

 Finance And Audit Scrutiny Committee, 8th January 2013		Agenda Item No. 8
Title	Procurement Progress update	
For further information about this report please contact	Mel Gillman – Procurement Manager	
Wards of the District directly affected	All	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No	
Date and meeting when issue was last considered and relevant minute number	July 2012 Finance & Audit Scrutiny Committee	
Background Papers		

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	Yes
Included within the Forward Plan? (If yes include reference number)	Yes/No
Equality & Sustainability Impact Assessment Undertaken	No (If No state why below)
No assessment as this is a progress report.	

Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive	19/12/12	Andy Jones
Head of Service	19/12/12	Mike Snow
CMT		
Section 151 Officer	19/12/12	Mike Snow
Monitoring Officer		
Finance	19/12/12	Mike Snow
Portfolio Holder(s)	19/12/12	Andrew Mobbs
Consultation & Community Engagement		
Insert details of any consultation undertaken or proposed to be undertaken with regard to this report.		
Final Decision?		Yes
Suggested next steps (if not final decision please set out below)		

1. SUMMARY

- 1.1. This report serves to update progress on procurement over the first part of the financial year 2012-13.

2. RECOMMENDATION

- 2.1. It is recommended that the activities in procurement are noted.

3. REASONS FOR THE RECOMMENDATION

- 3.1. It was agreed at the July 2010 Executive as part of the Procurement Strategy that Members would receive an annual update on the progress of procurement and the procurement strategy. This would be complimented by half yearly updates on the progress of procurement.

4. POLICY FRAMEWORK

- 4.1. **Policy Framework** – Procurement activity complies with the Codes of Contract and Financial Practice. In all cases the corporate strategy is supported with particular emphasis on 'our values'.

- 4.2. **Fit for the Future** – Procurement activity is central to the delivery of the 'Fit for the Future' program through the planning stages of the process. It also contributes to savings element of the 'Fit for the Future' programme as an outcome of the process.

- 4.2.1. Under 'Fit for the Future' and savings, procurement activity has given rise to significant savings against the current budgets. All tenders in the first part of the financial year 2012/13 have come in at or under budget. Most notably the recently tendered waste contracts for April 2013 have projected savings in excess of £1M pa against current budgets and will have significant impact on the General Fund account.

- 4.2.2. Procurement activity that is currently underway and planned for future months is projected to bring cashable savings and non-cashable efficiencies. Most of this is due to the project style planning that is undertaken for our larger procurement exercises where we are increasingly looking at internal contract management costs and coupling this with evidence from lean systems work.

5. BUDGETARY FRAMEWORK

- 5.1. The actions to date from the Procurement Action Plan have all had a positive contribution to savings and efficiencies.

6. ALTERNATIVE OPTION(S) CONSIDERED

- 6.1. No alternatives options are for consideration as this is a progress report.

7. BACKGROUND

7.1. Procurement training was undertaken by 9 officers in September 2012 and 13 officers in June 2012. These officers are either budget holders or have roles with significant budget and/or procurement knowledge needs. With the exception of 3 officers (that missed the training due to annual leave/work commitments) and will have received the training by the end of March 2013, all budget holders have now received the procurement training.

7.2. Additional focus on the need for adhering to the Code of Procurement Practice has resulted in:

7.2.1. 5 procurement exercises using OJEU tenders

7.2.2. 6 procurement exercises using low value tenders

7.2.3. 13 procurement exercises using 3 quotes

7.2.4. 4 procurement exercises using mini competitions on frameworks let by other contracting authorities

7.2.5. 1 award of contract to a single supplier on a framework let by other contracting authority

7.2.6. 1 direct award by negotiation (permitted under Regulation 14 of the Public Contracts Regulations) of an OJEU value contract

These are in addition to contracts let compliantly using frameworks let by other contracting authorities where there was no requirement for further competition but the Council still benefited from the aggregated value of the collaborative arrangement.

7.3. The electronic tendering software is now in place and is used for all tenders. Users are trained as they undertake tendering and are fully supported by procurement. The system has increased security, transparency and fairness, and has shown to be beneficial in terms of cost and convenience to both suppliers and the Council.

7.4. Responsibility for the collation and reporting of savings is now the responsibility of each service area and finance.

7.4.1. It should be noted that significant cashable savings have been realised through procurement, particularly in relation to the re-procurement of the major contracts managed by Neighbourhood Services.

7.4.2. Considerable efficiencies have been achieved through invoice reduction and consolidation from contracts such as mobile phones. This has been partly achieved by lean systems work in the Finance Service Area.

7.5. Procurement training has been delivered,

7.5.1. Externally (by Jonathan Jones from IEWM) to a group of 22 officers and managers.

7.5.2. Internal refresher sessions are planned for later in the year and will be delivered by the Procurement Manager.

7.6. The Procurement Manager still remains heavily involved in special projects. In the past year these have included:

7.6.1. Integrated Waste and Grounds Maintenance

- 7.6.2. Housing & Property Services repairs and maintenance contracts
- 7.6.3. Extension and improvements to Oakley Wood Crematorium
- 7.6.4. Construction of Chase Meadow Community Centre

- 7.7. The Procurement Manager has supported our regional procurement partners in the Worcestershire area in the delivery of 2 seminars to local businesses on the subject of 'How to do business with the Public Sector'.
- 7.8. The position of Procurement Officer is currently vacant owing to the post holder leaving in November. This post is now with HR for matching to the staff 'at risk'. If no staff can be found from this pool then the job will be advertised internally before being advertised externally. The current 'job freeze' has impacted on the ability to fill this position rapidly despite the post holder giving the required period of notice. It has been recognised that owing to the specific experience required, the post is unlikely to be filled internally and it may be some time before the post is filled. This will slow down the amount of advice and procurement activity that can be achieved as the council now only has the Procurement Manager, and she is involved in a number of projects alongside the routine work.
- 7.9. All new creditor (supplier) requests are now passed to the procurement before they can be added to TOTAL (the council's finance system). This is to reduce the number of new suppliers added, identify opportunities for aggregation and to signpost officers to contracts already in place.
- 7.10. The Procurement Manager continues to work collaboratively with neighbouring district councils (Worcestershire districts and North Warwicks) and to a lesser extent the neighbouring mets and unitaries (Solihull, Warwickshire and Coventry).
- 7.10.1. Warwick has led on 2 collaborative procurement exercises this year; security and printing. Both have been very successful in achieving savings both for our council and our collaborative partners.
- 7.10.2. A number of other local authorities in West Midland region (districts in Staffordshire and Telford & Wrekin Council) have joined the cash collection service framework that Warwick awarded in 2011. This has been very successful and Birmingham CC is now considering joining.
- 7.10.3. Future collaborative opportunities will be explored using the regional spend analysis data. In the meanwhile the Warwickshire districts are currently exploring a collaborative framework for disable adaptations in residents' homes as this is a large spend area for all the council's.
- 7.11. The major challenges for the rest of this financial year relate to the larger value contracts that are due to start in April 2013.
- 7.11.1. Tenders for property services contracts are due back in mid January and need to be evaluated quickly to ensure a continuity of service for our tenants and our office accommodation.
- 7.11.2. Contract mobilisation is underway for the Neighbourhood Services waste and cleaning contracts. This requires ensuring contracts are signed and service transfer is smooth. Of the 4 contracts awarded only 1 has been awarded to incumbent supplier (1 has been awarded to a supplier currently performing half the services and 2 contracts are new suppliers)