



ISLINGTON

Housing Performance and Property
Town Hall, Upper Street, London N1 2UD

Report of: Executive Member for Housing and Community Safety

Meeting of	Date	Agenda Item	Ward(s)
Standards Committee	11 January 2005	7	All

Delete as appropriate		Non-exempt
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Subject: Best Value Review of Procurement

1. Synopsis

- 1.1 This report provides an update to the Standards Committee on the best value review of procurement.

2. Recommendation

- 2.1 That this report is noted.

3. Background

- 3.1 Effective procurement goes hand in hand with Best Value in local government. The production of the Byatt report in 2001 and the publication of the National Strategy in 2003 have confirmed that there is continuing emphasis on the need for local authorities to promote efficient procurement in all areas.

Procurement is important because of the opportunities that exist to make savings and service improvements through adopting best practice.

4. Main Findings

- 4.1 The review identified a number of areas of strength in the council's overall management of procurement. These included:
 - A procurement strategy approved by the Executive in November 2004, which takes into account the milestones contained in the National Procurement Strategy for Local Government
 - Designated officer and member champions for procurement

- The council is starting to deliver on its e procurement strategy principles. For example e auctions have been used to deliver significant savings from contracts
- The corporate procurement board involves members in major procurement exercises
- A detailed procurement code written in plain English, supported by best practice guidance which is available on the procurement intranet site
- A green procurement code which is part of the procurement code
- Innovative contracts awarded such as the Comensura contract for the supply of temporary workers and the LGC award winning contract with Glendale for grounds maintenance
- The corporate procurement unit is well regarded for its professional and helpful staff.

4.2 In addition the review sought to benchmark the council's procurement activity against similar London boroughs. The outcome of this benchmarking has shown that whilst the council has one of the smallest corporate procurement teams it compares favourably with other boroughs who have larger teams. The council's procurement team have delivered more savings, collect more key performance indicators and influence a higher percentage of spend through corporate contracts.

4.3 The review sought to identify the areas of procurement that could be improved to strengthen the council's commitment to improving services and delivering value for money. These areas are identified below.

- The council needs to define how the purchasing function should be organised.
- The council needs to define when the corporate procurement unit should get involved in the purchasing process.
- The council needs to ensure that officers involved in the purchasing process have the right competencies.
- The council needs to measure the effectiveness of its procurements.
- The council needs to share procurement information to maximise the benefit gained from its procurements.

4.4 A detailed implementation plan is being written to implement the findings of the best value review. This plan has a five year timeframe and seeks to deliver savings of 10% over this period. The plan includes:

- Increasing the strategic procurement capacity of the corporate procurement unit in 2006/07 to deliver estimated savings of £2.5 million against a range of corporate contracts, including taxi services, training providers, training venues, mobile phones, computer hardware and professional service advisors.
- Identify procurement champions in departments in 2006/07 who will be members of the procurement managers group. Two key aims of this group will be to improve information sharing and internal collaboration.
- Over the next 18 months the council will adopt an approach to whole life costing and the principles it will use to implement it. It is important to assess the expected results of a procurement exercise on a whole life cost basis.
- Compliance in following the council's procurement policies and procedures needs to be embedded. Over the next 2 years the use of technology such as e tendering, e ordering and purchase cards will help to control and monitor compliance.

- 4.5 A comprehensive suite of performance indicators is also being developed to measure the performance of the council. This is not just a set of indicators that will measure input, they will also measure the quality of our procurements.

5. Conclusion and Reasons for Recommendation

- 5.1 The best value review of procurement has addressed the main findings and the recommendation of strengthening the strategic procurement capacity of the council and raising the procurement competency of all those involved in purchasing will enable the council to ensure compliance whilst delivering innovation and value for money.

Background papers:

Final Report Clearance

Signed by
Director of Corporate Resources Date

Received by
Head of Democratic Services Date

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