

12. Procurement activity update report (For information only)

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Purpose of the Report

We are now well into the second year of the 3 year action plan, and whilst the highlight report will concern itself in the main with an update on actions within the procurement Strategy, it will also touch on other related procurement activity.

As can be seen the original strategy aligned with the National procurement strategy contained 33 goals or local actions. It can also be seen from the table below, I am pleased to report that activity exists within all these actions.

I have kept this highlight report to bullet points, rather than a long narrative.

Action Required

The Scrutiny Committee is requested to note and comment on progress.

Background

Our procurement strategy has now officially been in place for a year, having been formally adopted in September of 2006. This report together with the supporting action plan update, are intended to give members an indication of the work so far and the ongoing activity. (*Action plan target no 1/11/14/15/16/22/30/34/35*)

Out of the 33 actions, all have activity taking place and many can be regarded as completed, however, many need to be reflected as an ongoing initiative that in practice will now never stop, as they were actions to put processes in place etc. I have regarded the action as completed if the process is underway or approved and being instigated, as I believe this to be the only fair reflection of activity.

Our procurement strategy has been reviewed by a number of external bodies; these included the IDeA, District audit and an external procurement consultancy (*Action plan target no 2*).

Action plan Summary

Theme	Target within Theme	Green/ Green	Green/ Amber	Green/ Red	Amber/ Red	Amber/ Amber
Leadership	13	4	8	0		1
Partnering	9	4	2	3		
E. Procurement	7	2	2	3		
Markets	4		3	0	1	
Total	33	10	15	6	1	1

Progress to date

Procurement activity bullets

- Savings over a two year period have equalled **£ 202,650** both cashable and efficiency savings against a targeted cash savings of (£30K per annum, actually achieved within 18 months) from Central budgets. Any savings derived from devolved budgets are the responsibility of Heads of Service. It is deemed essential that this distinction is clear that corporate procurement does not record savings delivered via devolved budgets. (*Action plan target no 4/10*)
- All preparation work for a South Somerset Electronic market place has been conducted, just awaiting return of the project officer to move to deployment stage. (*Action plan target no 17/18/23/25/26/28/27*)
- Over 35 purchasing cards now deployed and used at the Council, with over a 100 transactions (Treasury claimable savings **£27.00** per transaction less the lost VAT = £21.00) going through the card scheme each month, this in turn is delivering significant savings to the Council. (*Action plan target no 23/24*)
- A training and awareness event was held with HOS at which some procurement techniques and processes were shared with the audience and a sharing of our spend analysis, which generated much debate. (*Action plan target no 5/11/12*)
- A complete review of our telephony spend has been carried out, resulting in a £22k ongoing budget saving.
- We have instigated a number of central corporate contracts, one of which has full electronic trading facilities, with most staff now purchasing office supplies on line. We have removed the need to store office supplies on site freeing up valuable accommodation space. This contract alone is delivering **£72K** worth of savings per annum. (*Action plan target no 7/25/32/35*)
- A number of central or consolidated invoice arrangements have been put in place, although these arrangements continue to challenge current practices and thinking. More work will need to be done in this area. Procurement has worked with a number of services on invoice and process reduction workshops (*Action plan target no 4*)
- Procurement have been involved in a Somerset meet the buyer event and many new contacts were made, with the corporate face of South Somerset being very much in evidence, in fact we were the only District Council in Somerset represented. This was held in conjunction with various external agencies one being the South West Centre of Excellence (now LIFT SW). (*Action plan target no 1/19*)

Current Activity

- E.Auction for printed materials, being led by South Somerset District Council, auction event booked for early October having conducted a full OJEU tender process, the E.Auction event will be the first of its type and has been part funded by the South West Centre of Excellence. The auction event itself will be used to determine the most advantageous price. (*Action plan target no 1*)

- Significant work has been completed to re-engineer the supply process for Desktop I.T equipment. This has freed up significant resource within the E.gov and technology team (**Equivalent to 1.5FTE**). We now have a much more value added solution from the supplier. (*Action plan target no 1*)
- The deployment of a fleet of multi functional devices (MFD's) as a first phase of an efficiency and productivity programme (savings in the order of £12K). MFD`s were installed across the Yeovil offices including the HQ. These machines effectively replaced four machines into one, being able as they are to copy, print, fax and scan. A large quantity of old expensive to maintain equipment has been removed from the offices, leading to productivity improvements, less support from I.S helpdesk, as the supplier takes care of this. There are reductions in our consumables spend, which continues to fall. (*Action plan target no 1*)
- A project to have an approved supplier list for the Council is now under way using Constructionline. Although the name indicates that only construction related suppliers would be approved, the project has been extended to approve all suppliers of goods and services. Phase one will be deploying to the engineering and property services section and this phase will commence early September. (*Action plan target no 8*)
- The Procurement Manager has produced a new set of Standing Orders for contracts together with a comprehensive procurement rules procedure. Both are currently going through approval. Both documents have been written with "Best Value", and modern procurement practices in mind. (*Action plan target no 6/20*)
- Production of a central contracts database in conjunction with services that have been deemed to have significant spend under their control. Database to be cross-referenced to spend analysis. (*Action plan target no 13/19/29*)
- Raise profile of risk management at the Council; develop a risk management process complete with risk register. (*Action plan target no 21/22*)

Financial Implications

We continue to meet our Gershon savings Targets via the adoption of the procurement strategy and activities of HOS via devolved budgets.

Implications for Corporate Priorities

The adoption and application of the actions contained within the procurement strategy, significantly underpin large parts of the corporate plan.

Other Implications

The adoption of the procurement strategy and its under pinning actions are deemed as significant enablers to other strategies that the council has, such as equalities, sustainability etc.

Background Papers: *Procurement Strategy*