

**NORTH LINCOLNSHIRE COUNCIL**

**CABINET**

**ANNUAL JOINT NLC/NELC JOINT PROCUREMENT UNIT UPDATE  
& PROCUREMENT STRATEGY 2009 – 2012**

**1. OBJECT AND KEY POINTS IN THIS REPORT**

- 1.1 To consider an update on the progress made by Procurement Alliance North and North East Lincolnshire (PANNEL) during the last 12 months and to approve an updated joint procurement strategy for the period 2009 - 2012.
- 1.2 The key points in this report are:
- PANNEL has made significant progress over the last 12 months. Key highlights are set out in this report.
  - In order to build on this progress and to provide a clear forward direction, an updated joint procurement strategy has been produced for the period 2009 - 2012.
  - The joint strategy has been updated to reflect national developments and local priorities.
  - The strategy is supported by an updated 3-year business plan.

**2. BACKGROUND INFORMATION**

- 2.1 The council's joint procurement unit with North East Lincolnshire Council, Procurement Alliance North & North East Lincolnshire (PANNEL), co-ordinates the £100m spent every year on bought-in supplies, services and works.
- 2.2 Over the last 12 months PANNEL has continued to make good progress across a broad range of activities in line with its aim of being a best in class function. A summary of key performance highlights is set out below:

**Performance**

- Unit rated as “performing well” by the Audit Commission under the Use of Resources Assessment
- Joint cashable procurement savings of £2.5m identified in year (£1.2m NLC; £1.3m NELC)

- A wide range of joint and major council specific procurement projects successfully delivered with demonstrable efficiency, economic, social and environmental benefits
- The procurement framework was rated as “strong” under the equalities standards assessment
- Level 1 of the National Sustainable Procurement Action Plan achieved with good progress made towards Level 2.
- Municipal Journal Achievement Awards 2008 – finalist with team achievements commended
- Improved internal customer satisfaction with procurement processes and outcomes

### **Resources**

- New procurement team successfully recruited and inducted at NELC
- Category specialism model introduced to improve influence in key spend categories and to better integrate activities across both councils

### **Developments**

- Ten procurement events delivered to local businesses, including Small Medium Enterprises (SMEs) & Voluntary Community Organisation’s (VCOs) in support of the Recession Pledge.
- Joint Compact with the Third Sector produced in partnership with Voluntary Action North Lincolnshire and Voluntary Action North East Lincolnshire
- Positive supplier satisfaction survey findings from Small & Medium Sized Enterprises and Third Sector Organisation bidding for council contracts
- Successful roll-out of the regional electronic tendering system – approximately 100 projects across NLC and NELC have been managed through the system
- Joint Sustainable Procurement Policy produced with briefings delivered council-wide to key procurers and commissioners

2.3 To build on this progress, an updated joint procurement strategy has been produced to ensure that our procurement activity continues to deliver national agendas and local priorities. Copies of the strategy have been deposited in the political group offices and are available on request from the Head of Democratic Services.

- 2.4 The procurement landscape over the last 12 months has been particularly dynamic: the publication of the Glover Report (SME economic engine), Roots Review of Procurement, HM Treasury Transforming Government Procurement Report and Operational Efficiency Programme have all set new direction, aspirations and objectives for local government procurement.
- 2.5 At local level we have seen the profile given to procurement as part of our recession response together with its increasingly important role in supporting service commissioning, efficiency and in delivering wider council objectives.
- 2.6 These developments have been reflected in the updated strategy which has been refocused to support the attainment of the following key outcomes:

#### **Local Priorities**

- Delivery of cashable procurement savings of £1m per council in 2009/10 and £1.5m per council in 2010/11 through targeting high value spend areas such as social care, education services and construction
- Improving the quality of our procurement data and information so that a more effective connection can be made between procurement outcomes and the council's financial planning processes
- Ensuring that procurement continues to support our recession and skills pledge through diverting more spend into the local economy where value for money can be demonstrated
- Development of the role of procurement in the delivering both councils commissioning strategies and plans
- Developing better relationships with the third sector in support of improved outcomes for the area
- Rolling out electronic procurement systems council-wide
- Improved service capability in undertaking procurement projects through enhanced resources and training

#### **National Issues**

- Increasing the proportion of our spend channelled through collaborative procurement arrangements
- Increasing transparency of processes and opportunity for SMEs through more effective use of supplier portals
- Achieving Levels 2 & 3 of the National Sustainability Strategy

- 2.7 The strategy will be delivered through the successful implementation of an ambitious business plan which is set out as an appendix to the strategy.

### **3. OPTIONS FOR CONSIDERATION**

- 3.1 **Option One:** Terminate the arrangement and reject the joint strategy.

**Option Two:** Terminate the arrangement but collaborate on procurement projects wherever possible.

**Option Three:** Continue with the arrangement.

### **4. ANALYSIS OF OPTIONS**

- 4.1 **Option One:** The investment made over the last 36 months would be lost. There is no basis on which this option could be supported.  
**Option Two:** This is a viable option, however it would result in some considerable loss of the investment made over the last 36 months together with the benefits associated with a single unit operation, such as knowledge sharing, resilience and economies of scale.  
**Option Three:** The progress detailed above illustrates that the arrangement is both effective and delivers benefits beyond those achievable through separate council specific teams and traditional project collaboration. Endorsement of the revised joint strategy would provide clarity and certainty of both direction and priorities.

## 5. **RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)**

- 5.1 The financial implications are described in the main body of the report.

## 6. **OTHER IMPLICATIONS (STATUTORY, ENVIRONMENTAL, DIVERSITY, SECTION 17 - CRIME AND DISORDER, RISK AND OTHER)**

- 6.1 The updated procurement strategy will assist the council in ensuring that its procurement practices and policies comply with legal requirements and continue to deliver best practice in respect of diversity, environmental issues and risk management.

## 7. **OUTCOMES OF CONSULTATION**

- 7.1 The strategy and business plan has been considered and agreed by both councils Strategic Procurement Groups, which comprise representatives from key procuring and commissioning services. NELC's cabinet will consider the strategy in October.

## 8. **RECOMMENDATIONS**

- 8.1 That the progress of the joint team over the last year is noted.  
8.2 That the procurement strategy for 2009 - 2012 is considered and approved.  
8.3 That an update on progress with implementing the strategy and PANNEL's performance is submitted to Cabinet in October 2010.

SERVICE DIRECTOR FINANCE

Pittwood House  
Ashby Road, Scunthorpe  
North Lincolnshire DN16 1AB  
Author: Jason Whaler  
Date: 17 September 2009

**Background Papers used in the preparation of this report:**  
Procurement Strategy 2009 - 2012