PROCUREMENT TASK GROUP – 29 SEPTEMBER 2011

A meeting of the Procurement Task Group will be held at 5.30pm on Thursday 29 September 2011 in Committee Room 1 at the Town Hall, Rugby.

Councillor Mrs Kaur
Chairman

A G E N D A

PART 1 – PUBLIC BUSINESS

1. Minutes - to approve the minutes of the meeting held on 23 March 2011.

2. Apologies - to receive apologies for absence from the meeting.

3. Declarations of Interest.

To receive declarations of –

(a) personal interests as defined by the Council’s Code of Conduct for Councillors;

(b) prejudicial interests as defined by the Council’s Code of Conduct for Councillors; and

(c) notice under Section 106 Local Government Finance Act 1992 – non-payment of Community Charge or Council Tax.

Note: Members are reminded that they should declare the existence and nature of their personal interests at the commencement of the meeting (or as soon as the interest becomes apparent). If that interest is a prejudicial interest, the Member must withdraw from the room unless one of the exceptions applies.

Membership of Warwickshire County Council or any Parish Council is classed as a personal interest under the Code of Conduct. A Member does not need to declare this interest unless the Member chooses to speak on a matter relating to their membership. If the Member does not wish to speak on the matter, the Member may still vote on the matter without making a declaration.
4. Procurement Strategy 2012-16

5. Future Work

*Any additional papers for this meeting can be accessed here via the website.*

Membership of the Task Group: -

Councillors Mrs Bragg, Cranham, Mrs Kaur, Roodhouse and Srivastava

*If you have any general queries with regard to this agenda please contact Linn Enticott, Democratic and Scrutiny Services Officer (01788 533523 or e-mail linn.enticott@rugby.gov.uk). Any specific queries concerning reports should be directed to the listed contact officer.*

*If you wish to attend the meeting and have any special requirements for access please contact the Democratic and Scrutiny Services Officer named above.*
1. PROCUREMENT STRATEGY 2012-16

On 6 December 2010, the task group agreed that this fourth meeting would deal with the topics of policy, strategy and collaboration. The draft Procurement Strategy 2012-16 is attached at Appendix 1. If members wish to compare this with the old one, the 2008-11 strategy was circulated with the agenda for the meeting on 6 December 2010 and it is still available in the committee papers section of the website, or separately on the intranet at http://intranet.rugby.gov.uk/downloads/RBC_Procurement_Strategy.pdf

The new strategy is a much briefer, higher level policy document than its predecessor. This approach is in keeping with the Council’s Corporate Strategy 2012-16, the presentational style of which is the same. Incidentally the design of the document may give the impression that it is the final version, but it is still at the draft stage and the task group may make recommendations for changes.

The 2008-11 Procurement Strategy provided a primer in the theory behind procurement and the drivers, tactics and tools required to establish good procurement practice. The new strategy is pared right back to concentrate on the key areas of:

- Value for money
- Strategic procurement
- Compliant procurement
- Collaboration

A draft action plan, which will put the strategy into effect, is attached at Appendix 2.

The procurement officers will take the task group through the documents.

2. FUTURE WORK

The task group has planned to have a fifth meeting to deal with the Procurement Toolkit. Under the review’s one page strategy, the outcome of the review was to be the amendment of the toolkit and the inclusion of new or revised standardised documents.

The long-term absence of the Procurement Officer earlier in the year has delayed work on the toolkit. Furthermore, he will be leaving the council shortly and, although a replacement will be recruited, the carrying out of the work on the toolkit is not imminent.
After the initial thorough review, the toolkit should continue to be updated periodically as the conditions in which procurement takes place – legislative requirements for example – will change constantly. For this reason, the action plan includes a review of the toolkit in each of the years of the strategy.

The task group is asked to consider whether it can usefully take its work any further. The group could make an interim report to Corporate Performance Committee and then extend its life to oversee the revision of the toolkit when this takes place. Alternatively, it could conclude its work on the basis that the action plan (with any recommended amendments) will put into effect the recommendations of the task group.

Paul Ansell
23 September 2011
PROCURMENT STRATEGY
2012-2016

CLEAN, GREEN, SAFE
Both the Gershon Efficiency Review (2004) and the Roots Review (2009) highlighted the fundamental role Procurement plays in achieving best value and wider corporate aims for the Authority. The purpose of this document is to define Procurements role in contributing to the strategic aims of the council and operating principles outlined in the Corporate Strategy.

The previous strategy explored in detail the drivers, tactics and tools required to establish procurement discipline within the council. During this time we have ensured that good value services are provided throughout the council whilst maintaining a philosophy of continuous improvement.

This second Procurement Strategy since the inception of the procurement shared service between Rugby Borough Council and Nuneaton & Bedworth Borough Council in July 2008 concentrates on high level principles and 4 key areas; Value for Money, Strategic Procurement, Compliant Procurement and Collaboration.

The purpose of this strategy is to meet the recommendations of the National Procurement Strategy, deliver significant efficiency savings and raise procurement to a strategic level.

Procurement is an essential element of delivering cost effective efficient services. It impacts on Members, Executive Directors, Corporate Management Team, staff, the public, suppliers and partners. Procurement embraces the whole of the supply chain and commissioning cycle from identifying need to contract management and monitoring i.e. the ‘procure to pay’ cycle is one process. Key to the success of this strategy is delivering the council’s procurement at a strategic level and optimising the advantages of a corporate approach to supply chain management. This means that in the future the council will work with its partners to engage in supplier and market development and packaging of contracts to ensure the most effective purchase is made. This strategy seeks to provide clear direction and a co-ordinated strategic approach that avoids duplication or increased bureaucracy, to deliver improvements to our procurement process for the period 2012 – 2016.

Procurement is a critical process for ensuring that the council meets the needs of the community. The public do not distinguish between in-house services and those provided by contractors. Poor procurement can lead to a loss of confidence by the public in our ability to deliver excellent public services.

Rugby Borough Council currently spends approximately £20m per year on procurement of supplies, services and works, using around 1500 suppliers. The council is actively working to modernise and streamline its current processes and procedures to achieve maximum efficiency.

Our Operating Principles are to:

1. Provide Good Value Services
2. Manage Procurement which identifies best practice and challenges current methods
3. Carry out Socially responsible / Environmentally Sustainable procurement
4. Deliver efficiency savings
5. Be open to and seek opportunities for partnership or collaborative work with other authorities
6. Ensure Procurement is conducted within EU / UK legislation and is compliant
VALUE FOR MONEY

Outcomes sought:
- Continue to improve the efficiency and effectiveness of services
- Improved supplier service to end user
- Drive down procurement costs whilst obtaining value for money
- E tendering

The principle of delivering value for money is at the heart of RBC’s objectives and is a key principle for the procurement service. Creating efficiency and releasing resource into front line services, outlines a vision for Rugby borough council to harness opportunities available to deliver measurable efficiency improvements and deliver Value for Money. The Shared Service for Procurement will facilitate Best Value in Procurement and be responsible for strategic development including provision of Contract frameworks, procurement processes, collaboration and benchmarking.

STRATEGIC PROCUREMENT

Outcomes sought:
- Develop central contracts database for improved transparency
- Application of Category Management from analysis of spend data
- Improve management information allowing better financial management, budgeting and tendering
- Devolve Council policy to external bodies through supply contracts
- Sustainable Procurement – local economy and environmental considerations
- E procurement

Strategic procurement takes place where there is high risk / high value of spend for the authority and is crucial in supporting the Corporate Strategy, contributing to the operating principles. In this area it is important to be concentrating on building excellent working relationships with contractors and collaborative partners with a view to driving down costs without attempting to reduce profit margins. This involves looking across service boundaries to identify synergies and opportunities for improving economy, efficiency and effectiveness. Supplier rationalisation will allow procurement power to be refocused with the resultant benefits of increased leverage, potential for reduction in numbers of transactions and better value for money being achieved. It will help develop better relationships with our suppliers and collaborative partners and give a more professional image to the markets in which we operate.

COMPLIANT PROCUREMENT

Outcomes sought:
- Ensure Councils reputation is maintained
- Council staff are aware of relevant legislation and have access to compliant documents
- Manage the risk of legal challenges and keep to a minimum

The risk profile for failing to comply with the EU procurement rules has changed dramatically over the last two years. Procurement is effected by both EU & UK procurement legislation which is ever changing and must be managed effectively. The procurement team must ensure all procurement activity is undertaken within these regulations so we do not leave the council open to challenge. We will continually review our procurement practices and procedures to ensure the council is compliant with existing and developing legislation. An appropriate level of central professional procurement resource and knowledge will also be maintained within the council to help ensure outcomes are delivered.

COLLABORATION

Outcomes sought:
- Actively seek Shared Service & Partnership working
- Encourage the use of Collaboration where spend can be identified within Commodity groups and value for money/ service requirements can be improved
- Establish links to Public Sector Frameworks

The opportunities identified within this strategy become even more powerful when shared with other authorities. We are actively collaborating within the Warwickshire Sub Region, working in various ways with other public bodies to combine our buying power and procure good's, works or services jointly. Major benefits we have realised are economies of scale, accelerated learning and reduced sourcing activity. The council will encourage the development of new methods or approaches to procurement that will deliver services efficiently, effectively and economically. Also active participation in Government sponsored groups such as the West Midlands Regional Improvement and Efficiency Partnership will provide opportunities to share best practice.
**Procurement Vision**

**The key challenges ahead for procurement:**

- Make procurement happen at the right level with the right people
- Use technology and in particular e-procurement to support organisational and behavioural change
- Make procurement a key management activity
- Involve members in the procurement strategy so they provide leadership in embedding procurement excellence into the culture of the Council
- Comply with all legislation relating to procurement activity
- Develop partners and partnership working
- Stimulate markets to be able to procure from a diverse and competitive range of suppliers including minority businesses, voluntary and community sector groups and SME’s
- Develop contracts database on Covalent covering recurrent procurement activity
- Enhance existing guidance and support offered to officers on procurement process / contract management
- Provide strategic procurement advice to major projects
- Provide procurement training for officers
Procurement Action Plan - The 4 Key Delivery Areas of the Procurement Strategy will be delivered through the attached Action Plan. This will be monitored through Covalent.

<table>
<thead>
<tr>
<th>Key Aim</th>
<th>Action</th>
<th>Requirements</th>
<th>Procurement Lead Officer</th>
<th>Service Area</th>
<th>2012/13</th>
<th>2013/14</th>
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<tbody>
<tr>
<td>1.1</td>
<td>Develop performance measures for purchasing.</td>
<td>To benchmark current performance and identify methods of improving efficiency &amp; effectiveness of procurement service</td>
<td>Steve Ryder</td>
<td>Corporate</td>
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<td>1.2</td>
<td>Identify areas where potential savings can be made without the loss of Quality, Effectiveness or Efficiency.</td>
<td>Exploit opportunities to improve the efficiency and effectiveness of services across the Council</td>
<td>Steve Ryder</td>
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<td>1.3</td>
<td>Define streamlined procurement processes and identify cost/time saving</td>
<td>Establish streamlined procurement process (reduced waste) to improve service and reduce costs</td>
<td>Steve Ryder</td>
<td>Corporate</td>
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<td>1.4</td>
<td>Gain understanding of supplier capability and support supplier develop't</td>
<td>To secure strong supply chain and improve supplier interface in support of Council Process improvement</td>
<td>Steve Ryder</td>
<td>Corporate</td>
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<td>1.5</td>
<td>Baseline existing procurement processes including costs</td>
<td>Establish baseline process and cost / time, audit issues associated with them</td>
<td>Steve Ryder</td>
<td>Corporate</td>
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<td>1.6</td>
<td>Ensure all tenders / quotations are carried out electronically</td>
<td>Advertise all opportunities using E-tendering portal</td>
<td>Steve Ryder</td>
<td>Corporate</td>
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<td>2.1</td>
<td>Implement contract management system using covalent enabling visibility &amp; transparency</td>
<td>Develop and maintain a contract database to ensure Council spend is appropriately controlled, tendering and collaborative work can be planned and co-ordinated</td>
<td>Steve Ryder</td>
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<td>2.2</td>
<td>Aggregate spend and rationalise suppliers where possible. Undertake detailed supplier and spend analysis and implement Commodity Groups</td>
<td>Compare like for like spend and identify areas for aggregation and category management</td>
<td>Steve Ryder</td>
<td>Corporate</td>
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<td>2.3</td>
<td>Collect regular Management Information to benchmark performance</td>
<td>Implement KPI's to monitor procurement activity and identify areas for improvement</td>
<td>Steve Ryder</td>
<td>Corporate</td>
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<td>2.4</td>
<td>Enforce new contract standing orders as agreed with Cllrs</td>
<td>Devolve new CSO’s across the council and ensure officers are aware of changes</td>
<td>Steve Ryder</td>
<td>Corporate</td>
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<td>2.5</td>
<td>Review and maintain Council procurement policy, contract procedures and guidelines</td>
<td>Ensure that the interests of the Council and local economy are supported through sustainable procurement procedures and tendering is appropriate to strategic importance</td>
<td>Steve Ryder</td>
<td>Corporate</td>
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<td>2.6</td>
<td>Ensure there is a commitment to our policies on sustainability and respect for the environment</td>
<td>Working with the Service Units and the Sustainable Partnerships Manager give guidance/steerage on issues relating to sustainability and the environment when procuring.</td>
<td>Steve Ryder</td>
<td>Corporate</td>
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<td>2.7</td>
<td>E-Procurement</td>
<td>Improve contract compliance, spend management and efficiency</td>
<td>Steve Ryder</td>
<td>Corporate</td>
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<td>3.1</td>
<td>Ensure tender / quotation documents are maintained with latest procurement legislation</td>
<td>Update all documents when new case law is introduced to avoid risk to Council</td>
<td>Steve Ryder</td>
<td>Procurement</td>
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<td>3.2</td>
<td>Procurement staff suitably qualified</td>
<td>Attend regular procurement training events to keep up to date with any changes in legislation</td>
<td>Steve Ryder</td>
<td>Procurement</td>
<td>✔</td>
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<td>3.3</td>
<td>Identify procurement training and resource needs within the Authority, and ensure officers are aware of relevant legislation.</td>
<td>Ensure toolkit is maintained and regular drop in sessions with officers are carried out</td>
<td>Steve Ryder</td>
<td>Corporate</td>
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<td>3.4</td>
<td>Enforce robust evaluation of tenders to keep challenges to a minimum</td>
<td>All submissions must be given fair treatment and scored accordingly without prejudice</td>
<td>Steve Ryder</td>
<td>Procurement</td>
<td>✔</td>
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<td>4.1</td>
<td>Maintain shared service with NBBC</td>
<td>Continue with the close relationship between the 2 councils and collaboration with certain projects</td>
<td>Steve Ryder</td>
<td>RBC / NBBC</td>
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<td>4.2</td>
<td>Actively develop shared services, Partnerships and Collaborative working with organisations such as ESPO, Central Buying Consortium &amp; OGC</td>
<td>Achieve economies of scale, reduced cost of administration, whilst retaining auditable process(s)</td>
<td>Steve Ryder</td>
<td>Procurement</td>
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<td>4.3</td>
<td>Collaborate with CSW for on-going projects</td>
<td>Allow to tap into significant spend of larger authorities and achieve significant savings</td>
<td>Steve Ryder</td>
<td>Procurement</td>
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<td>4.4</td>
<td>Utilise Spikes data to benefit category management</td>
<td>Manage data to identify areas of common spend and look at collaboration opportunities with other authorities</td>
<td>Steve Ryder</td>
<td>Procurement</td>
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<td>4.5</td>
<td>Investigate ways to maximise opportunities with the local voluntary and community sector.</td>
<td>Link in with other public authorities including the police / fire and Hospitals in the Rugby / Warwickshire area</td>
<td>Steve Ryder</td>
<td>Procurement</td>
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