

PROCUREMENT STRATEGY – SIX MONTH REVIEW

1 SUMMARY

- 1.1 This report appraises Members of the work carried out in implementing the above strategy.

2 BACKGROUND

- 2.1 In October 2003 the Office of the Deputy Prime Minister published a National Procurement Strategy. This provided a series of activities which all councils were required to carry out.
- 2.2 One of the first actions was to agree a Local Procurement Strategy that complied with the requirements of the National Procurement Strategy. This Council agreed a strategy at the meeting of the Policy and Finance Committee on 14 October 2004.

3 PROGRESS TO DATE – OCTOBER 2005 TO APRIL 2006

- 3.1 Attached at Appendix 1 of this report is a copy of the Action Plan contained within the original strategy document. An additional column has been added which shows progress against the Action Plan.

4 PROGRESS WITH THE PROCUREMENT AGENCY FOR ESSEX (PAE)

- 4.1 Following an extensive review of energy contracts officers will be entering into a new procurement arrangement with the Office of Government Commerce (OGC).
- 4.2 The new arrangement will result in both cashable and non-cashable Gershon savings. The OGC has immense buying power and, on current performance, can provide better prices than existing suppliers. By using only one provider there will be savings in staff time in administering the contracts which will generate non-cashable savings. The OGC will also provide a far higher quality of management information as part of the service.
- 4.3 As our contracts have a year to run, this new contract will not start until 2006/7. As energy prices are extremely volatile, it is not possible to quantify any potential real savings at this time. On current prices, however, a 4% reduction in energy costs could be achieved. This represents a saving of around £7,000 below the cost of energy at the time of purchase. However, with the projection on energy prices, this is expected to show an overall increase in the net cost although this contract is expected to deliver a better price against the ruling energy costs.

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- 4.4 In February, the Council signed into a contract for the provision of agency staff. This will provide an enhanced service with regular management information and should generate savings of around 19% on current agency rates. The Council employs very few agency staff on an ad hoc basis. It is not possible, therefore, to estimate an overall level of cash saving.
- 4.5 The PAE is currently looking at issues around joint contracts for consultation, interpretation/translation. Other work is being carried out around enhanced contract analysis and working on a single supplier portal for Essex.

5 RECOMMENDATION

- 5.1 It is proposed that the Committee **RESOLVES**

To note the progress on the Procurement Strategy and the Procurement Agency for Essex.

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Background Papers:-

None

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APPENDIX 1

	Action	Responsible Officer	Target Date	Outcome	Comments	Progress to Date
1	Adopt new Procurement Strategy 2004/5	CD(F&ES)	Oct. 2004	Strategy adopted and published.		Strategy adopted 14.10.04.
2	Publish Selling to Council Guide	HAMS	Feb 2005	Guide available on website and hard copy	Work is being led by the Procurement Agency for Essex. Drafts being trialled with local contractors.	Published on website 2.3.05. Hard copies available.

	Action	Responsible Officer	Target Date	Outcome	Comments	Progress to Date
3	Supplementary guidance notes/contract standing orders/financial regulations	CD(F&ES)	March 2005	Guidance notes published. Contract standing orders/financial regulations amended.		Revised Contract Procedure Rules agreed 27.2.05. Revisions to Financial Regulations agreed by Council 27.10.05. Guidance notes not considered necessary at this time.
4	Conclude a compact with local voluntary and community services	CD(F&ES)	July 2005	Compact agreed and published.		Included within compact with voluntary services agreed 8.3.05.

	Action	Responsible Officer	Target Date	Outcome	Comments	Progress to Date
5	Involvement with Centres of Regional Excellence.	CD(F&ES)		Working with Regional Centre of Excellence.	Timescale dependent upon setting up of the Centre. Government has set a target of achievement by end of 2005.	Head of Revenue & Housing Management District Council representative on project to investigate joint working on Revenues and Benefits. Report of consultants to be presented to Centre of Regional Excellence mid April.
6	Average time taken from OJEU notice to letting of contract to reduce by 10% of average for 2003.	CD(F&ES)	Dec. 2005	Target time 40 weeks.	Last contract requiring OJEU notice was the leisure contract in 2001/2 which was 44 weeks.	No OJEU Contracts let.

	Action	Responsible Officer	Target Date	Outcome	Comments	Progress to Date
7	Joint collaboration to create shared service for procurement and project management.	CD(F&ES)	Dec. 2005	Examples of joint working in place.	<ul style="list-style-type: none"> • Already Member of Procurement Agency for Essex • Negotiations commenced for joint collection of business rates with Chelmsford BC • Careline supplied by Basildon DC 	<p>NNDR already carried out by Chelmsford BC</p> <p>Capita contract for telephone answering and extended hours for Revenues and Benefits. Now extended for further year.</p> <p>Supplied assistance to Castle Point BC re Benefit Fraud.</p> <p>Discussions with Chelmsford and Maldon in respect of joint working on Revenues and Benefits services and action plan on way forward agreed.</p>

	Action	Responsible Officer	Target Date	Outcome	Comments	Progress to Date
8	Investigate the feasibility of implementing an integrated finance management system.	HFS	April 2005	System in place.	New systems currently being evaluated.	This action not achieved by national target date owing to need to purchase new General Ledger system. New system to be fully operational Autumn 2006.
9	Full e-procurement programme	HAMS/HFS	Dec. 2005	Market Place fully operational with general ledger across all departments.	Market Place being rolled out across the authority.	Implemented by 31 March. Also met LPSA target for trading in MSE electronically.

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10	Use of procurement card for low cost purchases	HFS	Dec. 2005	Card usage established across all departments.		This action not achieved by national target date owing to being given low priority as unlikely to generate significant efficiencies for Rochford. Meetings held with bank – agreed to implement approx. 6 cards initially from 1.5.06.
11	Sign up to National Concordat for Small to Medium Enterprises.	CPM		Sign up to Concordat.	Target date dependent on publication of National Concordat.	Still awaiting National Concordat.
12	Carry out independent health check	CD(F&ES)	Oct. 2006	Health check carried out and recommendations implemented.		

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13	Average time taken from OJEU notice to letting of contract to reduced by 25% of average for 2003.	CD(F&ES)	Dec. 2006	Target 33 weeks.	See note at 5 above.	