

Title:	Tenders & Strategy Update
For further information about this report please contact	Mel Gillman – Procurement Ext 6201
Service Area	Finance
Wards of the District directly affected	None
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006	Not private
Date and meeting when issue was last considered and relevant minute number	
Background Papers	none

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	No

Officer/Councillor Approval		
With regard to officer approval all reports must be approved by the report authors relevant director, Finance, Legal Services and the relevant Portfolio Holder(s).		
Officer Approval	Date	Name
Relevant Director		A Jones
Chief Executive		Chris Elliot
CMT		
Section 151 Officer		Mike Snow
Legal		
Finance		Mike Snow
Portfolio Holder(s)		A Mobbs
Consultation Undertaken		
Please insert details of any consultation undertaken with regard to this report.		
None		
Final Decision?	Yes	
Suggested next steps (if not final decision please set out below)		

1. SUMMARY

- 1.1. This report is to update the Executive of the actions being taken with regard to the procurement of goods, works services for the Council. It was agreed at the April meeting of the Finance and Audit Overview committee that the Procurement Manager would bring a report to the January meeting outlining the progress on tenders and any contraventions.

2. Recommendation

- 2.1. That the action being taken be noted.

3. Reasons for the Recommendation

- 3.1. The Council has recognised the need for compliance with the Public Contracts Regulations 2006 and the requirement to tender contract opportunities to obtain best value contracts in a fair and transparent manner.
- 3.2. The Procurement Manager and Procurement Officer have been compiling a contracts register for the Council. This shows the contracts in place and their expiry date, opportunities to tender and any non-compliant contracts.
- 3.3. In the past 6 months, 17 compliant contracts have been awarded or renewed. All contracts have been awarded in accordance with the Council's Code of Procurement Practice and with the advice of Procurement.
- 3.4. Cashable savings from these contracts is anticipated to amount to approaching £300,000 in 2011/2012 (see Appendix 3).
- 3.5. Officers are now required to specify the cost centre and the budget prior to starting any procurement exercise in order for savings to be transparent. Any savings resulting from the procurement will be removed from the budget with immediate effect to contribute to the overall need for efficiency savings. See Appendix 3.
- 3.6. A number of the procurement exercises that were committed to under the procurement plan have fallen behind. These are detailed in Appendix 1 with the reasons for the delay. It should be noted that the contracts let successfully and referred to in 3.3 have been excluded from this appendix as they are of no further concern on the basis of the agreed "reporting by exception" basis.
- 3.7. A number of non-compliant contracts have come to light in recent months. The exact value and requirements of these contracts is part of a larger piece of work around committed expenditure that is being led by Andy Jones. Results from this are expected to feed into the Procurement Plan and will be part of the June update.
- 3.8. The Procurement programme will be updated in February 2011 to reflect the forthcoming procurement activities required to maintain a high level of service and compliance.
- 3.9. Officer training will be taking place in February 2011 and later in the new financial year in order to further support officers during procurement exercises.

3.10. The Procurement Strategy update can be seen at Appendix 2. Significant progress has been achieved against the strategy in the past 9 months. The full progress will be available in the June update report for committee.

4. Alternative Option considered

4.1. The Council can choose to continue with service areas arranging their own procurement activity and requesting support as they require it.

5. Budgetary Framework

5.1. It is anticipated that this programme will result in savings against the current budgets and contribute to the anticipated deficit.

5.2. Savings in the region of £300K are achievable over the coming financial year 2011/2012 and will be sustainable in subsequent years. This figure includes the General Fund and Housing Revenue Account. The General Fund Financial Projections will reflect £150,000 procurement savings expected in 2010/11, increasing by the same amount in 2011/12 and 2012/13.

5.3. Further savings will be achieved through further use of collaborative frameworks and tender exercises. It should be noted that savings are generally only achieved in the year following the procurement exercise, hence the delay in achieving savings within the current financial year.

6. Policy Framework

6.1. This report supports all the Council's corporate values.

6.2. The report also supports the corporate objectives in supporting the delivery of services, managing resources, considering the environment, increasing efficiency and supporting the Sustainable Community Strategy.

APPENDIX 1

START DATE	SERVICE AREA	CONTRACT TITLE	OFFICER	PROGRESS	AGREED END DATE	REASON / PROGRESS
Jul-10	Contract Services	Street Lighting	Monica Brown	Not awarded	Aug-10	The current position is that the one off replacement of mercury vapour lamps has not taken place due to queries with the tendered specification. Consideration is now being given as to the long term strategy of maintaining these rural lamps.
Jul-10	Customer and Information Services (DMC)	Mail	Janice Robbins	Not awarded	Sep-10	Queries have been raised as to the legality of the framework from Birmingham City Council and its use by other Councils in the WM region. IEWM is seeking legal advice from this and will report back to Councils in late January 2011. In the event that we cannot use the framework it has been agreed that Warwick District Council would lead a regional tender exercise as there are good savings available in this service sector.
Aug-10	Housing & Property Management Services	Internal painting (comm areas 1 year)	Andy Dyke	Not awarded	Sep-10	Revised start date as this will be joined with external painting that will be tendered in January 2011. Contract is now also for a longer term.
Aug-10	Neighbourhood Services	Vehicles	Gary Charlton	Pending	Sep-10	Current vehicles extended. Parking need to make decision on new vehicles which will be procured using the ESPO framework.
Aug-10	Cultural Services	Section 106 play areas note grant funding	Dave Anderson	Pending	Oct-10	Consultation period took longer than anticipated. This will be undertaken in January/Feb and will be for 2 play areas- Mini competition under ESPO framework.

Aug-10	Community protection	Cleaning Riverside House	Ian Bradbury	Pending	Oct-10	Ian Bradbury is currently working on this and has only recently (December 2010) received the TUPE information from the incumbent supplier. This was required in order to tender.
Oct-10	Housing & Property Management Services	Painting (Internal & External)	Matthew Jones	Pending	Nov-10	To be tendered in January 2011. Delay due to combining interior and exterior painting and extending contract term.
Sep-10	Central Procurement / HR	Agency staff	Mel Gillman & Catherine Bick	Pending	Dec-10	Continuing to use the Comensura agreement as this can be used for up to 4 years (we have currently used this for 2 years). Awaiting the outcome of the ESPO/Buying solutions pan-government tender in order to decide on next action.
Oct-10	Housing & Property Management Services	Besam Door Procurement	Alex Walkeden	Not awarded	Dec-10	No suitable tenders received. Property are now working directly with Besam.
Oct-10	Housing & Property Management Services	HRA Door Entry & Fire Alarm Systems	Russell Marsden	Pending	Feb-11	ask Jameel
Nov-10	Housing & Property Management Services	Automatic Doors	Matthew Jones	Pending	Feb-11	ask Jameel
Nov-10	Housing & Property Management Services	Corporate Gas (Housing and Comm)	Mark Perkins	Pending	Feb-11	ask mark
Nov-10	Housing & Property	Corporate A/C (Air con)	Mark Perkins	Pending	Feb-11	Low value works - investigating use of WCC contracts

	Management Services					
Nov-10	Housing & Property Management Services	* Corporate Legionella Ctrl & Housing Legionella Ctrl	Mark Perkins	Pending	Feb-11	Low value works - investigating use of WCC contracts
Nov-10	Housing & Property Management Services	All Ductworth Sanitisation	Mark Perkins	Pending	Feb-11	Low value works - investigating use of WCC contracts
Oct-10	Customer and Information Services (IT)	ICT Training Various (Training foundation;QA;Global Knowledge; QUANTA;itSMF;SOCITM;FGI)	ICT Training needs	Pending	Mar-11	ICT still looking at training for next financial year. Specification to be finalised in February 2011.
Oct-10	Housing & Property Management Services	*General works & Building construction used when required	Matthew Jones / Sean McCabrey	Pending	Mar-11	The corporate repairs is being undertaken with WCC due to be tendered in Feb 2011
Sep-10	Neighbourhood Services	Alfia- Parking	Gary Charlton	Pending	Mar-11	Awaiting specification from Car parks.
Oct-10	Print room	Multi function Devices	Ema Townsend & Mel Gillman	Pending	Mar-11	Specification in place and ready for mini-competition in January 2011. Delayed due to Printroom review and Printroom request for new equipment (considered as part of the business case for replacement devices)
Nov-10	Housing & Property Management	Corporate Pools	Mark Perkins	Pending	Mar-11	Low value works - investigating use of WCC contracts

	Services					
Nov-10	Housing & Property Management Services	BMS controls	Mark Perkins	Pending	Mar-11	Low value works - investigating use of WCC contracts
Nov-10	Housing & Property Management Services	Protection Lightening conductors	Mark Perkins	Pending	Mar-11	Low value works - investigating use of WCC contracts
Nov-10	Housing & Property Management Services	Corporate generators	Mark Perkins	Pending	Mar-11	Low value works - investigating use of WCC contracts
Nov-10	Housing & Property Management Services	Housing Micro CHP	Mark Perkins	Pending	Mar-11	Low value works - investigating use of WCC contracts
Dec-10	Print room	External printers	Ema Townsend	Pending	Jul-11	Specification has been finalised. To be tendered early 2011 once the anticipated volumes are known due to the review of services.
Aug-10	Customer and Information Services (IT)	Telecom and network Products	Richard Bates	Pending		This is now due to be tendered at the end of Jan as the support and maintenance was tendered in August (on time) and this was best tendered later. The support tender has just been awarded (December 2010) and work has just started on the specification for the products.
Nov-10	Housing & Property Management Services	Abbey fields Toilets & changing rooms	Lisette Piper			Original tender above budget costs. Revised scheme to be sent out in January 2011 for 3 quotes.
Nov-10	Housing &	VOIDS	Russell			Awaiting further information from consultants

	Property Management Services		Marsden			(E C Harris)
Nov-10	Culture and Leisure Services	Road Procurement	Chris Hastie	Pending		Engineering still drawing up a specification for 3 quotes.
Nov-10	Culture and Leisure Services	Tree felling	Chris Hastie	Pending		Tender cannot be started until the road has been procured and is seasonal, hence will not be required until autumn 2011.
Sep-10	Neighbourhood Services	Recycling boxes	Robert Hoof	Pending		No progress and no formal agreement in place. Boxes can be purchased under the ESPO framework. Council can proceed quickly if required as the ESPO contract is in place and current.
Sep-10	Housing & Property Management Services	CCTV	Russell Marsden	Not awarded	tbc	Roger Jewsbury is currently looking at a wider tender for CCTV. An interim repair for a value <£5K has been carried out at the pump rooms.
Oct-10	Cultural Services	Cash Collections	WDC staff	Pending		Pending awaiting to see if Birmingham City Council will lead (Jan 2011). If not it has been agreed among a number of district Councils that Warwick will lead. Basic tender is ready to go.
Oct-10		Council Tax Bills	tbc	Pending		No progress. Work by other Councils has shown this to be area where savings and efficiencies can be made by collaboration. Too late for 2011 bills. Moved to later in 2011.

APPENDIX 2

Ref No.	Action	Target 10/11	Target 11/12	Target 12/13	Responsibility	Progress / Comments
	MANAGEMENT					
M1	Review annually key procurement performance indicators, and a means of measuring them, within the framework of Local Performance Targets.	X	X	X	Procurement Manager / Financial Services Manager	Performance Indicators to be reviewed at the end of the financial year. Indicators measure: <ul style="list-style-type: none"> • Number of suppliers • Number of invoices • Number of cheque payments • Number of low value supplier transactions
M2	Produce an annual report to Finance and Audit committee on all procurement activity undertaken in the preceding financial year and any efficiencies identified.	X	X	X	Procurement Manager	Report agreed for May committee to enable a full financial year to be evaluated.
M3	Consult with actual and potential users on the suitability of goods, works and services to meet	ongoing			Procurement Manager	Excellent progress. Housing and Property services now using tenant forums. Golf project included Newbold Comyn golf club. Major procurement exercises now undertaken in a project style environment and with support from

Ref No.	Action	Target 10/11	Target 11/12	Target 12/12	Responsibility	Progress / Comments
	their needs as part of tendering process, where appropriate.					Elected Members.
M4	Reflect the Procurement Strategy in service plans and team operational plans.	ongoing			Senior Managers	Procurement awareness now increasing throughout all service areas.
M5	Identify opportunities for local suppliers, SME's and the voluntary and third sectors to compete for Council contracts and ensure such opportunities are promoted locally.	X	X	X	Procurement Manager / Economic Development	Working closely with the Coventry and Warwickshire Chamber of Commerce to raise awareness of opportunities through presentations and links to WDC tender site. All contracts above £20K now advertised on supply2.gov and WDC website. Presentations to FSB local branch. Joint commissioning with WCC for services that can be delivered through the third sector is now active.
M6	Monitor and collate cost benefits (cashable and non-cashable).	Monthly monitoring			Procurement Manager / Financial Services Manager	Slow progress due to poor data. Exercise to capture data more accurately from February 2011 as part of budgeting exercised for 2011/12 that will be monitored by procurement.
M7	Undertake regular checks to ensure that there are no unintentional breaches in the EU procurement	X	X	X	Procurement Manager	Audit as part of annual return. 2010 (for 2009 tenders) return completed

Ref No.	Action	Target 10/11	Target 11/12	Target 12/12	Responsibility	Progress / Comments
	threshold.					
M8	Maintain contracts register and publish on intranet	X	X	X	Procurement Manager	Contracts register now up to date. Format for publishing on line to be agreed and implemented when spend figures are also published online.
M9	Work with Managers and Officers to increase education and awareness of regulations and the Council's Policies.	X	X	X	Procurement Manager	The Procurement Officer and Procurement Manager are constantly working to promote procurement. Service area awareness sessions have taken place for Property and Cultural Services.
M10	Support Managers and Officers with the procurement process.	X	X	X	Procurement Manager	The Procurement Officer and Procurement Manager are working with all officers and managers to support their procurement activity.
	POLICIES					
P1	Review and update Procurement Strategy document.	X	X	X	Procurement Manager	Policies to reviewed annually and updated if required. Review to take place in March.
P2	Review and update Code of contract Practice.	X	X	X	Procurement Manager	Code of Procurement Practice to reviewed annually and updated if required. Review to take place in March. Unlikely to be revised in 2011 due to some radical changes in 2010 revision.
	SUPPLIER MANAGEMENT					
S1	Undertake an annual audit of spend and number of transactions.	X	X	X	Procurement Manager / Financial Services Manager	Spikes Cavell Observatory information or extract from accounts system. To be undertaken at end of financial year as part of Performance Indicators.

Ref No.	Action	Target 10/11	Target 11/12	Target 12/12	Responsibility	Progress / Comments
S2	Reduce the number of suppliers for each supply area through tender process.	X	X	X	Procurement Manager	Slow progress on this. Currently exploring options in reducing the number of new suppliers added and control mechanism, particularly for low value purchases. Procurement to be involved in set up of creditor requests.
S3	Ensure all suppliers are contracted formally (preferably on the council's terms).	X	X	X	Procurement Manager / Service Area Managers	All contracts since June 2010 over £5K have signed agreements. Copies held by procurement against the contracts database.
S4	Work towards reducing the number of invoice transactions with current suppliers and new suppliers via the tender process.	X	X	X	Procurement Manager	Consolidation of invoices and reduction in frequency with some suppliers. Slow progress. Some achievements made by negotiation with current suppliers. Looking to achieve monthly invoices with frequently used suppliers.
SUSTAINABILITY						
R1	Ensure sustainability of contracts is evaluated and implemented (where cost is not prohibitive).	ongoing			Procurement Manager / Heads of services	Part of specification and evaluation process for tenders as standard.
R2	Promote working with suppliers to increase sustainability of	X	X	X	Procurement Manager / Heads of services	Very little progress, mainly due to focus being on cost saving. Sustainability focus will increase as knowledge and planning increase.

Ref No.	Action	Target 10/11	Target 11/12	Target 12/12	Responsibility	Progress / Comments
	contracts.					
R3	Use procurement activity to increase sustainability.	ongoing			Procurement Manager	Using the specification and evaluation process to increase sustainability of contracts,
R4	Work with local suppliers to increase education and awareness of the regulations and how to apply for Council work.	ongoing			Procurement Manager / Economic Development	Working closely with the Coventry and Warwickshire Chamber of Commerce to raise awareness of opportunities through presentations and links to WDC tender site. All contracts above £20K now advertised on supply2.gov and WDC website. Presentations to FSB local branch. Joined up regional working also supported by Warwickshire CC and WDC actively participates in this group.
	COLLABORATIVE PROCUREMENT					
U1	As part of the pre tender process explore the use of buying consortia for the bulk purchase common goods and utilities, for example through ESPO, WMS, CBC, PRO4 or Buying Solutions.	As required.			Procurement Manager /Property Services	To be carried out when current contracts are due to expire. Or when proper contracts are not in place. Excellent progress in this area. Increased use of mini-competitions through compliant EU tendered frameworks.

Ref No.	Action	Target 10/11	Target 11/12	Target 12/12	Responsibility	Progress / Comments
U2	Investigate and where applicable enter into joint arrangements for procurement of goods and services with other Local Authorities.	Ongoing			Procurement Manager	To be carried out as need arises, when current contracts expire, or when proper contracts are not in place. Progress is being made here in areas such as cash collections. Progress is slow due to the number of participants.
U3	Utilise framework agreements as a preference to negotiating local agreements for high value contracts of general goods and services (e.g. IT hardware, telecoms, energy).	As required.			Procurement Manager / Heads of services	See U1.
U4	Where possible ensure that the letting of contracts permits use by other Local Authorities within the WMRIEP area.	Ongoing			Procurement Manager	To date only one contract has been let in this way. More contracts are planned for 2011. Less important as now looking at collaborative opportunities for the whole procurement exercise.
	E-COMMERCE					
E1	Ensure staff that are involved in procurement are		X		Procurement Manager / Financial	Procurement Training to be undertaken during early 2011 by an external provider. During 2010 there has been some internal training and

Ref No.	Action	Target 10/11	Target 11/12	Target 12/12	Responsibility	Progress / Comments
	capable and trained in the use of the e-tendering software.				Services Manager	extensive support on the e-tendering software during procurement exercises.
E2	Promote use of e-tendering software and electronic contract notices throughout all Council tendering activities.		X		Procurement Manager	The use of the e-tendering software is now mandatory for all procurement activity over £20,000 (where open tenders are required). The software is also used for mini-competitions under frameworks to increase fairness and transparency. The software also saves significant resources in terms of materials and officer time.
	AWARENESS / TRAINING					
T1	Disseminate the strategy to officers and members.	X	X (if required)		Procurement Manager	Via Executive, CMT and SMT. Regular updates to be given on progress.
T2	Arrange contract management training for all staff involved with contract management.	X	X (if required)		Procurement Manager / HR / Service Area Managers	To be undertaken in early 2011. Some advice now included within the Code of Procurement Practice.
T3	Provide support and training for senior staff involved in procurement activities and members as	ongoing			Procurement Manager / HR	The Procurement Manager and Procurement Officer are available to support and advise as required.

Ref No.	Action	Target 10/11	Target 11/12	Target 12/12	Responsibility	Progress / Comments
	required.					
	INFORMATION & WEBSITE					
I1	Maintain current procurement information on the Council website.	X	X	X	Procurement Manager	Up to date.
I2	Utilise 'Buyer Profile' in conjunction with the Council Website to inform suppliers of the opportunities available and how to access them.	X	X	X	Procurement Manager	The 'Buyer Profile' for WDC (includes details of current, future and past tenders) is now seamlessly incorporated into the WDC website.
I3	Maintain standard pro-forma documentation on the Council intranet.	X	X	X	Procurement Manager	Standard documentation now available and mandated for use in all procurement activity.
I4	Utilise intranet to inform on procedures and any changes in best practice guidance.	X	X	X	Procurement Manager	Information on intranet up to date.

APPENDIX 3

	ANTICIPATED ANNUAL SAVINGS			Comments / Challenges	ACTUAL ANNUAL SAVINGS		
	HRA	GENERAL FUND	TOTAL		HRA	GENERAL FUND	TOTAL
All Pay				Contract has been awarded at significantly reduced rates from previous contract.	£2K	£4K	£6K
BT INet				Contract awarded at reduced rates compared to previous contract	£1K	£2K	£3K
Graffiti	£30K		£30K	Money from HRA has not been proposed as a saving but has been vired to another cost centre.			
Internal painting	£40K		£40K	Money from this years budget that has not been spent has been proposed to be carried forward to the next financial year to increase the work completed during 2011/12.			
Vending		£5K	£5K	This is an estimated figure as the first review meeting is due at the end of January 2011			
Training Cultural Services				Savings of up to £7.5K could be available based on last years usage and reduced rates of around 50%. However, the service area is planning to facilitate more training with the budget and not to contribute this to a saving.			
Framework Training		£5K	£5K	This will be a call-off contract from the recently awarded framework. The figure			-

	ANTICIPATED ANNUAL SAVINGS			Comments / Challenges	ACTUAL ANNUAL SAVINGS		
	HRA	GENERAL FUND	TOTAL		HRA	GENERAL FUND	TOTAL
				quoted is an estimated value.			
CTM Cleaning	£7K		£20k	Contract to be awarded at significant reduction in rates with inclusion of some Pre-tenanted housing cleansing currently undertaken by CTM			
Cleaning Tender	£13K						
Mail – Birmingham City Council wholesale agreement with Royal Mail	£13K	£27K	£40K	To achieve this saving WDC would need to use the Birmingham City Council contract with Royal Mail. IEWM are currently receiving legal advice on the legalities of other LA's using the contract. These savings would be in addition to savings achieved using the TNT agreement through ESPO.			
Mail – Bulk mail contract through ESPO with TNT					£13K	£27K	£40K
Benches		£3K	£3K	Estimated value. Work currently underway on the use of ESPO contracts for this supply.			
Multi-function Devices (scanners, copiers, printers)	£20K	£40K	60K	This will be a mini-competition using the Buyingsolutions framework.			

	ANTICIPATED ANNUAL SAVINGS			Comments / Challenges	ACTUAL ANNUAL SAVINGS		
	HRA	GENERAL FUND	TOTAL		HRA	GENERAL FUND	TOTAL
Phones (land lines)	£5K	£10K	£15K	An independent utilities audit is currently taking place (funded by IEWM). Savings are an estimate and more accurate savings will be available in February 2011.			
Energy (water/ gas/ electricity/ communications							
Stationery	£0.5K	£1.5K	£2K	No change in supplier but now part of the Birmingham City Council contract framework			
TOTAL	£128.5K	£91.5K	£220K		£16K	£33K	£49K