

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES
BY DEPUTY R.G. LE HÉRISSEIER OF ST. SAVIOUR
ANSWER TO BE TABLED ON TUESDAY 29th APRIL 2014**

Question

Could the Minister identify the running costs of the Corporate Procurement section in each of the last three years and identify the promised savings and actual savings made in each of those years?

Answer

The Minister is pleased to have this opportunity to address recent publicity following the publication of the Comptroller and Auditor General's report on Corporate Procurement, including the perception apparently (and mistakenly) held in some quarters that the Unit is costing more than it delivers in savings.

Savings are only one measurement. The benefits of a professional procurement unit extend far wider and include:- Probity, good governance, legal framework , risk management and an open, fair and transparent framework in which goods and services are competitively tendered and organisational goals achieved. The C&AG recognises the progress made in all of these areas.

The table below sets out the running costs for 2011 to 2014 and the savings achieved.

	2011	2012	2013	2014	Total Cumulative Savings and Cost 2011-2014
Savings Achieved by Financial Year	£60,801	£60,801	£60,801	£60,801	
		£752,908	£752,908	£752,908	
			£2,240,649	£2,240,649	
				£3,451,300	
Total Cumulative Annual Saving by end of year	£60,801	£813,709	£3,054,358	£6,505,658	£10,434,526
Less Cost	-£473,000	-£676,740	-£903,180	-£915,682	-£2,968,602
Net Benefit	-£412,199	£136,969	£2,151,178	£5,589,976	£7,465,924

At the start of the Comprehensive Spending Review (CSR) period in 2011 a number of procurement projects were initiated and by the end of 2012 a proportion of these projects were in progress and savings were being identified. £3.05million was removed from Departmental base budgets in 2013.

Further procurement projects were delivered in 2013 resulting in savings of £2.1m. An estimated £570,000 of these savings will come from projects to be delivered during 2014.

In late 2013, it was evident that by 2014 total budget reductions of around £5.1 million could be made. Further procurement savings had been recorded by Corporate Procurement but these savings could not be fairly attributed to Departments because the savings were either non- recurring or because the base budgets for the goods and services do not exist.

In order to address this issue and make up the savings target of £6.5million, £1.4million has been taken out of Departmental inflation budgets. This was possible due to lower inflation than budgeted for in 2013. A total of £3.45 million will be removed from Departmental budgets during April 2014.

The annual cost of the Corporate Procurement section in 2013 was £903,180 and annual savings in excess of £6.5million (cumulative savings of £10,434,526) have enabled permanent budget reductions.