

**REPORT TO: POLICY COMMITTEE ON 30 APRIL 2008**

**SUBJECT: PROCUREMENT – UPDATE**

**BY: CHIEF FINANCIAL OFFICER**

**1. REASON FOR REPORT**

- 1.1 To provide members with an update on procurement contracts and in particular the adoption of national and sectoral contracts made available through Procurement Scotland and Scotland Excel.
- 1.2 This report is submitted to Committee in terms of Section A (37) of the Council's Administrative Scheme relating to procurement arrangements.

**2. RECOMMENDATION**

- 2.1 It is recommended that the Committee note the progress to date.**

**3. BACKGROUND**

- 3.1 At the meeting of the Policy Committee held on 5 March 2008 the Council agreed to join Scotland Excel, and that regular updates would be supplied to Members on progress with the adoption of any national or sectoral contracts produced by Procurement Scotland and Scotland Excel.
- 3.2 Both Procurement Scotland and Scotland Excel have provided the Procurement Team with a commodity time line that informs us when the User Intelligence Groups (UIG) for each commodity are being established. The Procurement Team informs the relevant Council Lead Officer and a representative for the UIG is identified. By involving ourselves in the UIG we can then influence the commodity specification and ensure that it is fit for our purpose.
- 3.3 Once a contract has been awarded the Procurement Team, along with the Service Department Lead Officer will review the contents to ascertain whether it will provide Best Value for Moray. This will involve checking whether we have a local base line (existing contract) which would give the current comparisons – price, quality, delivery, etc. For those contracts where no current contract exists, the Procurement Team will attempt to source national baseline information. The recommendation of the Lead Officer will be essential as they will be able to provide the business case for each commodity and have the knowledge to decide what constitutes Best Value.
- 3.4 For some commodities it may not be possible to source either local or national baselines. With no contract, the price range and standards will vary and a more detailed review will have to take place. In these circumstances, every effort will be made to establish the benefit of the contract and the relevant factors will be reported to Members.

- 3.5 **Appendix 1** contains a table of contract progression and in future this format will be used to advise on contract analysis results and recommendations as they are made.

#### 4. **SUMMARY OF IMPLICATIONS**

(a) **Corporate Development Plan/Community Plan/Service Improvement Plan**

The implementation of an effective procurement programme is in agreement with the Corporate Development Plan Working Principle 4, Sound Management of Resources. Corporate Procurement is a Service Improvement Action Priority 4.2 for Finance & I.C.T.

(b) **Policy and Legal**

The Committee agreed to become a member of Scotland Excel on 5 March 2008 (para 10 of the minute refers) and in doing so agreed to contract for the supplies, services and works on the commodities made available through Scotland Excel. The Council can opt out of a commodity contract if it can demonstrate to Scotland Excel that the contract does not provide Best Value for Moray.

(c) **Resources (Financial, Risks, Staffing and Property)**

The procurement programme is a major aspect of the Council's Efficiency Savings programme. The Scottish Government have indicated that around 50% of the target savings should be available from improved procurement arrangements. The Procurement Team in collaboration with the Lead Officers will be scrutinising all contracts to identify any potential savings for Moray.

(d) **Consultations**

Discussions have taken place with all nominated Lead Officers on the level of their participation in the User Intelligence Groups.

**5. CONCLUSION**

- 5.1 The Committee should note the progress to date regarding potential adoption of national and sectoral commodity contracts.**

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Background Papers: Procurement Team

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