

# REPORT FOR: **CABINET**

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<b>Date of Meeting:</b>	14 July 2015
<b>Subject:</b>	Annual Procurement Report 2014-2015
<b>Key Decision:</b>	No
<b>Responsible Officer:</b>	Tom Whiting, Corporate Director of Resources
<b>Portfolio Holder:</b>	Councillor Sachin Shah, Portfolio Holder for Finance and Major Contracts
<b>Exempt:</b>	No
<b>Decision subject to Call-in:</b>	No
<b>Wards affected:</b>	N/A
<b>Enclosures:</b>	Appendix 1: Commercial, Contracts and Procurement Annual Report 2014-2015

## **Section 1 – Summary and Recommendations**

This report sets out the work that the Commercial, Contracts & Procurement Division has supported the directorates during the 2014-2015 financial year, highlighting the joint savings, commercial and social value achievements that have been delivered. It also sets out the key priorities that the Division will support the delivery of in 2015-2016.

## **Recommendations:**

Cabinet is requested to note the professional support from the team in 2014-2015 that contributed to the key council objectives of savings, commercial, social value and compliance.

The Cabinet is requested to note the programme of commercial and procurement work for 2015-2016.

## **Reason: (For recommendations)**

To ensure Cabinet is aware of the work carried out during 2014/15 by the Contracts, Commercial and Procurement Division and proposed key work programme for 2015/16. .

## **Section 2 – Report**

### **Introductory paragraph**

The first Commercial and Procurement Annual Report (see Appendix 1) shows that in the Commercial, Contracts and Procurement Division's first full year under new leadership, working in collaboration with Directorates it assisted with the achievement of a £1m savings contribution, , more than the costs of the function. Already for 2015/16, the contribution is forecast to be more than double the costs of the staffing, representing a x2.5 return on the cost of running the service. As well as savings, during the year gaps in commercial governance have been addressed including an overhaul of the council's Contract Procedure Rules and the introduction of contract management procedures.

The attached report provides Cabinet with a detailed account of the professional commercial and procurement support delivered by the Division in conjunction with Directorates through its participation across the council in the delivery of key strategic commissioning intentions.

### **Options considered**

There were no options considered with regards to the Annual Report - it is purely for information.

### **Current situation**

In September 2013 a Divisional Director for Commercial, Contracts and Procurement was appointed. This was an important initiative by Harrow Council that gave the procurement function within the authority a new focus and impetus to modernise the service.

New appointments have also been made to commissioning teams across the Council which have provided vital leadership of some of our major procurement projects as well as a number of other projects. One priority has been to ensure that those involved with the procurement function have the requisite commercial skills to support the delivery of the council's challenging financial savings targets.

The traditional skills of the tendering of services are increasingly being accompanied with the ability to think and act commercially, including negotiation and selling skills. The Commercial, Contracts and Procurement Division is centrally based with Commercial Business Partners and their teams providing expert support, advice and guidance to the directorates where the majority of procurement activity takes place.

## **Why a change is needed**

Delivery of the significant savings targets and the other priorities the Council needs to achieve requires smarter commissioning and procurement.

Best practice procurement strengthened by excellent commercial know how is significant as the Council seek to deliver savings, protect key services and enhance social value through procurement to the local community.

The introduction of a revised structure for the Division under new leadership has helped to ensure that it is able to work closely with Directorates in the delivery of their objectives.

To build on this the Commercial, Contracts and Procurement Division will continue to identify the development of its staff in the coming year to ensure they have the relevant requisite skills to be able to support the needs of Directorates. Further capability will also need to be built around market insight and analysis.

With regard to Social Value:

- Social value is now a key part of all tendering processes over £100k and is embedded into processes so will increasingly deliver benefits to the local economy in the coming years.
- Both the ICT procurement and Total Facilities Management procurement created significant social value benefits to the borough beyond the core service of each.

This year the team is aiming to seek achievement of the Chartered Institute of Procurement and Supply (CIPS) Corporate certification. We will also introduce a process for feedback on the professional support from the team.

## Legal Implications

There are no legal implications associated with this report.

## Financial Implications

There are no direct financial implications associated with this report

## Equalities implications / Public Sector Equality Duty

None

## Council Priorities

The Council's vision:

### Working Together to Make a Difference for Harrow

Please identify how the report incorporates the administration's priorities.

- Making a difference for the vulnerable
- Making a difference for communities
- Making a difference for local businesses
- Making a difference for families

The Commercial, Contracts & Procurement division working with each of the directorates of the Council in the joint delivery of the Council's strategic objectives is committed to ensure procurement delivers the administrations objectives. The attached annual reports cites for example the increased emphasise that is being given to making a difference for local business and local communities through their involvement in the supply chain and the delivery of social value benefits.

## Section 3 - Statutory Officer Clearance

Name: Dawn Calvert



Chief Financial Officer

Date: 30 June 2015

Name: Ravi Mudundi



on behalf of the  
Monitoring Officer

Date: 1 July 2015

**Ward Councillors notified:**

**NO - N/A**

**EqIA carried out:**

**NO**

**EqIA cleared by:**

This paper does not require a decision and is for information purposes only.

## **Section 4 - Contact Details and Background Papers**

**Contact:** Terry Brewer, Divisional Director Commercial, Contracts & Procurement, 0208 416 8442. [TBrewer@harrow.gov.uk](mailto:TBrewer@harrow.gov.uk).

**Background Papers:** None.

**Call-In Waived by the Chairman of Overview and Scrutiny Committee**

**NOT APPLICABLE**

*[Call-in does not apply as the Recommendation is for noting]*