



Leicester
City Council

CABINET

23 JUNE 2008

CORPORATE PROCUREMENT STRATEGY 2008/09 TO 2010/11

Report of the Chief Finance Officer

1. Introduction

1.1 This report seeks Cabinet approval to the corporate procurement strategy for 2008/09 to 2010/11.

2. Summary

2.1 Procurement is the process of acquiring supplies, works and services. The Council's procurement activity is substantial, encompassing some £200m per year of expenditure.

2.2 The procurement strategy sets a framework within which this activity takes place, and an action plan for development of procurement over the next 3 years.

2.3 The present proposed strategy updates the previous strategy and sits it in the context of "One Leicester".

2.4 The future organisation of procurement within the authority may change, as a result of work taking place to deliver the "One Leicester" programme. However, it is clear that procurement is going to be integral to the delivery of One Leicester, and our approach to procurement will help shape any service transformation agenda. It will also help the Council achieve the efficiency savings required by the comprehensive spending review, and which are now also included in the local area agreement. Whilst this strategy is proposed for approval now, it may require review to reflect decisions not yet taken on the One Leicester programme.

2.5 The District Auditor's review of housing contracts recommended that members take a more active role in overseeing procurement, and the strategy delivers this. The reporting arrangements are in section 4 of the strategy, but envisage Cabinet approving the strategy and the Select Committee monitoring its delivery.

2.6 The strategy envisages additional resources of £60,000 per annum for the next 3 years. The view of Corporate Directors' Board is that this sum is best found within the monies available for service transformation, subject to review before the end of the 3 year period. If

this sum is not available, the action plan will be modified to fit resources.

3. Recommendations

3.1 The Cabinet is recommended to:

- (a) approve the Corporate Procurement Strategy attached to this report;
- (b) approve a 3 year increase in the resources available for procurement, amounting to £60,000 per annum for 3 years, to be funded from the £2m set-aside for service transformation;
- (c) defer implementation of any increase in establishment until such time as decisions are made about delivery of the One Leicester programme.

4. Financial Implications [Andy Morley]

- 4.1 The Council's budget for 2008/09 includes the sum of £2m for a service transformation programme. This budget is currently held as a corporate budget, pending the submission of detailed proposals for its use.
- 4.2 A report elsewhere on the agenda proposes to allocate £244k from this budget, leaving £1.8m available. The present report recommends committing £180k (£60k for 3 years) to develop the Council's procurement strategy and approval to this proposal would require virement from Corporate budgets to the Financial Services division of the Resources department. The use of the remaining balance of £1.576m will be the subject of a future report or reports to Cabinet.
- 4.3 It is expected that the implementation of the procurement strategy will deliver efficiencies across the Council, although these cannot be quantified at this stage.

5. Legal Implications [Peter Nicholls]

- 5.1 The strategy seeks to ensure procurement is carried out lawfully.

6. Consultation

- 6.1 All departments have been consulted in the preparation of this strategy, through Corporate Procurement Group and Corporate Directors' Board.

8. Report Author/Officer to Contact

Mark Noble
Chief Financial Officer
10 June 2008

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| Key Decision | No |
| Reason | N/A |
| Appeared in Forward Plan | N/A |
| Executive or Council Decision | Executive (Cabinet) |

