

 Finance & Audit Scrutiny Committee - 9 July 2013		Agenda Item No. <div style="font-size: 2em; float: right;">7</div>
Title	Procurement Progress Update	
For further information about this report please contact	Mike Snow (01926) 456800	
Service Area	Finance	
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Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?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	Finance & Audit 8/1/13 minute 119	
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	9/5/13	Chris Elliott
Head of Service	9/5/13	Mike Snow
CMT		
Section 151 Officer	9/5/13	Mike Snow
Monitoring Officer		
Finance	9/5/13	Mike Snow
Portfolio Holder(s)	9/5/13	Andrew Mobbs
Procurement Champions	9/5/13	Cllrs Sidney Syson, Alan Rhead & Jane Knight
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 past financial year 2012 /2013.

2. RECOMMENDATION

- 2.1. It is recommended that the advances 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.
- 3.2. For the past year three Councillors; Councillors Syson, Rhead, and Knight have been the "Procurement Champions". This has involved having meetings with officers to discuss the progress on the procurement actions plan and to "champion" the procurement work on-going.

4. POLICY FRAMEWORK

- 4.1. **Policy Framework** – Procurement activity complies with the Codes of Procurement 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' programme 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.

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. The 2013 revision of the Code of Procurement Practice has built on the 2010 revision in setting a robust foundation for good procurement across the council.
- 7.1.1. This has resulted in the Council undertaking tenders as shown on the following page.

The table illustrates the position relative to previous years:

	2010/11	2011/12	2012/13
Full OJEU tender	3	4	8**
Direct award*	-	-	2
Low value tender	11	16	15
3 Quotes	31	28	19
Mini-competition using compliant framework	7	5	7

* *Direct award in accordance with the Public Contracts Regulations 2006, Regulation 14 exemption due to technical compatibility requirements.*

** *OJEU tenders incorporated the use of lots and reduced the number of individual tenders by 16.*

These are an 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.

- 7.2. All tenders and mini-competitions have been carried out using the e-tendering software to ensure fairness and transparency.
- 7.3. Throughout the year there have been several exceptions to the Code of Procurement Practice. These have been reported to the Executive with adequate justification. Officers are far more aware of the Code of Procurement Practice and thresholds; hence exceptions are becoming less frequent.
- 7.4. Further training on the use of the software will continue in order to allow procurement resources to be targeted at planning rather than administration.
- 7.5. Procurement training this year has been attended by 22 officers and this has covered all officers with budgetary responsibilities (with the exception of 2, who require a catch up meeting).
- 7.6. Procurement 'drop in' sessions are planned for the coming year to allow officers that have infrequent involvement with procurement to gain practical knowledge.
- 7.7. Cashable savings are now collated and reported by Finance officers, although they are now part of the on-going budget monitoring and are not collated against particular procurement exercise. Notable savings in the last year include:

- 7.7.1.**Major contract** re-let (waste, streets, GM and cleaning) - £770K pa plus a 2 year negation of any price increases. This totals over £2M savings in the first 2 years against the budgeted position.
- 7.7.2.**Mobile phones** – approx. £50K pa (slightly less for the first year owing to some transition costs and some users not changing to the new service as quickly as would have been liked)
- 7.7.3.**CCTV** – approx. £40K over the next 5 years due to negotiation to hold prices at the current level in return for a slightly reduced maintenance schedule (recognising reliability and recent upgrade work)
- 7.7.4.**Temporary Staff** – approx. £28K pa based on usage at September 2012. No change in supplier just moved to accessing a cheaper framework where margins to suppliers and to the purchasing body (ESPO) are reduced.
- 7.7.5.**Air Quality Monitoring** – approx. £5K pa.
- 7.7.6.**Property Maintenance & Repair contracts** – savings made against current rates. However, since the service is reactive and is now being managed in a different way, the savings will not be quantifiable until the end of the first 12 months.
- 7.8. In all cases the comparative costs have reduced and so the council is able to receive more for its money. This may be by getting a programme back on track or having an under spend at the end of the financial year.
- 7.9. Non-cashable savings in terms of invoice reduction, reduced contract management costs (from more council wide contracts) and reduced suppliers, not collated but are on-going as part of the more efficient process in place.
- 7.10. The Procurement Manager remains heavily involved in special projects. In the past year these have included:
- Integrated Waste and Grounds Maintenance
 - Chase Meadow Community Centre
 - Property 2013 contracts
 - Forbes Estate sports and arts
 - Oakley Wood Crematorium extension and improvements
- 7.11. The Forbes Estate sports & arts tender was a particularly successful piece of work undertaken with Cultural Services. This built on the success last year of the contracts awarded to voluntary groups and third sector. The contract was awarded to local third sector organisation and is starting to deliver some good activities in the area.
- 7.12. The Procurement Team have this year tendered a Print framework and a security services framework, both of which are open to the West

Midlands Region (as part of our ongoing collaborative work). The contract already has 8 councils using the contract and all have realised significant savings.

- 7.13. Collaborative contracts in 7.11 have been very successful but there are no current plans for further collaboration. This is mainly due to the achievements of the last 2-3 years where we have managed to get more contracts in place. As contracts come up for renewal we will look at collaboration however, the main opportunities for this are post 2015.
- 7.14. Procurement are still approving new creditor requests. This has resulted in less new suppliers being added to the finance system and more sign posting to current contracts. The supplier database now only contains 'live' suppliers that have been used in the last 18 months, reducing the opportunity for off-contract spend.
- 7.15. There has been no significant increase or decrease in the number of local suppliers performing contracts for the council. We continue to have a large number of suppliers from the West Midlands region, with a lesser number based within the district. It has been proposed that some sessions are held for local suppliers on 'How to do business with the council', as it has been sometime since these were last done. However, given the limited number of contract opportunities in the coming year it may be wise to wait until a time when more contracts are due to be re-let.
- 7.16. The Council contracts register is now published quarterly on the council website. This complies with the government transparency agenda.