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REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM: 10
DATE OF MEETING:	17 OCTOBER 2002	CATEGORY: RECOMMENDED
REPORT FROM:	DEPUTY CHIEF EXECUTIVE	OPEN
MEMBERS' CONTACT POINTS:	STEVE POWELL (EXT 5730)/ SALLY KNIGHT (EXT. 5728)	DOC:
SUBJECT:	DRAFT PROCUREMENT STRATEGY 2003	REF:
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: FMO2

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## 1.0 Recommendations

1.1 That the Draft Procurement Strategy 2003 be approved as the basis of the Council's future approach to the procurement of goods, works and services.

## 2.0 Purpose of Report

2.1 To seek approval of the Draft Procurement Strategy 2003.

## 3.0 Detail

### *Introduction*

3.1 The Strategy explains how the Council currently procures goods, works and services and details proposals for how this might be undertaken in the future. A copy is attached at Annexe A.

3.2 Under Best Value, the Council has a duty to make continuous improvements to the services that it provides. This duty cannot be fully discharged without an effective procurement strategy.

3.3 The Council also has to demonstrate competence in the management of procurement as part of the Comprehensive Performance Assessment process (announced in the Local Government White Paper).

### *The 'Byatt Report'*

- 3.4 The Strategy relies heavily on guidance contained in the report of the Local Government Procurement Task Force ('the Byatt Report'), published in June 2001. This report has been endorsed by Government and the Local Government Association as the basis of a national strategy for local government procurement.
- 3.5 It recommends that procurement strategies should be included general procurement principles and methods as well as updated information on Councils' procurement activities. The Strategy follows this recommendation.

### *Purpose and contents of the draft Strategy*

- 3.6 The purpose of the Strategy is to:
- establish a vision of how procurement will help the Council to meet its key aims and contribute to the delivery of corporate and service related plans and strategies
  - provide a consistent and co-ordinated approach to procurement across the Council
  - establish arrangements to ensure the Council obtains Best Value in the management of the procurement process and the purchase of goods, works and service
  - support service and financial planning
  - provide a framework for working with partners in the public, private and voluntary sectors
  - inform and involve members and employees in procurement issues
- 3.7 Sections in the document discuss:
- the Council's vision and key aims and their relevance to procurement
  - key goods, works and services and how they are purchased
  - current procurement arrangements
  - recent and planned Best Value Reviews
  - future procurement exercises
  - the performance of key suppliers
  - the structure and performance of the procurement function
  - skills and training needs
  - probity and governance
  - consultation
  - implementing the Strategy

### *Implementing the Strategy*

- 3.8 The Strategy incorporates an Action Plan containing 26 items which will be implemented over the next 12-18 months. Key actions comprise:
- establishing a Corporate Procurement Working Group (led by the Deputy Chief Executive) to develop and implement the Strategy
  - conducting a Best Value Review of procurement structures and processes
  - amending the terms of reference of the Finance and Management Committee to provide a more strategic approach to procurement

- providing further guidance to Best Value Review Teams on the identification of service delivery options and partners
- providing training for members and employees on procurement related issues
- publishing a guide on 'how to do business with the Council' alongside a schedule of current and planned contracts.

#### **4.0 Financial Implications**

4.1 None arising directly from this report. However, a key objective of the Strategy is to ensure that the Council obtains 'Best Value' in the management of the procurement process and in the purchase of goods, works and services.

#### **5.0 Conclusions**

5.1 This year, the Council expects to spend approximately £30 million on goods, works and services, with about £11 million going to external providers. Given this level of expenditure, there is a need to ensure that procurement processes are efficient and effective and that local people benefit from better services and improved facilities. The Strategy is intended to help and support this work.

#### **6.0 Background Papers**

6.1 The Procurement Strategy file contains all background papers.

