



**One Council Overview and
Scrutiny Committee**
22 March 2011

**Report from the Director of
Legal and Procurement**

Strategic Procurement Project

1.0 Summary

- 1.1 Improvement in the way the council procures goods and services is a key element of the One Council programme. The council spends in the region of £270m each year on supplies and services provided by other organisations and improving the effectiveness of procurement of these supplies and services can make significant impact on the savings the council has to make.
- 1.2 The Strategic Procurement Project is aimed at undertaking a root and branch change to procurement within Brent ranging from staffing and structure through the Council's spending across all suppliers with a view to contributing to the Council's savings targets over the next 3 years and to improve procurement practices.
- 1.3 This covering report sets out the main elements that will be covered by the Project. The Head of Procurement will give a presentation to the Committee on progress on the review. The presentation will be circulated to the Committee prior to the meeting.

2.0 Recommendation

- 2.1 Overview & Scrutiny Committee is asked to comment on the contents of this report and the presentation.

3.0 Detail

- 3.1 The council spends in the region of £270m each year on goods and services. Delivering value for money from the procurement of goods and services is key therefore to the delivery of savings as part of the One Council Programme.

3.2 Until the recent past, the council has lacked a strategic overall approach to procurement. Whilst there are examples of good practice – such as the work the council carried out with West London Alliance partners to deliver savings in home care contracts – the corporate procurement unit has tended to work in isolation from the rest of the organisation and as a result there has been a lack of consistency in the approach the council has taken to procurement.

3.3 The Strategic Procurement project is progressing the following five core workstreams to address this:

a. Collaborative work with the West London Alliance. The spending power of West London Alliance boroughs working together puts them in a strong position to extract value for money by carrying out collaborative procurement in targeted areas. The West London Alliance has already demonstrated the benefits that can be achieved through procurement in the social care sector. The Strategic Procurement project aims to extend the reach of strategic procurement activity across the West London Alliance to deliver benefits in other categories of spending.

b. Embedding 'category management' in the council. 'Category management' is about understanding the council's current and future need to purchase goods and services and combining this with understanding of the markets the council operates in. Understanding of demand and the markets allows the council to manage its relationship with suppliers in a way that maximises value for money to the council. The principal categories are as follows:

- i) Adult social care;
- ii) Children's social care;
- iii) Environmental services;
- iv) Corporate services;
- v) Capital projects.

Structures are being put in place that will ensure that 'category management' within the strategic procurement unit supports service directorates in delivering value for money through effective demand and supply management.

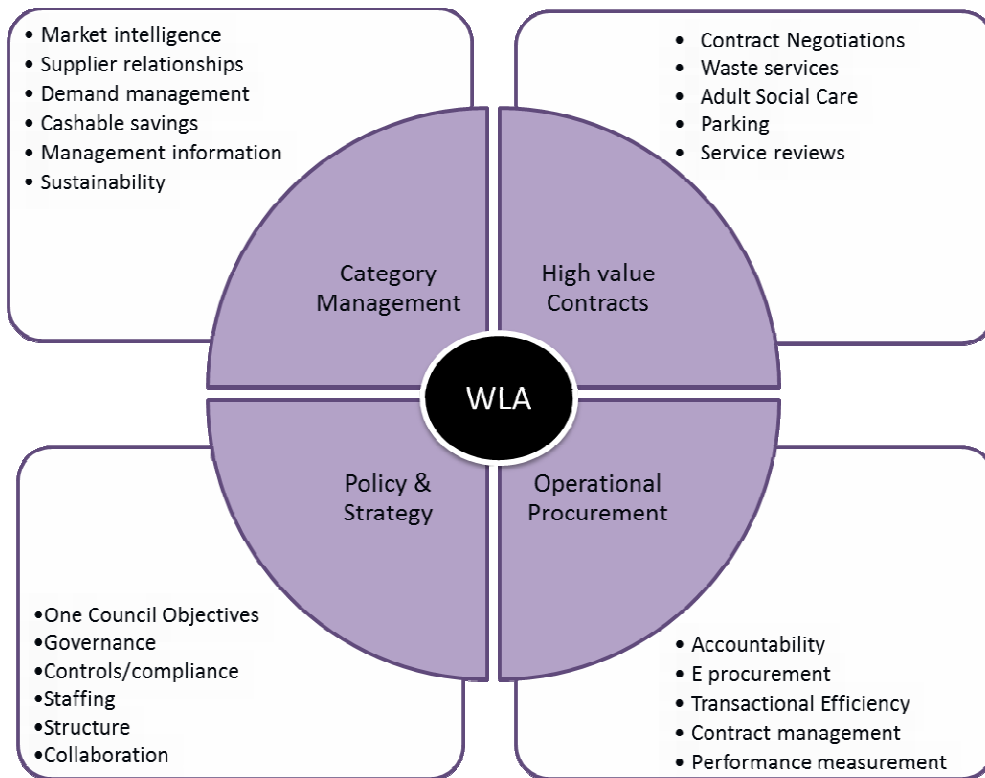
c. Developing the council's procurement policy and strategy. The council's procurement strategy was developed in the mid-2000s and has not been updated since. The strategy is being updated as part of this project and will reflect all statutory and professional requirements. The strands to be covered by the procurement strategy are:

- i) Governance and structure
- ii) Professionalising the council's approach
- iii) Partnership and collaboration
- iv) Doing business electronically
- v) Engaging with the local market

The strategy will form the basis for improvements to the co-ordination and control of procurement activity across the council.

- d. Focus on "big contracts" (those which are significant in terms of value or service sensitivity). The aim is to work with departments to review existing contracts to lever savings. Key areas that strategic procurement is already involved in supporting are Adult Social Care commissioning, for which there is a target saving of £4.1m in the 2011/12 budget), waste management, and parking.
- e. Extend use of the procurement function within the Oracle financial system. Effective use of the procurement facility in Oracle will help the council to ensure consistent approaches to procurement across the council. It can be used to ensure that contracts are managed effectively, off-contract spend is minimised and transactions are carried out efficiently.

3.4 A diagrammatic representation of these workstreams is set out below:



3.5 The project commenced in November 2010 and has already made significant progress. Details of progress will, be included in the presentation to the Committee.

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