

PROCUREMENT AGENCY FOR ESSEX

1 SUMMARY

- 1.1 The purpose of this report is to seek Members' approval to the authority joining the Procurement Agency for Essex.

2 BACKGROUND

- 2.1 During this current financial year, Essex County Council has been working with ten District Councils in order to create a Procurement Agency for Essex.
- 2.2 This has been in response to the issue of procurement becoming a national issue following the study carried out by Sir Ian Byatt in 2001. This highlighted the fact that significant savings could be made within the public sector if more innovative methods of procurement were adopted.
- 2.3 Rochford is already in partnership with Essex County Council and other Districts in utilising the IDEA Market Place, which is a system of utilising the internet to purchase goods and services. It is further anticipated that by, using this system, back office efficiencies will be achieved, together with more competitive prices for goods and to encourage local small and medium sized enterprises to take advantage of e-trading.
- 2.4 A report in respect of Local Service Agreements with Essex County Council was brought to the Council meeting on 26 June 2003. At that time officers were of the view that, as we were involved in the Market Place initiative, and the majority of services were contracted out, there was little advantage in joining the Procurement Agency. It was considered that there would be little prospect of the Council recouping the £8,000 annual fee from the level of purchasing currently carried out.
- 2.5 In October the Office of the Deputy Prime Minister published the National Procurement Strategy. This requires all local authorities to review their own procurement strategies and ensure that they dovetail into the National strategy. The National Strategy recognises that Districts may not have the capacity to carry out this work or, indeed, be able to comply with the National Strategy. Districts are, therefore, encouraged to work in partnership with larger authorities.

3 REVIEWING ROCHFORD'S PROCUREMENT STRATEGY

- 3.1 Whilst Rochford has had a procurement strategy in place since 2001, it will not meet the requirements of the National Strategy.

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- 3.2 There is considerable work involved in reviewing the strategy and it is certainly true that Rochford would not be able to comply with the National Strategy without working in partnership with others.
- 3.3 The Procurement Agency for Essex has recognised this and one of their objectives is to assist particular Districts in reviewing their procurement strategies.
- 3.4 In the light of the above, officers are now of the view that Rochford should join the agency at a cost of £8,000 per annum for a period of three years. The fee for 2005/6 and 2006/7 would be increased by inflation. Any authority wishing to join the agency after 1 April 2004 would face an addition of 40% to the fee. It is considered that the £8,000 contribution would certainly be offset by the savings in officer time in terms of the work involved in reviewing and revamping the existing strategy.

4 RISK IMPLICATIONS

4.1 Strategic Risk

All authorities will be expected to begin compliance with the National Procurement Strategy by the end of 2004. If there are any advantages to be gained from working with the other authorities, Rochford needs to be involved at an early stage.

4.2 Resource Risk

Rochford could be failing to identify more effective methods of procurement if not working within the partnership.

4.3 Operational Risk

By working with the agency it may be possible to identify more effective methods of contracting, thereby improving service to residents.

4.4 Reputation Risk

Compliance with the National Procurement Strategy will be taken into account within any Comprehensive Performance Assessment of the Council. Lack of an acceptable strategy would have a negative impact on the Council's assessment.

5 RESOURCE IMPLICATIONS

- 5.1 The £8,000 will need to be included in the budget strategy, which will be finalised at the council meeting on 27 January 2004.

6 RECOMMENDATION

6.1 It is proposed that the Committee RESOLVES

to join the Essex Procurement Agency with effect from 1 April 2004, subject to budget provision being made available at the Council meeting to be held on 27 January 2004.

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Background Papers:

Letter from Essex County Council dated 17 December 2003

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