement Strategy in 2010, the procurement process in Coventry has improved significantly. As a result of a Fundamental Service Review (FSR) Procurement and Commissioning work together more effectively, leading to more commercial outcomes for delivered services. Also as a result of the FSR, the revised Constitution includes an updated governance process for procurement which will be taken to Cabinet in January 2014.
- 2.2 Coventry had an external spend of approximately £300m per annum. Against that spend, Procurement and Commissioning has an £8m savings target included in the Medium Term Financial Strategy (MTFS), £2m in 2013/14, £3m in 2014/15 and £3m in 2015/16. Savings delivered against this target are reported to the Procurement Panels, Procurement Board and Audit Committee on a monthly basis. For 2013/14 £2,015k savings have been identified against the £2m target. It is more difficult to predict delivery in the following years; however progress against the target will continue to be closely monitored. Procurement and Commissioning have also contributed to the delivery of significant savings against other FSR's and Directorate targets to the value of a further £1,731k (See Appendix 1)
- 2.3 The shared procurement service which includes Coventry, Solihull, Warwickshire, Nuneaton and Bedworth and Rugby Borough Councils, is run on a category management basis. Category Leads have been identified in each authority where there is particular expertise e.g. ICT, Children's services etc. the category lead authority then lets contracts in that category on behalf of all participating authorities. This gives all the benefits of economies of scale whilst keeping a procurement presence in each authority enabling the development of strong relationships with service heads. The shared service was a finalist in the Society of Procurement Officers (SOPO) in Local Government awards and the GO procurement awards 2012.
- 2.4 The shared procurement service has implemented a shared eTendering system for all authorities in the sub region including all Warwickshire districts. This has been welcomed and complimented by the SME group of the Coventry and Warwickshire LEP as now SME's only have to register once on the system to be able to receive all tender opportunities for their category of work for all participating authorities. The shared eTendering system will offer more opportunities for collaboration as each authority can see the tender opportunities being advertised so will be able to express an interest in participation. There are future opportunities for shared document storage and ultimately standardised documents which can be stored on the system. There are also facilities for electronic evaluation, eAuctions and contract management which will be used as appropriate, when opportunities arise. The eTendering system has been confirmed as a finalist in the SOPO awards for outstanding procurement, 2013.

- 2.5 Wise use of procurement power in our local economy has always been included in the Procurement Strategy, however since the Social Value Act came into force in March 2012 this area of work has been given more focus. Officers across the Council have been working together to develop a Social Value policy and a Business Charter for Social Responsibility, which describe how the authority wants to deliver social value through its procurement processes and on a voluntary basis for those companies that the authority already contracts with. There has been considerable consultation with the voluntary sector, Federation of Small Businesses, the Chamber of Commerce and internally with policy, economy and jobs, sustainability, commissioning, health and safety, public health, skills and growth before the charter and policy was finalised. A report on the benefits of a business charter for social responsibility was approved by the Cabinet Member for Strategic Finance and Resources on the 21<sup>st</sup> October 2013.

A report on the consultation on the Social Value Policy also appears on this Agenda. There was already good practice of developing jobs and skills, reducing carbon emissions etc. through contracting and the Social Value Policy and Business Charter will allow us to build on these firm foundations. As a result of the consultation, changes have already been made to procurement processes to make it easier for SME's and the voluntary sector to bid for Council contracts and this work will continue as our understanding develops.

### **3. Results of consultation undertaken**

- 3.1 There has been no consultation undertaken as the report is an update on performance against the agreed strategy.

### **4. Timetable for implementing this decision**

- 4.1 Progress will continue to be monitored against this strategy with six monthly update reports being brought to the Cabinet Member Strategic Finance and Resources.

### **5. Comments from the Executive Director Resources**

#### 5.1 Financial implications

There are no direct financial implications arising from the recommendations to be considered in this report. Progress against savings targets are detailed in paragraph 2.2.

#### 5.2 Legal implications

There are no legal implications arising from this report.

### **6. Other implications**

None

#### **6.1 How will this contribute to achievement of the Council's key objectives / corporate priorities (corporate plan/scorecard) / organisational blueprint / Local Area Agreement (or Coventry Sustainable Community Strategy)?**

The Procurement Strategy has deliberately been structured in a way that supports the delivery of the Council plan and objectives

#### **6.2 How is risk being managed?**

The main risk for the Council if the procurement strategy is not delivered is that the savings targets are not met. Performance against these targets is monitored monthly by Procurement Panels, Board, Cabinet Member for Strategic Finance and Resources and Audit and Procurement Committee.

### **6.3 What is the impact on the organisation?**

Impact of this strategy is to enable the organisation to deliver services in the most cost effective way.

### **6.4 Equalities / EIA**

No equality impact assessment has been undertaken under the Equality Act 2010 as the recommendations in this report do not constitute a change in service or policy

### **6.5 Implications for (or impact on) the environment**

Environmental issues arising from delivery of the strategy will be dealt with through the Social Value Policy and the Business Charter for Social Responsibility.

### **6.6 Implications for partner organisations?**

Working with our partners, delivery of the procurement strategy encourages wise use of the Council's procurement power to help regenerate our local economy.

**Report author(s):**

**Name and job title:**

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## Appendix 1

### Summary of Commissioning & Procurement Savings

	2013/14				2014/15				2015/16			
	Savings Identified			Total Identified £000	Savings Identified			Total Identified £000	Savings Identified			Total Identified £000
	People	Resources	Place		People	Resources	Place		People	Resources	Place	
Savings identified	1,082	457	476	<b>2,015</b>	1,391	733	652	<b>2,776</b>	1,391	832	652	<b>2,875</b>
Target	1,175	426	399	<b>2,000</b>	2,937	1,066	997	<b>5,000</b>	4,699	1,706	1,595	<b>8,000</b>
Surplus/(Deficit)	-93	31	77	<b>15</b>	-1,546	-334	-345	<b>-2,224</b>	-3,308	-874	-943	<b>-5,125</b>
Other Procurement Savings	895	381	455	<b>1,731</b>	1,284	438	620	<b>2,342</b>	1,284	438	620	<b>2,342</b>
Total Savings Identified	1,977	838	931	3,746	2,675	1,170	1,272	5,117	2,675	1,270	1,272	5,217