# PROCUREMENT STRATEGY – SIX MONTH REVIEW

## 1 SUMMARY

1.1 This report apprises Members of the work carried out in implementing the above Strategy.

## 2 BACKGROUND

2.1 The current Procurement Strategy was agreed at the meeting of the Policy and Finance Committee on 14 October 2004.

2.2 The Strategy contains a Service Action Plan which includes a number of activities required by the national Procurement Strategy published by the Office of the Deputy Prime Minister.

2.3 A copy of the Action Plan is produced at Appendix 1, but with additional notes showing progress against the actions and target dates originally agreed.

## 3 PROGRESS TO DATE – APRIL 2005 TO OCTOBER 2005

3.1 In addition to the brief comments set out in the Appendix under the heading "Progress to Date", further information is given in the following paragraphs.

**Action No. 3**

3.2 As reported to Members of this Committee on 21 April 2005, it is not considered necessary at this time to issue supplementary guidance to staff.

Revised Financial Regulations were recommended for approval by Council by the Policy and Finance Committee at the meeting held on 13 September 2005. The revised Regulations will now be considered by full Council on 27 October.

**Action No. 4**

3.3 The compact with local voluntary groups has been included at Section 11 of the Local voluntary Sector Compact agreed at Policy and Finance Committee on 8 March 2005.

**Action No. 5**

3.4 The Head of Revenue and Housing Management is the District Council representative on a steering group which is overseeing probably the largest ever data collection exercise carried out on behalf of local government. This exercise will examine the possibilities of joint working on Revenues and Benefits across the Eastern Region.

Officers are occasionally attending meetings of the Centre of Regional Excellence. Some joint procurement is taking place around bulk purchase of office furniture and bottled water. It is unlikely that this Council will be able to benefit from these initiatives.

**Action No. 7**

3.5 As reported to the Policy and Finance Committee on 12 October, the following actions are being undertaken in respect of Revenues and Benefits:-

- Business Rate collection is now being carried out by Chelmsford Borough Council. This followed an initial three-month trial which commenced in March. A two-year rolling contract was agreed in June.
- Working with Capita to provide telephone answering services for Revenues and Benefits commenced in May 2005. This has also increased telephone contact hours with the public.
- Sharing expertise with Castle Point Borough Council in respect of benefit fraud.
- In discussions with Chelmsford Borough Council and Maldon District Council to examine prospects of joint working on Revenues and Benefits.

In discussions with Castle Point Borough Council and Basildon District Council in respect of joint working in a number of areas such as Building Control and Audit.

**Action No. 8**

3.6 Action on this will not be achieved in line with the Government target. A software supplier has now been identified. The new system should be fully operational by Autumn 2006.

**Action No. 9**

3.7 Marketplace was being used by all Divisions by 31 March 2005. In addition, the Council met the Local Public Service Agreement target with Essex County Council by being able to trade electronically with all small to medium sized enterprises.

**Action No. 10**

3.8 Owing to the small amount of purchasing carried out by the Council, it cannot be taken for granted that savings will accrue from this exercise. Preliminary investigations are due to commence during October.

**Action No. 11**

3.9 No work will be carried out on this until the National Concordat has been published.

## 4 PROGRESS WITH THE PROCUREMENT AGENCY FOR ESSEX (PAE)

4.1 Framework contracts have now been negotiated by Chelmsford Borough Council for cash collection and Braintree Borough Council for vehicles up to 7.5 tonnes. It is anticipated that Rochford will be evaluating the position in respect of cash collection over the next few months. With regard to vehicles, the Council will not be making any purchases for at least two years.

4.2 The Council is actively involved with the Agency with regard to joint procurement of utilities.

4.3 The pilot joint contract register is being carried out by Chelmsford and Southend Councils. It is hoped this will then be able to be shared with all of the partners.

4.4 The Council agreed to join the Agency for an initial period of three years commencing 1 April 2004. The cost of membership was agreed at £8,000 per annum, index linked. A notice period of one year is required to terminate membership. A decision must, therefore, be made before April 2006 as to whether or not to continue in the Agency.

4.5 In addition to the potential benefits accruing to the Council by being a member of the Agency, actual savings have already been made.

4.6 The Council is already benefiting from savings of around £3,000 per annum from the county-wide stationery contract. New contacts are currently being entered into in respect of mobile phones and vending machines. These will provide both cash savings of around £2,000 per annum, but, more importantly, release staff time.

4.7 The Agency has provided expertise in procurement that is not available within the authority. This has provided us with the templates for the selling to guide and a toolkit for letting consultancy contracts. At present we are benefiting from being given the opportunity to utilise a printing contract which is being tendered by Southend-on-Sea Borough Council. We do not have the resource in house to work up the type of contract that Southend is pursuing.

4.8 With the benefits that have already accrued to the Council and the current work we are participating in, officers are of the view that the benefits of being a member of the Agency currently outweigh the costs. In view of this, it is suggested that the Council should retain membership. If this is agreed, provision will need to be made in the five-year rolling budget strategy for funding in 2007/8 and beyond.

## 5 RECOMMENDATION

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

To note the progress in respect of the Procurement Strategy and the Procurement Agency for Essex.

It is further proposed that this Committee **RECOMMENDS** to the Policy & Finance Committee

That membership of the Agency continues into 2007/8 and that provision in the five year rolling budget strategy is made accordingly.

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**Background Papers:-**

None

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**APPENDIX 1**

**PROCUREMENT STRATEGY 2004-2006**

**ACTION PLAN**

**Note: Actions and dates comply with National Procurement Strategy**

| | Action | Responsible Officer | Target Date | Outcome | Comments | Progress to Date |
|---|---|---|---|---|---|---|
| 1 | Adopt new Procurement Strategy 2004/6 | CD(F&ES) | October 2004 | Strategy adopted and published | | Strategy update 14 October 2004. |
| 2 | Publish Selling to Council Guide | HAMS | February 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 March 2005. 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 February 2005. Previous Financial Regulations presented to Council 27 October 2005. |
| 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 March 2005. |
| 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. |

| | Action | Responsible Officer | Target Date | Outcome | Comments | Progress to Date |
|---|---|---|---|---|---|---|
| 6 | Average time taken from OJEU notice to letting of contract to reduce by 10% of average for 2003 | CD(F&ES) | December 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. |
| 7 | Joint collaboration to create shared service for procurement and project management | CD(F&ES) | December 2005 | Examples of joint working in place | • Already Member of Procurement Agency for Essex<br>• Negotiations commenced for joint collection of business rates with Chelmsford BC<br>• Careline supplied by Basildon DC | NNDR now carried out by Chelmsford Borough Council.<br><br>Capita contract for telephone answering and extended hours for Revenues and Benefits.<br><br>Supplying assistance to Castle Point Borough Council re Benefit Fraud. |

| | 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. | Software supplier identified. New system now likely to be fully operational Autumn 2006. |
| 9 | Full e-procurement programme | HAMS/HFS | December 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. |
| 10 | Use of procurement card for low cost purchases | HAMS | December 2005 | Card usage established across all departments | | Preliminary investigations to commence in October. |
| 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. |

| | Action | Responsible Officer | Target Date | Outcome | Comments | Progress to Date |
|---|---|---|---|---|---|---|
| 12 | Carry out independent health check | CD(F&ES) | October 2006 | Health check carried out and recommendations implemented. | | |
| 13 | Average time taken from OJEU notice to letting of contract to reduce by 25% of average for 2003. | CD(F&ES) | December 2006 | Target 33 weeks | See note at 5 above. | |