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To: Corporate Policy Overview & Scrutiny Committee, 11 January 2011

Subject: Procurement Practice

Classification: Unrestricted

Summary: This report provides information for Members of the Policy Overview & Scrutiny Committee on the improvements that have commenced in Procurement and how this will be taken forward in the next year.

Introduction

1. The Council has recognised that there was potential to improve the way it procures goods and services. As a result a new role of Head of Procurement was introduced and Henry Swan started in this role on 5th September 2011.
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

Performance Review So Far

Resources

3. In order to deliver the improvement in procurement that is required, we need to develop a structure that is capable of delivering better procurement for KCC.
4. Recruitment has been taking place and many posts have now been filled with just four left to recruit as at 16th December 2011. The majority of team will be in place by 1st February 2012.
5. The structure is as appendix A.

Processes

6. Clear processes for all procurement drawn up and implemented across the Council, published on the updated intranet and training developed to support roll out as required. Updating of intranet has commenced and new processes will be added in the form of "How to Buy Guides" and the Statement of Required Practice (SORP).

7. The new processes focus on better planning through utilisation on Category Plans (appendix B) and Procurement Plans (appendix C), the first of these are now being developed for Facilities Management and various procurements for FSC.
8. New processes are supported by and linked to the IT Systems introduction described below.

Governance

9. Clear governance of procurement is required to ensure that all procurement is carried out in a planned way making use of the opportunities across KCC and not just being Directorate led.
10. A Procurement Board has been set up to approve:
 - Procurement Priorities
 - Strategy Plans
 - High Value or High Risk Procurement Plans
 - Updates on progress against above plans
 - Make, Buy, Sell Decisions
11. Delegated authorities are to be updated and clearly articulated, work has commenced on this with Legal and Democratic Services

Systems

12. To comply with Transparency Guidance and to manage our Contracts better all opportunities over £50k will be published on an externally visible portal (Currently SE Business Portal) and all subsequently awarded contracts will be listed on the same Portal. All current contracts over £50k will also be added to the Portal.
13. We are now ready to upload more than a thousand current contracts on to the portal which will move us to having a large proportion uploaded with the target of getting all contracts listed by end of March.
14. We currently are reviewing and developing processes and detailed approval structures to commence roll out of i-Proc across the Council
15. The roll out of i-proc and ERP is continuing and will give visibility and control of purchasing, give commitment accounting and improve the procure to pay process. This will reduce transaction costs and increase compliance to agreements.

Targets for the Next Year

Savings	2012/13 £6 million 2013/14 £7 million Above subject to review based on further detailed investigation
Governance	Procurement Board in place by End January 2012 Constitution and guidance updated End January 2012
Processes	New processes in place, clearly defined and communicated end of March 2012
Systems	All contracts advertised and recorded on central portal accessible to all end March 2012 50% of spend through orders in i-Procurement by end of 2012 (current level is approximately 10%)
Structure	New structure in place and fully staffed 1 st February 2012
Local Business	To achieve 60% of KCC expenditure going to Kent businesses both 1 st and 2 nd tier 2012/13

Recommendations

To note the improvements underway in Procurement
To support the change that will be necessary to deliver better control of procurement
To endorse the targets for the next year

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