

## **PROCUREMENT STRATEGY – SIX MONTH REVIEW**

### **1 SUMMARY**

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

### **2 BACKGROUND**

- 2.1 In October 2003 the former 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 which complied with the requirements of the National Procurement Strategy. This Council agreed a strategy at the meeting of the former Policy and Finance Committee on 14 October 2004. Since that time, progress has been reported approximately every six months.

### **3 PROGRESS TO DATE - APRIL 2006-OCTOBER 2006**

- 3.1 The plan attached at Appendix 1 gives an update on progress with outstanding action points. The following comments give some additional information.

#### **Action 7**

- 3.2. The Council has now joined a consortium of Essex authorities, established by the Procurement Agency for Essex (PAE) and known as the Essex Energy Partnership to source all the Council's energy needs. The consortium is purchasing energy supplied from the Office for Government Commerce (OGC) which negotiates prices with energy suppliers in the wholesale market.
- 3.3. So far, the Council has moved five contracts to this arrangement as they have fallen due for renewal, a further 12 will transfer in December 2006 and the remainder will transfer later in 2007. It is estimated that the new contracts will save approximately 5.6% on current energy bills and also save on administration costs.
- 3.4. The Essex Energy partnership is being cited as an example of good procurement practice by the OGC.
- 3.5. Other partnership projects are progressing, including:-
- Work with Chelmsford Borough Council on the development of a model for joint Revenue and Benefits service provision.

- Discussions with Southend Borough Council about ways in which waste management service procurement processes might be aligned to deliver benefits to both Councils.
- Membership of the group of Essex authorities developing proposals for implementation of the new Single Non Emergency 101 service.

**Action 10**

- 3.6. At present, a number of key staff have company credit cards for out of hours emergency situations and for exceptional purchases where a credit card is the only or most efficient way of carrying out the transaction. Purchasing cards offer more sophisticated controls and better reporting than standard credit cards and will also save an estimated £40 per month on bank charges when fully implemented.

**4 PROCUREMENT STRATEGY**

- 4.1 The current procurement strategy covers the period to the end of 2006 and it will be necessary to adopt a new one for future years.
- 4.2 Expertise and best practice has moved on since the current strategy was produced in 2004 and it will be necessary to take this into account in the drafting process.
- 4.3 An important foundation for the new strategy is to establish a clear picture of the Council's current performance, and to measure if, and how, this falls short of best practice. Arrangements have been made for the Procurement Agency for Essex to carry out an assessment during November of our policies, practices and performance, and to make recommendations for improvement.
- 4.4 A new strategy will then be drafted for consideration by Members early in 2007.

**5 RISK IMPLICATIONS**

- 5.1 Failure to have effective policies and practices will expose the Council to reputational risks in terms of external inspections/assessments and may lead to poor value for money in the procurement of goods and services.

**6 RECOMMENDATION**

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

To note the progress on implementation of the current Procurement Strategy and that a new strategy will be proposed to the Committee in early 2007.

Graham Woolhouse  
Corporate Director (External Services)

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**Background Papers:-**

None

For further information please contact Graham Woolhouse on:-

Tel:- 01702 546366 Extn. 3006  
E-Mail:- [graham.woolhouse@rochford.gov.uk](mailto:graham.woolhouse@rochford.gov.uk)

	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		Published on website 2.3.05. Hard copies available.
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 (RCE)	CD(ES)		Working with Regional Centre of Excellence.		The Revenues and Benefits Manager represents the Council in discussions on the development of joint working on Revenue and Benefits. Report by the RCE consultants was delayed and only received at the end of September. Its proposals for moving towards more regional working will need to be considered.
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(ES)	Dec. 2005	Examples of joint working in place.	<ul style="list-style-type: none"> <li>• Already Member of Procurement Agency for Essex</li> <li>• Careline supplied by Basildon DC</li> </ul>	<p>NNDR carried out by Chelmsford BC</p> <p>Capita contract for telephone answering and extended hours for Revenues and Benefits.</p> <p>Discussions with Chelmsford in respect of joint working on Revenues and Benefits services continuing.</p> <p>Joint working with Essex Police/other Councils on implementation of Single Non Emergency 101 number.</p>

						Discussions with Southend Borough Council about alignment of procurement process for waste management contracts.
8	Investigate the feasibility of implementing an integrated finance management system.	HFS	April 2005	System in place.	This action was delayed because of the need to procure a new General Ledger System.	Good progress now being made. Full implementation of new system due by end of 2006.
9	Full e-procurement programme	HAMS/HFS	Dec. 2005	Market Place fully operational with general ledger across all departments.	.	Implemented by 31 March 2006. Also met LPSA target for trading electronically.

	<b>Action</b>	<b>Responsible Officer</b>	<b>Target Date</b>	<b>Outcome</b>	<b>Comments</b>	<b>Progress to Date</b>
10	Use of procurement card for low cost purchases	HFS	Dec. 2005	Card usage established across all departments.		Being implemented – pilot project with four staff in place. Full implementation being carried out by end of 2006.
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(ES)	Oct. 2006	Health check carried out and recommendations implemented.		Health check to be carried out November 2006 – delayed to allow time for Audit Commission site visit during October.
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.	No OJEU contracts let.