

# **WESTMINSTER CITY COUNCIL**

## **STATEMENT OF DECISION**

### **SUBJECT:       PROCUREMENT- JOINT VENTURE ARRANGEMENTS**

Notice is hereby given that Cabinet have made the following executive decision on the above mentioned subject for the reasons set out below.

#### **Summary of Decision**

1. That the report attached as Part B in Appendix 5 to the report, be exempt from public disclosure in that it contains commercially sensitive information pursuant paragraph 3 to Schedule 12A of the Local Government Act 1972, as amended
2. That the establishment of a private limited company wholly owned by Westminster City Council, for the sole purpose of developing traded “procurement consultancy services” as set out in this report, be approved.
3. That the establishment of a joint venture trading company between Westminster Procurement Services Limited and the preferred partner as detailed in the report, to provide “procurement consultancy services” to public sector organisations as set out in this report, be approved
4. That the naming of the joint venture trading company be agreed by the Chief Procurement Officer in consultation with the Cabinet Member for Finance & Corporate Services.
5. That the appointment of Directors as detailed in this report be approved.
6. That the broad governance and funding arrangements for the trading company, as set out in this report, be approved and the Director of Law, Shared Legal Services be given delegated authority to settle the detailed arrangements for the establishment of both the procurement trading company and the joint venture trading company including detailed constitutional issues such as additional matters to be reserved to the Council as shareholder in both companies and any necessary agreements between the procurement trading company and the Council, and the procurement trading company and the joint venture trading company.

#### **Reasons for Decision**

1. The public sector continues to be challenged to deliver significant savings targets required by the Government in addressing the national budget deficit. In addition there is a need to reduce our costs, increase our income or both as well as increase efficiency and best practice.
2. Many local authorities have failed to grasp the need for professional procurement resources within the organisation to meet the increased demand to reduce costs and transform services.

3. The niche procurement consultancies have failed to address the opportunity within the public sector. This is due to insufficient experience in this market and the complexity of public sector governance and EU procurement regulations; whilst some of the larger consultancies e.g. IBM, PWC etc, are recognised to be an exception.
4. Shortage of experienced procurement professionals has led to increased interim rates which have the potential of opening up the market to consultancies.
5. There is an opportunity for procurement consultancies, with expertise in the public sector, to target public sector bodies including but not limited to local & central government, agencies, housing associations, health, and education establishments.
6. A blended model that leverages the resources of both Westminster and a third party consultancy will be most effective in assuring that service delivery in the Council is maintained and strong commercial outcomes are delivered.
7. Westminster is able to knowledge share and leverage expertise with a joint venture partner to provide joint benefits and allow the Council to leverage new knowledge and skills to its own benefit. This would help with retention of procurement resources as well as making Westminster a more attractive place to work for procurement professionals.

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