

EAST AYRSHIRE COUNCIL

POLICY AND RESOURCES COMMITTEE – 14th NOVEMBER, 2006

CORPORATE PROCUREMENT STRATEGY – UPDATE

Report by Depute Chief Executive/Executive Director of Corporate Support

1. PURPOSE OF REPORT

- 1.1 To apprise Committee of further progress made towards implementation of the Council's Corporate Procurement Strategy and provide details of ongoing and anticipated procurement developments which will require to be incorporated in an updated and enhanced strategy.

2. BACKGROUND

- 2.1 Members will recall that at the meeting of the Policy and Resources Committee on 25 November 2004 the formal adoption of a draft Corporate Procurement Strategy was approved with the task of co-ordination of the implementation of the strategy being remitted to the Depute Chief Executive/Executive Director of Corporate Support. Thereafter, Committee considered an update report on the strategy on 15 November 2005 which provided details of progress towards implementation of identified priority actions, advised of the commencement of the McClelland Review of Public Sector Procurement, highlighted ongoing issues concerning ABC and gave details of the extent of contractual activities involving the procurement section as well as details of East Ayrshire's participation in collaborative procurement exercises.
- 2.2 The Corporate Procurement Strategy's principal purpose was to set out a clear strategical framework for all future procurement activity and development within the Council with the overall objective of the establishment of a coherent, comprehensive and integrated procurement strategy. In doing so the strategy provided significant levels of detail encompassing generalised procurement principles, existing procurement arrangements within the Authority and existing term contracts. However, it has become apparent that as matters have progressed both on a local and national basis, the strategy will require to be substantially revised and updated during 2007 to ensure it's consistency with contemporaneous procurement developments.
- 2.3 The Strategy identified a number of priority actions which were to be progressed over an initial twelve month period after adoption within the context of an ambitious three year procurement programme detailed in an accompanying action plan. Review of the key priority actions at this, the end of the second full year of the strategy's adoption, would suggest that all of the identified priority actions have now been implemented to some extent across the Council. However, within that context there are a number of both internal

and external developments which will have significant future impact on procurement generally.

3. THE McCLELLAND REVIEW OF PUBLIC PROCUREMENT IN SCOTLAND

- 3.1 The Report on “The McClelland Review of Public Procurement in Scotland” was issued on 15 March 2006 and contained 77 separate recommendations which would potentially affect every facet of future public procurement activity. Given the potential extent of the implications and developments which have already begun to take place a separate report on what has become known as “The McClelland Programme” has been prepared and issued for consideration by committee.

4. THE AUTHORITIES BUYING CONSORTIUM (ABC)

- 4.1 As indicated in the report considered by the Policy and Resources Committee on 15 November 2005 the previous twelve months had witnessed an unprecedented level of activity on the part of the ABC. The period since then has seen the continuation of developments which ultimately have become inextricably linked with the implementation of “The McClelland Programme”. In the short to medium term this will undoubtedly have implications for East Ayrshire. Members should also be aware that the current Director of ABC, Ronnie McClean and current The Head of Purchasing, Brian Saberton have both been approved for early retirement and new appointments have been made for both positions. In the meantime, the Council’s ABC involvement with the attendance of the East Ayrshire representative at regular meetings of the ABC Joint Committee, which meets approximately eight times per annum, has continued.
- 4.2 In addition, East Ayrshire continues to be represented at both the steering group and the executive management group which groups continue to meet on a regular basis. The various future development proposals mentioned in last year’s report are still ongoing but it would be fair to say that relatively little progress has been possible over the last months due to the issues identified in the preceding paragraph.

5 EAST AYRSHIRE COUNCIL’S BEST VALUE AND COMMUNITY PLANNING AUDIT REPORT – IDENTIFYING PROCUREMENT BASED EFFICIENCY SAVINGS

- 5.1 Within the Best Value Report, members will be aware, that a number of high priority actions were identified relating to a range of areas of Council activity. In relation to the procurement function a requirement to “achieve efficiencies through the application of modern procurement/purchasing methods, including e-procurement and more effective use of consortia arrangements” was identified. This improvement area was also identified within the Council’s

own submission to the Audit Commission, entitled "Securing Continuous Improvement" in January 2006.

- 5.2 During the last twelve months efforts have been made to identify areas where efficiency savings could be made as a direct result of procurement initiatives. Accordingly, with the approval of the Procurement Working Group it was decided to centralise the purchase of a number of regularly used commodities in an effort to identify the scope for efficiency gains. For the purposes of this report two commodities will be specifically referred to, namely corporate printing and photocopiers.
- 5.3 In relation to corporate printing, an initial review was carried with the intention of identifying the Council's expenditure on external printed materials. In the year 2004-05 the financial system discloses an annual spend of £536,353. It should be noted however that this figure included significant levels of one off spend. Thereafter, the procurement process involved was the creation of a framework contract with eighteen suppliers and the introduction of a mini tendering system. Various alterations to paper quality and supplier arrangements were also instituted. Thereafter, the corporate print spend in the financial year 2005-06, which included a five month period of the new contractual arrangements, was £323,364. The current year to 24 October 2006 produces an expenditure figure of £168,592. Even allowing for the one off spend in financial year 2004-05 it would seem to be the case that this exercise has been highly successful indicating that efficiency savings are achievable subject to a number of factors including the institution ongoing and effective contract management processes.
- 5.4 The position in relation to photocopiers is also worthy of note. Evaluation of arrangements, terms and conditions and prices had revealed significant levels of variation across the Council. Accordingly, with the conclusion of a new ABC procured contract it was decided firstly to evaluate the contract with a view to identifying a single source supplier for East Ayrshire and thereafter to centralise all future photocopier acquisitions within the procurement section. The overarching purpose of the exercise was to ensure uniformity on all contractual provisions and to ensure that appropriate equipment be obtained. The new arrangements commenced in May 2006 and since then 51 new machines have been obtained across the Council. Although it would be premature to speculate on levels of efficiency savings in this exercise, it is apparent that for the first time the compilation of centralised records has been facilitated which will ultimately inform future procurement decisions and will facilitate the provision of accurate cost analysis in due course.

6. POLICY/LEGAL/FINANCIAL/COMMUNITY PLANNING IMPLICATIONS - Nil

7. CONCLUSIONS

- 7.1 The last 12 months have witnessed the professional discipline of procurement reaching unparalleled prominence on a national basis. Given the nature of ongoing developments future direction and implications cannot be predicted with absolute certainty. However, it does seem to be apparent that the

national procurement agenda will have far reaching consequences which will require to be planned for appropriately within the Council. As indicated in the accompanying report on "The McClelland Programme" it would be the intention to return to committee in the early part of 2007 to report on further procurement developments and to make recommendations designed to facilitate the building of enhanced internal procurement activity.

- 7.2 The strategy's two year history can be regarded as successful in many areas but as always there is no room for any level of complacency. Much remains to be done but with the ongoing support of staff at all levels and the willingness and commitment to facilitate change where necessary the ultimate benefits are regarded as achievable. Since last November the procurement team have been involved in 100 individual procurement projects which are detailed in Appendix A to this report. Members are directed in particular to the contract status column. Members are asked to note in the number of collaborative projects which are ongoing and in particular that fact that procurement advice is being provided by East Ayrshire's procurement team in most cases.

8 RECOMMENDATIONS

- 8.1 It is recommended that committee:-

- (i) as identified above, notes the further progress made in the implementation of the corporate procurement strategy and that further reports in relation to the procurement function will be brought to committee in due course; and
- (ii) otherwise, note the contents of this report.

Elizabeth Morton
Depute Chief Executive/Executive Director of Corporate Support

30th October 2006

LIST OF BACKGROUND PAPERS

- (1) Corporate Procurement Strategy Report to the Policy and Resources Committee of 25th November, 2004.
- (2) Corporate Procurement Strategy Update Report to the Policy and Resources Committee of 15 November 2005.
- (2) Corporate Procurement Strategy

Members wishing further information should contact David Mitchell, Head of Administrative & Legal Services on Extension 6061

Implementation Officer: Stuart McCall, Solicitor – Legal Services
Ext. (01563) 576085

APPENDIX A

Ref	Project Title	Client	Status @ 30/10/2006
PS/04/61	Supply of Domestic Boilers	Housing	Awarded
PS/04/62	Supply of Radiator Kits	Housing	Awarded
PS/04/63	Supply of Bathroom Ware	Housing	Awarded
PS/04/64	Supply of Kitchen Units	Housing	Under Review
PS/05/05	Computerised Recruitment Management System	Personnel	Awarded
PS/05/09	Supply & Erection of Street Signs	Technical Services	Awarded
PS/05/12	Supply of School Furniture PPP	Education	Out to Tender
PS/05/14	Building Preservation Repairs Service	Building & Works	Under Review
PS/05/15	Various (21) Services Contracts Framework	Building & Works	Under Review
PS/05/16	Environmental Cleaning Service	Building & Works	Under Review
PS/05/17	Playwork Training	Education	Awarded
PS/05/21	Supply of Tyres	Ayrshire Collaboration	Awarded
PS/05/22	Imprest Stock Vehicle Spares System	Ayrshire Collaboration	Led by SAC – Initial Stage
PS/05/23	Vehicle Maintenance South	Transport	Awarded
PS/05/25	Plant Hire	Corporate	Framework Awarded
PS/05/26	Supply of Fresh / Organic Foodstuffs	Onsite Services	Awarded
PS/05/27	Waste Disposal Services	Protective Services	Awarded
PS/05/28	Design & Build Pedestrian Footbridges	Outdoor Services	Unsuccessful under review
PS/05/30	Occupational Health Service	Ayrshire Collaboration	Led by NAC – Initial Stage
PS/05/32	Corporate Printing Services	Corporate	Framework Awarded
PS/05/35	Aluminium & Steel Cans Recycling	Protective Services	Awarded
PS/05/36	Computerised Corporate Asset Management System	Economic Development	Awarded
PS/05/37	Producer - Pantomime	Leisure Services	Awarded
PS/05/38	Vehicle Hire Framework	Corporate	Framework Awarded
PS/05/39	Supply of Climbing Wall	Education	Awarded
PS/05/40	Tenants Starter Packs	Housing Services	Awarded
PS/05/41	IT Based Educational Support for Looked After Children	Education	Awarded
PS/05/42	Efficient Government Fund – Stage 2 Consultancy Service	ICT	Awarded
PS/05/46	Design, Supply, Install School Kitchens for PPP Projects	Education	Awarded
PS/05/48	Architectural & Design Services Framework	Technical Services	Framework Awarded
PS/05/49	Private Sector Stock Condition Survey	Housing	Awarded
PS/05/50	Provision of Business Continuity Training	Neighbourhood Services	Unsuccessful
PS/05/51	Rough Sleepers Initiative	Ayrshire Collaboration	Awarded
PS/05/53	Common Housing Register IT System Compatible with Orchard	Housing	Negotiations Ongoing
PS/05/54	Band Saws & Planer/Thicknessers	Education	Awarded
PS/05/55	4 x 4 Vehicles	Roads, Transport & Design	Awarded
PS/05/56	Integrated Security Management System	Technical Services	Tenders to be Invited Feb 2007

Ref	Project Title	Client	Status @ 30/10/2006
PS/06/01	Hand Held Fire Fighting Equipment Maintenance	Property	Awarded
PS/06/02	Water Testing Service	Property	Awarded
PS/06/03	CCTV Maintenance	Property	Awarded
PS/06/04	Fire Alarm & Emergency Lighting Maintenance	Property	Awarded
PS/06/05	Non-Domestic Lift Maintenance	Property	Awarded
PS/06/06	Air Conditioning Maintenance	Property	Awarded
PS/06/07	Swimming Pool Pump & Filter Maintenance	Property	Awarded
PS/06/08	Void Property Security	Housing	Awarded
PS/06/09	Domestic Gas Maintenance (Annual Safety Checks and Repairs)	Housing	Awarded
PS/06/10	Photography Services Framework	Public Relations	Framework Awarded
PS/06/11	Childcare Voucher Scheme	Personnel	Awarded
PS/06/12	Annual Special Needs Taxi Service	Education	Awarded
PS/06/14	Supply of 3 Refuse Collection Vehicles	Cleansing	Awarded
PS/06/15	3.5 tonne Pick Up Truck	Cleansing	Awarded
PS/06/16	Street Sweeping Vehicle	Cleansing	Awarded
PS/06/18	Supply of Street Lighting Materials	Roads	Awaiting Client Brief
PS/06/19	Supply of PC Concrete Roads Materials	Roads	Awaiting Client Brief
PS/06/20	Framework for Supply of Vehicles	Corporate	Framework Awarded
PS/06/21	QS Services (Stop-Gap) Framework	Technical Services	Framework Awarded
PS/06/22	Content Management System	IT	Tenders being Evaluated
PS/06/23	Young Persons Housing Support Service (Revised Requirement)	Housing	Unsuccessful
PS/06/24	Sprinkler Installation Maintenance Service	Development Services	Awarded
PS/06/26	3 year Special Needs Transport Service	Education	Awarded
PS/06/27	Furniture Handling & Storage Service	Housing	Under Review
PS/06/28	Glass Recyclate	Community Services	Under Review
PS/06/29	Roadside Advertising	Roads	Awarded
PS/06/30	Cash Collection Service (Local Offices)	Admin	No Client Brief
PS/06/31	Road & Cycleway Resurfacing	Roads	Framework Awarded
PS/06/33	Festive Street Lighting	Roads	Awarded
PS/06/34	In-Vessel Composting	Ayrshire Collaboration	Initial Stage
PS/06/35	Banking Services	Finance	Being Procured by Others
PS/06/36	Insurance Services	Finance	Initial Stage
PS/06/37	Housing Survey/Reporting System Software	Housing Service	Tenders being Evaluated
PS/06/38	Fleet Fuels (Petrol & Diesel)	Corporate	Out to Tender
PS/06/39	Consultancy - Community Planning 4-Yearly Review	Community Planning	Awarded
PS/06/40	Ground Maintenance Garden Care	Neighbourhood Services	Initial Stage
PS/06/41	Supply & Erection of Playpark Equipment	Neighbourhood Services	Awarded
PS/06/43	Supply & Installation of iSDX to N/W Kilmarnock Neighbourhood Centre	Corporate Support	Awarded

Ref	Project Title	Client	Status @ 30/10/2006
PS/06/44	Supply and Installation of Bus Shelters	Roads	Awarded
PS/06/45	Network Hardware Supply and Maintenance	IT	PQQs received – Short-listing
PS/06/46	Multi-use Games Areas	Neighbourhood Services	Awarded
PS/06/47	Marketing of School Meals	Onsite	Tender Return Imminent
PS/06/48	Consultancy & Interior Design Services	Library Services	Awarded
PS/06/49	Playwork Training - 2006	Education	Award Imminent
PS/06/50	Crosshouse Resource Centre – Design Services	Corporate Support	Award Imminent
PS/06/51	Community Environmental Improvement Action Plans	Planning	Awarded
PS/06/52	Modular Offices for Burnside Street- Supply & Installation	Building & Works	Awarded
PS/06/53	Advertising Agency	Ayrshire Collaboration	Led by NAC – Initial Stage
PS/06/54	Production of CAD Floor Plans for Public Buildings Framework	Economic Development	Framework Awarded
PS/06/55	Disposal of Surplus IT Equipment (All Ayrshire)	Ayrshire Collaboration	Tenders being Evaluated
PS/06/56	Loan Management System	WSLF	Award Imminent
PS/06/57	Development Of A Transport Model For Kilmarnock	Roads	Out to Tender
PS/06/58	Stewarton Library Furniture	Library Services	Initial Stage
PS/06/59	Care at Home Service	Social Work	Out to Tender
PS/06/60	Traffic Signalisation	Roads	Notice Placed
PS/06/61	Smart Boards	Education	PQQs received - Shortlisting
PS/06/62	Furniture Removal and Storage Service	Housing	Under Review
PS/06/63	Valleting Service to Voids Framework	Building & Works	Under Review
PS/06/64	Various Traffic Services	Roads	Notice Placed
PS/06/65	Building Supplies Framework	Building & Works	Initial Stage
PS/06/66	Alternative Educational & Vocational Training	Education	Initial Stage
PS/06/67	Design & Installation of Energy Saving Devices to Schools	Technical Services	Initial Stage
PS/06/68	Supply of Furniture for N/W Kilmarnock Neighbourhood Centre	NHS Collaboration	Supplies Ongoing

End