

**By:** John Simmonds, Cabinet Member for Finance and Business Support  
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**To:** Cabinet Committee – Policy and Resources, 15<sup>th</sup> March 2013

**Subject:** Procurement Update and Plans for 2013/14

**Classification:** Unrestricted

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**Summary:** This report provides information for Members of the Policy & Resources Cabinet Committee on the progress that has been made in improving procurement and the plans for 2013/14.

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## Introduction

1. In January 2012 Procurement presented to POSC the plans for the improvement of procurement for the Council, this report updates on the progress made so far and outlines future plans.
2. The strategy to deliver better procurement consists of four streams:
  - Improving procurement resource and centralising the team
  - Reviewing and implementing clear processes for procurement
  - Setting clear Governance, including setting strategies for all categories of procurement
  - Implementing IT systems to support improved procurement
3. Outcomes to be delivered from Bold steps Priority number 1  
**Improve how we procure and commission services**  
Which then breaks down into three key target areas
  - **Deliver value for KCC by reducing cost or improving results for the same cost**
  - **Manage risk through developing clear processes and appropriate governance (not being risk averse but risk aware)**
  - **Help the Kent Economy Grow through helping local business to realise their full potential**

## Update

## Resources

4. We have now recruited to a slightly amended structure as we were unable to recruit as many senior positions as we wanted but we have replaced these with trainees, which will help build a strong team for the future
5. The good and bad news is that because of our approach of helping Directorates demand has increased which means the new team is already stretched.
6. The structure is as appendix A.

## Processes

7. Clear processes for procurement are now available on the updated procurement page of the intranet, Category Strategies and Procurement Plans are being used for all key spend areas and procurements.
8. We have commenced training in the agreed processes to ensure all Directorates are aware of how to carry out a successful procurement with the support of the central team.
9. Updating Spending the Councils Money has commenced to make it a more useable document.

## Governance

10. The Procurement Board has now been up and running since February 2012 and has met on a monthly basis, this has been successful in getting Cabinet Member and Senior Officer involvement in agreeing a procurement route before it commences and delivering a challenge to the process. The terms of reference for the group, is attached (Appendix B).
11. A key outstanding issue is agreeing a Delegated Authorities Matrix for procurement decisions for across the Council, work continues on this and hopefully this may be achieved after the election.

## Systems

12. Our contracts register is now available on line and can be viewed on the new Kent Business Portal ([www.kentbusinessportal.org](http://www.kentbusinessportal.org)) we will also shortly be publishing a list of grants which will go on our Kent.gov web site.
13. We have introduced e-auctions to KCC and have run a number which have returned significant savings, a good recent example being Independent Mental Capacity Advocacy Service, which saved £90k/annum.
14. i-Proc our electronic requisitioning and ordering system has been slower to roll out than we would have hoped, Appendix C shows the quite rapid increase in users and order quantities and values, but this needs to be substantially more.

15. The i-Proc system had a number of areas that had not been implemented to give procurement the tools we needed to roll out to more complicated areas of spend or to utilise some of the automated features of the system, we are now very near having these in place (April 2013).
16. We are also now implementing i-Supplier which we have had for 6 years but not utilised, this gives us the ability to let new suppliers manage and set up their own details (with controls) and also gives the supplier the ability to flip an order we have sent them electronically into an invoice that will automatically match and pay.
17. We have tendered for the supply of an e-invoicing system which will handle electronic import of invoices and scan paper invoices, contract is due to be awarded in March 2013 and implementation will take a least 12 weeks.

## **Outcomes**

We have classified these under the Bold Steps Priority 1 headings.

### Delivering Value

18. A target of £20 million savings over the current medium term financial plan (2012 to 2015) was agreed as the procurement saving target.
19. All savings made are done working with Services, some may have been achieved without procurement support, however the majority listed we believe have either been enhanced by procurement support or would not have happened at all, total savings recorded to February 2013 are nearly £11million (Appendix D – Savings)

### Managing Risk

20. The improvements to processes and systems all help manage risk by introducing clear rules and transparency.
21. The planning of procurement and the use of documented procurement plans makes sure risks are addressed, but just because there is a risk does not mean we should not do something, we should assess the risk compared to the opportunity, the Procurement Board is key in making decisions over risk.
22. The procurement team (Strategic Sourcing and Procurement) and Legal Services have agreed a Protocol, to ensure all parties understand the roles of the two groups (Appendix E Procurement Protocol)

### Supporting Kent Business

23. All procurement plans address the need to support Kent business and we believe that in 2012/13 we will achieve our target of 60% first and second tier suppliers being Kent based, the second tier is difficult to measure and we will work on ways of measuring this more accurately.
24. We have gone live with the new Kent Business Portal where we and some of our Districts and the Kent Fire Brigade, will advertise our opportunities, this

Portal will also allow large suppliers to advertise sub-contract opportunities, we have 1,740 registered suppliers 1,200 of which are Kent based.

25. We are about to commence working with the University of Kent and Medway Council to develop training for our Kent SMEs to help them tender for Public Sector Contracts.
26. The outsourcing of the Youth Service using a Dynamic Purchasing System, showed how with innovative thinking we can support Services to achieve their goals and support the VCS sector as well.
27. The new Social Value Act unfortunately is not as helpful as we may have hoped or has been publicised by various sources, we have a duty to consider social value when we are looking at a proposed procurement, but we still must fully comply with The Public Contracts Regulations, which do not allow us to discriminate in favour of local or small providers.

### **Future Plans**

28. We are now on track as a strong procurement team now called Strategic Sourcing and Procurement (SSP) to continue to deliver the Strategy set out improving the basics of procurement and we will continue to do this.
29. Appendix F lists the expected procurement activity Strategic Sourcing and Procurement will be involved in during the next financial year, this list is likely to change and grow as we move through the year.
30. Collaboration, SSP will increase involvement with other Councils to ensure the Council gets best value and learn from others without jeopardising Kent business, examples of this are the SE7 waste project, Pensions software.
31. We will continue to work with Directorates to deliver innovative procurement solutions that achieve the Councils goals without breaking the law.
32. We will review EU and English Law to ensure we are making the most of any new developments, working with our legal colleagues.

### **Recommendations**

The Policy and Resources Cabinet Committee are asked:

- To note the improvements achieved in Procurement;
- To support the continued change that will be necessary to deliver better control of procurement;
- To support plans for the next year.

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