

**REPORT TO:** Business Efficiency Board

**DATE:** 27 September 2017

**REPORTING OFFICER:** Strategic Director – Enterprise, Community & Resources

**SUBJECT:** Procurement – Update Report

**PORTFOLIO:** Resources

**WARD(S):** Borough-wide

### **1.0 PURPOSE OF REPORT**

To present an update on progress with delivery of the Council's Procurement Strategy 2016-19 as at 31 August 2017.

### **2.0 RECOMMENDATIONS:**

**That the Board notes the progress achieved in delivering the Council's Procurement Strategy 2016-2019.**

### **3.0 SUPPORTING INFORMATION**

#### Recent developments

3.1 Since the last procurement update report to the Board in November 2016 there have been a number of key developments relating to the Council's procurement function and associated activities:

- Restructuring of the Council's Finance function resulted in the procurement function moving into the Audit, Procurement and Operational Finance Division in February 2017. This delivered budgetary savings whilst also providing an opportunity to integrate the work of the procurement team with the related disciplines of purchase to pay and internal audit.
- Also in February the Council was announced the winner at the Social Value awards in the 'Driving Value for Money' category in recognition of the Council's achievements in regard to social value in procurement.
- In March, a Liverpool City Region Procurement Efficiency Workstream was established under the leadership of Halton's Strategic Director – Enterprise, Community & Resources. The focus of the workstream is on delivering financial savings through increased collaborative procurement.
- The Council has recently entered into a partnership with Oxygen Finance Ltd to relaunch and expand the early payment scheme, which has been rebranded the 'Supplier Incentive Programme'. The objective of the partnership is to increase supplier participation in the scheme in order to further increase the income generated.

## Procurement Strategy Update

- 3.2 The Board approved the Council's current Procurement Strategy in June 2016. The strategy follows the format commended by the Local Government Association's "National Procurement Strategy for Local Government in England" and is based around four key themes:
- Making Savings
  - Supporting Local Economies
  - Leadership
  - Modernising Procurement
- 3.3 The appendices to this report provide an update in regard to progress against the strategy:
- Appendix 1 summarises those areas of focus in the strategy that have previously been reported to the Board and are now embedded in the Council's procurement processes;
  - Appendix 2 summarises those areas of focus where developmental activity remains ongoing.
- 3.4 Significant progress has been made in improving the Council's procurement practice since the development of the current Procurement Strategy. As demonstrated in Appendix 1, many elements of the strategy have been implemented and are now fully integrated as part of the Council's standard procurement processes.
- 3.5 The immediate priorities for the procurement function include:
- Continuing to provide support to client departments in delivering effective and legally compliant procurement exercises and in further developing contract management.
  - Progressing collaboration with LCR partners through the Procurement Efficiency workstream in order to deliver financial savings and eliminate duplication of effort where possible.
  - Working with colleagues in Purchase to Pay in promoting and developing the Supplier Incentive Programme.
- 3.6 Delivery of the Procurement Strategy continues to benefit the local economy and provide opportunities for a wider range of potential suppliers, such as local companies and SME's. This is evidenced by the related performance data for 2016/17:
- The Council spent £22.8M (25% of its influenceable spend) with 311 Halton based suppliers. This is a slight increase on the comparative figure for 2015/16 (£22.6M).
  - The Council spent £62.9M (69% of its influenceable spend) with 1,755 SME's. This is also an increase on the comparative figure for 2015/16 (£59.7M).
  - 87% of the Council's current contracts are awarded to SME's.

#### **4.0 POLICY, FINANCIAL AND OTHER IMPLICATIONS**

4.1 Improved procurement practice helps to reduce the costs associated with undertaking procurement. It also helps to realise cashable savings from more robust procurement activity. As such, effective procurement forms a key element of the Council's Medium Term Financial Strategy.

4.2 There are no other financial or policy implications arising directly from this report.

#### **5.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

##### **5.1 Children and Young People in Halton**

Improved procurement practice helps to realise cashable savings from the Council's influenceable spend. This contributes to a better use of resources and thereby contributes to the delivery of all the Council's priorities.

##### **5.2 Employment, Learning and Skills in Halton**

See 5.1 above

##### **5.3 A Healthy Halton**

See 5.1 above

##### **5.4 A Safer Halton**

See 5.1 above

##### **5.5 Halton's Urban Renewal**

See 5.1 above

#### **6.0 RISK ANALYSIS**

6.1 There are no risks resulting directly from this report. However, the adoption of robust procurement practice protects the Council from challenges to its procurement activities and helps to secure value for money.

#### **7.0 EQUALITY AND DIVERSITY ISSUES**

7.1 None

#### **8.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

There are no background papers under the meaning of the Act.