MINUTES OF PROCUREMENT TASK GROUP

6 DECEMBER 2010

PRESENT:

Members of the Group: Councillors Mrs Bragg, Cranham, Mrs Kaur, Roodhouse and Srivastava.

Officers: Doug Jones, Head of Business Transformation; Christine Fraser, Corporate Financial Business Analyst; Steve Ryder, Strategic Procurement Manager (Joint RBC and NBBC); Scott Ashwood, Procurement Officer; Paul Ansell, Scrutiny Officer; Linn Enticott, Democratic and Scrutiny Services Officer.

1. APPOINTMENT OF CHAIRMAN

RESOLVED THAT – Councillor Mrs Kaur be appointed Chairman of the Task Group for the duration of its work.

2. APOLOGIES

There were none.

3. DECLARATIONS OF INTEREST

There were none.

4. INTRODUCTORY PRESENTATION BY STEVE RYDER AND SCOTT ASHWOOD – WHERE WE ARE NOW?

The Task Group received a presentation concerning the past, the current situation and the future aims of procurement. A copy of the presentation is attached as an annex to the minutes.

Further to the presentation, the following points and questions were raised:

- The previous procurement model had been viewed as an administrative function and had been flawed in many ways. One of the key issues was that there was no form of central repository of contract details which limited the ability to collaborate with other partners to achieve savings and better contract management.

- The new vision detailed in the Procurement Strategy centres on a more strategic way of working and has clear aims which enable proper processes to be brought in resulting in increased savings. The strategy was produced following the integration of shared procurement services with Nuneaton and Bedworth Borough Council in July 2008 and sets out how procurement can contribute to the Council’s strategic aim and key priorities.
A central contract database is planned which will be at the heart of the new process and will enable contract details to be readily available. This will make spending activity visible, and allow procurement officers to compare contract information with other councils, thus allowing much wider collaboration and buying power through the ability to go out to the market with other councils. It will also provide critical data and a timeline which can also be linked to other councils’ databases.

One of the key aims of the Procurement Strategy is to seek opportunities for partnership or collaborative work with other local authorities, and discussions are taking place between Rugby and NBBC and Stratford on Avon District Council (SDC).

The launch of the WWPG initiative allowed for further subregional collaboration and shared subregional procurement opportunities were being explored with the Coventry, Warwickshire and Solihull (CWS) alliance. This will allow even wider collaboration resulting in a further increase in buying power. Data is currently being pulled together and savings plans should be identified early next year.

RBC and NBBC are leading the way in seeking collaborative opportunities and identifying possible savings. It is estimated that savings could reach around £4million between the 11 member councils.

Members asked what happened to the money saved and were informed that currently savings were recorded and taken out of service budgets and offset against a central savings budget already reducing the overall budget on which the demand for Council Tax was set for the year. Members questioned why the savings were not consolidated in a central pot. The group was informed that the budget was already reduced in advance by the savings and therefore could not be set aside again. It was acknowledged that procurement must work closely with finance to affect the budget.

Members commented that internal monitoring needed to be transparent. Targets need to be monitored and exposed to support the budget setting process for next year.

Following a recent restructure, procurement, legal services and audit now fall under the Business Transformation Service. Secure alliances exist that can support the improvement of the quality of contracts, compliance with the law and audit processes as part of the regular audit plan. Elements were now built in for future audits.

The National Strategy for Local Government Procurement asks all local authorities to adopt the national concordat for small and medium-sized enterprises (SME). Central government set a target for SMEs of 40%. Members were informed that the realistic figure for SMEs for Rugby would be nearer 49-50%.

One of the key aims of the new procurement strategy was to support procurement opportunities that are sustainable for the supplier whilst providing value for money for the Council. There are currently several suppliers at risk who are totally dependant on the Council for their work. They could easily go out of business if they were to lose their contract. The intention is to follow best practice and maintain communication levels with suppliers and contractors to inform them when the tendering process is being commenced and to offer support and advice on the tendering process as and when required. The importance of maintaining a level playing field for all was noted.
• Members were informed that the Council’s Constitution was currently being reviewed and this should be completed and adopted by the end of May 2011.

• The Legal Officer who specialises in contracts will be looking at Standing Orders in conjunction with this review.

• Members raised concerns that, if the Contracts Standing Orders were out of date, this could create a potential risk that officers could mismanage contracts by referring to incorrect documentation and leave the Council open to legal challenge. Members were informed that an updated draft version does exist though this was due to be updated further following new legislation.

• Members requested that some form of warning be issued on the internet and intranet to highlight that the published version was out of date. Leadership and Operations Team should be asked to reinforce this and the Communications Team should be asked to send out a warning message in the In Touch electronic newsletter informing staff that they should not rely on any previously-acquired copies.

• The group agreed that any improvements that can be made in the short term should be carried out and then noted in the final review report.

• Members commented that several waivers of standing orders had been considered in the past and that a formal procedure covering this should be produced. Members were informed that these were referred to the Head of Resources in the first instance and then they were also referred to procurement officers though the report often does not highlight this. Sometimes the timing is an issue. It was noted that this is one area where the construction of a central contract database would be of value.

• Members commented that if contracts were being extended this could be done at a lower price to take into account the fact that the preliminary work had already been carried out.

• Covalent could be used as a tool to trigger key contract dates and renewal dates. There was an issue surrounding identifying contracts and this would require support from the Heads of Service and also compliance from officers. Covalent would also be able to compare contract dates with other councils’.

• Members asked about how the process was governed and highlighted that conditions and possibly some form of checklist would be of value.

• It was noted that maintaining a database would not create a staff resource issue as the officers responsible for the contracts would individually manage their own on the system.

5. ONE PAGE STRATEGY AND PROGRAMME OF WORK

The Task Group considered the briefing paper (agenda item 5) relating to the One Page Strategy and discussed the future programme of work. The following points were made:
The Group commented that the outcomes from the forthcoming Localism Bill and the exploration of trading across the council as recommended by Cabinet should be reflected in the work programme. The following items should also be included:

i) the updating of Contact Standing Orders;
ii) emerging legislation needs to be understood and be built in;
iii) Governance arrangements and legal issues.

It was agreed that the ‘unreasonable’ ambition of the review in the One Page Strategy should be amended to refer to maximising savings rather than quoting a specific target.

Members commented that comparisons could be made with Warwickshire County Council’s procurement processes and agreed that Paul White should be approached to attend a future meeting to provide information on WCC’s procurement service.

It was agreed that consultation with Housing Services, Environmental Services and the Works Services Unit would be required. This should be sought from front line operational managers.

The Group agreed that the work programme should include a session on a central database and compliance.

It was considered that the review could be completed in approximately six months.

**RESOLVED THAT –**

(1) The One Page Strategy should be revised in accordance with the Group’s comments; and

(2) the following topics should form the future work programme of the Task Group -

i) January – End Users
ii) February – Contract Standing Orders including updateability
iii) March – Database and compliance
iv) April – Policy, strategy and collaboration
v) May – Toolkit and checklist.

**6. DATES OF FUTURE MEETINGS**

It was agreed that the Task Group’s next two meetings be held as detailed below.

i) 5.30pm Tuesday 11 January 2011
ii) 5.30pm Tuesday 8 February 2011

CHAIRMAN
Procurement
Where we are now

• Agenda
  – Introduction
  – Procurement – Previous/Current/ Future
  – Strategy Aims
  – Shared Service/Collaboration
  – Savings/SME’s/Sustainable Suppliers
  – Scrutiny Outcomes
    • Contract Standing Orders
    • Central Contracts Database
    • Process – Toolkit
Procurement
Where we are now

Scott Ashwood
Rugby BC Procurement Officer
Steve Ryder
Strategic Procurement Manager
Nuneaton and Bedworth BC
Shared Procurement Service
Procurement
Where we are now

• What is Procurement?
  – “procurement means the process of acquiring goods, works and services from suppliers, and the process spans the whole cycle from identification of needs through to the end of services contract or the end of useful life an asset”.

Annex
Procurement
Where we are now

Procurement Strategy in Rugby and Nuneaton

- Previously – Devolved to front line
  - Limited co ordination
  - Limited aggregation
  - Multiple Contract Terms
  - Limited Contract Management
  - Limited visibility
  - Difficult to collaborate
  - Difficult to manage Risk

- Current/Future Vision – Centralised Strategic
  - Process savings
  - Spend reduction
  - Collaboration
  - Central Contract Data
  - Visibility
  - Risk Management
  - Improved Governance
Procurement
Where we are now

Delivery through Procurement Strategy
Our procurement strategy has 7 clear aims, which in summary are:
– A more coordinated approach to procurement
– Procurement opportunities that are sustainable for the supplier whilst providing good value for money for the Council
– Procurement which identifies best practice and challenges current methods
– The right amount of central procurement skills and resources/governance
– Socially responsible procurement
– Procurement in line with the Council’s transformation programme
– Be open to and seek opportunities for partnership or collaborative work with other local authorities to achieve efficiencies.

Nuneaton & Bedworth
United to Achieve

Rugby Council
MOVING ON together

Annex
Procurement
Where we are now

Shared Service RBC/NBBC/SDC!
The objective for Shared Services working is the sharing of resources, technology and good practice to improve customer service in a legally compliant and Value For Money way.

Collaboration WWPG/CWS
Sub Region initiatives to aggregate spends through category management to maximise buying power.

relative spend  RBC/NBBC £40m
                WWPG    £173m
                CWS     £800m
Procurement
Where we are now

Savings:
CSR 07 – 3% pa
FY 09/10 £325,756
FY 10/11 £306,258 so far
CSR 10 – 7.1% pa

SME’s: Government target 40% value
RBC 08/09 actual 54%

Sustainable Procurement: 27 suppliers at risk
Procurement
Where we are now

Scrutiny Outcomes:

– Update Contract Standing Orders
  • Key governance document
  • 4 years out of date
  • Areas requiring updating
    – Thresholds
    – Frameworks
    – Evaluation criteria
    – E Tender process
    – Toolkit
    – EU Regulations/ UK law/ Case Law
Procurement Awareness

Scrutiny Outcomes Cont:

– Establish Central Contracts Database
  • Transparent record of commitment
  • Records tender process and Contract details
  • Enables planning of re tendering resource
  • Enables saving monitoring
  • Avoids emergency contract extensions
  • Supports Collaboration
Procurement
Where we are now

Scrutiny Outcomes Cont:
- Update Toolkit (available under Procurement Tab on Intranet)
  - Steps prior to Purchase
  - Financial limits
  - Specification/ Standardised Contracts
  - Description of Goods/Services/Works
  - Method of Submission/ Standing Orders/EU Regs
  - Central Contracts Database or Advertising
  - Receipt & Opening of Tenders/ Quotations
  - Evaluation and Award
  - Appropriate Records kept
  - Post Tender Negotiating
  - Extension of Existing Contracts