

Title: **Procurement Update**

Lead Member: **Cllr Rosier - Procurement Advisor**

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Purpose

The purpose of this report is to update the Audit Committee with progress on procurement activities within the Council.

Background

Cabinet agreed the Procurement Strategy in September 2005 and since then the procurement group has been working to take the action plan forward. The strategy is based on IDeA guidance and the requirements of the National Procurement Strategy.

In procurement terms West Wiltshire District Council is a tiny player. The council spends less than £1m on bought-in goods and services. We have no full time procurement officer and it is unlikely that savings from improved procurement would cover the cost of employment.

Additional resources have recently been put in place within finance to support procurement issues and targets facing the Council, and the procurement group met in early September to re-establish future activities and objectives.

The council continues to adopt the strategy of working closely with the County Council and other district councils, via the Wiltshire Procurement Federation, to obtain efficiencies through joint procurement.

The main achievements and future actions against the Procurement Strategy plan are outlined below.

Key Issues

Joint Procurement Working

West Wiltshire is currently involved in two county wide procurement projects and another involving 10 councils across the West. These projects will result in the letting of contracts, for all councils involved, covering an exclusive advertising contract tendered by e-auction, agency staff and an office stationery and equipment contract.

It is anticipated that genuine cashable savings will be identified following the implementation of these contracts.

The Council is also involved with other public bodies across Wiltshire in developing a contract for the supply of fuel for vehicles, although the process is still at an early stage.

Contract Register and Management

The Contracts Register is currently being updated to give details of all the councils main contracts over £50,000. Once updated this will then be made available to officers and members and posted on the Internet and the BuyWiltshire website.

Our internal auditors, KPMG, have recommended establishing a contract monitoring group to manage all contracts. In order to achieve best practice we require consistency in setting up and awarding contracts. We also need processes for ensuring continuity of monitoring and procedures to control variations to contracts.

Skills and Knowledge

Procurement is the responsibility of all officers, supported by the procurement group. A finance fact sheet giving guidance has been developed for everyday purchasing and will be available to all officers involved in the procurement process.

The procurement group will be identifying members of staff who are involved in the procurement process and can form part of a procurement skills audit. The skills audit will then be used to assess training needs across the Council and roll out a corporate training programme.

Sustainable Communities

Businesses continue to be promoted through the supplier data base www.buywiltshire.co.uk. The buywiltshire website is also being developed further to promote business opportunities with local suppliers. Developments will enable the publication of local authority tender notices, local business opportunities and tender award notices for all Wiltshire authorities.

Regional Centre of Excellence (RCoE)

The RCoE has carried out and issued a spend analysis which the procurement group aim to use to further identify potential areas for efficiency along with the potential to use procurement cards.

In addition to this the RCoE will also be conducting a survey to obtain a regional picture of procurement card use, enabling the RCoE to provide help and support to councils looking to implement a procurement card programme.

The survey will also identify a list of suppliers who are able to accept procurement cards, enabling West Wiltshire to easily identify suppliers who are able to accept payment and also allow the RCoE to encourage key suppliers to become enabled.

Work has recently commenced on a new grounds and street cleansing contract between the district, county and housing association. Cabinet was asked to set up a consultative group at its meeting in November. The intention is to have a joined up contract between all three parties, but details are still under discussion.

Procurement Cards

Procurement cards are designed for low value, high volume purchases, however the council now purchases very little of this type of commodity or is currently in the process of jointly contracting out this to one supplier e.g. office stationery and equipment contract.

The procurement group discussed the use of procurement cards as a way forward for West Wiltshire. Using case studies from several councils currently using procurement cards it was deemed that a blanket roll out would add little value or benefit to the council.

The procurement group has identified areas within the council where the procurement card may add benefit or where discounts could be achieved e.g. purchases over the internet (IT) and electrical supplies. With the information and survey data coming out of the RCoE, further opportunities for procurement card use may arise.

Performance Monitoring

The performance indicators below were developed from national and local guidance and set up as part of the Procurement Strategy agreed in September 2005.

Following the recent procurement group meeting, it was established that the Council actually raises all orders electronically through its Agresso financial system, with only grants and payments made without invoices being raised manually. The indicator has therefore been adjusted to take account of this.

The procurement group will continue to review the usefulness of each indicator and targets and will also begin to gather benchmarking data from other authorities, focusing initially on the average minimum cost of raising an order.

Some of the national targets may not be appropriate for a small district council and may not be deliverable. The success is often linked with the frequency of letting of contracts or implementing systems.

1. Indicators

Strategy	Target	Mar 06	July 06
Strategy implementation Percentage of milestone activities completed in the National Procurement Strategy for Local Government (2004/2005 targets)	100%	50%	50%
Aggregation 1 Percentage of corporate spend aggregated through corporate framework agreements and corporate contracts	No target	11%	11%
Sustainable procurement Percentage of framework agreements and contracts awarded following best practice on sustainable procurement	100%	12%	12%

Purchasing	Target	Mar 06	July 06
Average minimum cost of raising an order Total cost of the process from requisition to payment	£2.50	£3.33	£3.48
Average invoice value Corporate spend divided by total number of invoices	No target	£1,698	£2,569
Average spend per supplier Corporate spend divided by the total number of suppliers	No target	£11,917	£6,100
Percentage of invoices received electronically	20%	0%	0%
Percentage of orders raised electronically Indicator amended	25%	16%	75%
Percentage of invoices paid electronically e.g. through BACS (Commercial Supplies only)	50%	36%	45%

2. Gershon

Work on the Gershon shared services agenda is on going. It is anticipated that the collaborative working going on between councils on the contracts mentioned earlier in the report will contribute to the 2.5% pa efficiency savings.

The Wiltshire Customer First Partnership identified Building Control as an area that could deliver significant benefits from having a shared service. All four Wiltshire district councils are involved in the project, with West Wiltshire leading.

Following an investigation and evaluation into the project, there was a clear outcome that joint partnership was the best way forward. A business case will now be developed to create a single Wiltshire Building Control Service.

There is a corporate legal framework agreement in place across the South West whereby councils can use the services of a number of selected solicitor firms. A procurement process has already been undertaken by the initial councils involved to select the successful solicitor firms.

At present West Wiltshire is not part of the agreement but actively looking at the benefits and savings of being involved with a view of joining the agreement.

3. Milestones

There has been no significant change to the procurement milestones. The procurement group will be looking at the milestones to see where more can be achieved in the future.

Effect on strategies and codes

These are contained within the report.

Risk management implications

The implementation of the action plan detailed in the Procurement Strategy needs to be progressed further to ensure the council's procurement processes comply with best practice.

Finance and performance implications

There are no direct finance and performance implications.

Legal and human rights implications

There are no direct legal or human rights implications.

Next steps


The Council is committed, through the procurement group and via partnership working with other councils, to delivering quality procurement practices throughout the organisation. This will help to ensure positive and effective relationships continue with suppliers and facilitate the delivery of efficiency savings wherever possible.

Recommendations

That Audit Committee comments on the progress made to date and the Cabinet recommendation request to:

1. continue to pursue joint procurement projects with other councils to access the best contracts for the supply of goods and services.
2. continue to investigate the areas identified through the procurement group for the use of the Procurement Card.

Background Papers:

 Plain English guidance given

28 November 2006

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