

REPORT TO: Business Efficiency Board
DATE: 29 September 2010
REPORTING OFFICER: Strategic Director, Resources
SUBJECT: Procurement Update
WARDS: Boroughwide

1.0 PURPOSE OF THE REPORT:

1.1 To inform the Board of progress made to date by the new Procurement Centre of Excellence

2.0 RECOMMENDATION: That:

- (1) the Board is asked to note the contents and progress to date; and
- (2) that the revised Procurement Strategy is brought to the Business Efficiency Board for approval.

3.0 SUPPORTING INFORMATION:

3.1 The Procurement Team

The new team was established on 1st April 2010 as part of the major Halton Borough Council restructure. The purpose is to lead the Council in managing change and developing procurement activity to realise spend reduction and to make financial savings. This team is led by a Divisional Manager with four Category Managers, one attached to each of the four Directorates, to coordinate the review and rollout strengthened procurement practice.

3.2 Procurement Strategy

The current Strategy is under review and will be presented at a future Efficiency Board meeting. Clearer targets are being developed which will be measurable and achievable and that support the efficiency agenda, assist to drive changing practice within the Council and to deliver savings.

3.3 Rollout of Procurement Support across the Council

The Council has committed to using the E-Tendering system, Due North (The Chest) to advertise and manage all tender exercises. This will be phased across all spend areas of the Council over the next year which will bring a number of benefits both to the Council and to business community.

The E-portal (Due North) is a web based tool which many Authorities nationally have signed up to including our neighbours in the North West. It allows us to advertise trading opportunities to anyone that accesses this portal and all business who are registered (which is free) on the system. It simply advertises the opportunity to either quote for work under £50K but also to tender for work over £50K, and the system manages the formal tender process.

Benefits to Halton BC are; complete transparent trading opportunities advertised; maintaining a robust audit trail of tendering processes and allowing efficient work practice. Benefits to businesses are; gaining access to all trading opportunities with Halton BC; a full audit trail of their activity and easier administration/reduced duplication of effort.

The Procurement team intend working with the Halton Chamber of Commerce to promote the use of this system, to encourage local businesses to sign up. Workshops will be held later in Autumn to promote trading opportunities with Halton BC, improved ways of working and how the Procurement team are supporting buyers/commissioners across the Council.

3.4 Progress to date

The new Procurement team have already reduced the Council's spend by in excess of £600k from the review and award of new contracts and the review of procurement activity and processes since April 2010.

The areas of spend reduction are; Agency Supply Workers, Rail Tickets, Postage, Stationery, Office Furniture, Personal Protective Equipment, Civic Newspaper, MFD's, Frozen Food, Wheeled bins/plastic boxes, Print and Specialist Print Paper.

3.5 New spend areas of review

New areas currently under review by the team with Directorates are; Stationery (e auction), Specialised Paper, Washroom Services, Salt Barn, Street Lighting, Cash Collection, Window Cleaning, Fire Extinguishers, Pantomime, Frozen Food, Beer, Wines and Spirits, Adult with Learning Difficulties & Mental Health, Hearing Impairment, Disability/Adaptations, Civic Magazine, First Aid Supplies, Semi-Independence, Independent Mental Incapacity Advocate, CDM Consultants, Confidential Waste, Stair Lifts, Furniture Removals, Consultancy Services (all), Electrical Contractors and CCTV Management.

3.6 Future plans

To promote and implement the full use of Due North – The Chest where appropriate. To work across the Council on all areas of spend in order to further improve procurement practice and to reduce spend and capturing savings into the budget process.

The Procurement team will work with Halton Chamber to promote transparent trading opportunities via Due North and support businesses in registering and published spend data, contract & tendering data as required by Coalition Government by January 2011.

3.7 Efficiency work streams

The Procurement team are supporting the efficiency team on three main work areas which include:

3.8.1 Review of Contracted Services to Schools

The review of contracted services to schools in terms of developing existing services and new business opportunities that could be presented to income generate for Halton BC for a traded procurement service which will ultimately bring more efficient procurement activity in school spending and where we can work collaboratively to let contracts 'internally' with HBC and schools to create economies of scale benefits.

3.8.2 Review of Operational Fleet & Client Transport

The team will support this work stream in terms of reviewing and developing ideas as to how the procurement elements of Operational Fleet and Transport could be more efficient and dovetail into the wider procurement agenda and review. The areas under review are:

- The usage of operational fleet across Council departments
- The fleet management function (procurement, maintenance, fuelling, etc)
- Client Transport arrangements (use of contracts and transport suppliers)

3.8.3 Transactional Process Review

Procurement sits as a transactional service to the Council and the team is working closely with Finance, Ops Finance, Admin, HR and Revenue & Benefits in particular, to map out the end to end processes, to streamline and review in order to continue to make these centres of activity more efficient and effective.

Areas under review include: centralised budget and process management options; standardisation of products (stationery and furniture). The development of batch processing payments to suppliers and e payments such as procurement cards. These processes will remove paper activity and reduce processing time significantly. The team are also working with Finance to realise the spend reductions identified through better procurement and new contracts awarded etc. to ensure this action is seen in the budget allocation both in year and forward looking into the budget setting process for 2011/12 and beyond.

4.0 POLICY IMPLICATIONS

4.1 None identified at this stage.

5.0 OTHER IMPLICATIONS

5.1 None identified at this stage.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 The Procurement Centre of Excellence is designed to improve procurement practice across the Council to reduce costs associated with procurement but also to realise significant savings from more robust procurement activity. This affects all of the Council's priorities.

7.0 RISK ANALYSIS

7.1 Given the financial constraints facing the Council in the immediate and medium terms, failure to identify and realise savings from more robust procurement practice may result in financial pressures to the Council not being met. This could result in services being underfunded, with departments unable to meet the costs of staff and other resources required to deliver to the community of Halton.

8.0 EQUALITY AND DIVERSITY ISSUES

8.1 N/A

9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

9.1 N/A