

REPORT TO: POLICY & RESOURCES COMMITTEE - 24 AUGUST 2009

REPORT ON: TAYSIDE PROCUREMENT CONSORTIUM

REPORT BY: DEPUTE CHIEF EXECUTIVE (FINANCE)

REPORT NO: 365-2009

1.0 PURPOSE OF REPORT

This report summarises the activities of the Tayside Procurement Consortium (TPC) for the financial year 2008/09 and provides an update on actual performance against the approved Procurement Strategy 2008-2011.

2.0 RECOMMENDATION

It is recommended that the Committee note the contents of this report, which is submitted in accordance with the approved TPC Strategy 2008-2011 (see Report 230-2008).

3.0 FINANCIAL IMPLICATIONS

3.1 The financial implications for the Council in respect of the procurement programme have been considered by the Chief Officer Management Team. The Procurement Team is included within the Finance Departments Revenue Budget. Future savings will be reflected in the Council's Revenue Budget planning procedures.

4.0 MAIN TEXT

4.1 BACKGROUND

4.1.1 The McClelland Review of Public Sector Procurement was published in March 2006 and was widely welcomed by Ministers and the large number of stakeholders across both the Scottish public and private sectors. A clear recommendation of the McClelland report was that there is potential for significant gains (both cashable and resource saving) to be made from better procurement practice and by collaboration across the public sector.

4.1.2 The report delivered 82 recommendations relating to areas for improvement in procurement practice and in particular raised issues relating to governance, lack of skilled resource and the requirement to adopt best practice procurement strategies. The implementation of robust procurement strategies was also identified as a critical success factor when delivering efficiency.

4.1.3 In November 2007, the three Tayside Councils launched the Tayside Procurement Consortium programme as a shared service vehicle by which to deliver efficiencies through improved procurement.

4.2 THE TAYSIDE PROCUREMENT CONSORTIUM STRATEGY 2008-2011

4.2.1 The TPC has embarked upon a Procurement Programme which, when realised, will deliver efficiencies through improved procurement practice across the three Councils and Tayside Contracts.

4.2.2 The key work streams which are being progressed by the TPC are:

- Development of a collaborative procurement model delivering the benefits available from collaboration and maximising the potential for reduction in costs by eliminating duplication of effort.
- Establishment of a shared procurement service team made up of procurement professionals.
- Delivery of an improved procurement approach through the development and implementation of a programme of better buying which in turn drives forward the delivery of benefits.
- Delivery of training and development to enhance the knowledge and skills of those involved in procurement.
- Developing effective local supplier engagement.
- Implementation of an accelerated programme of process improvements resultant from the roll out of e-Procurement.

4.2.2 The Tayside Procurement Strategy 2008-2011 sets out five key Operational Objectives:

- a. Implement an overall procurement strategy.
- b. Deliver a collaborative procurement approach.
- c. Develop the knowledge and skills of those involved in procurement.
- d. Work towards Tayside Procurement Consortium being seen as an exemplar of best procurement practice by all stakeholders.
- e. Commitment to continuous improvement and efficiency savings.

4.3 **PROGRESS**

4.3.1 Implementation of an overall procurement strategy

Achieved

A TPC Strategy and associated governance framework has been implemented following full approval by the respective committees of Angus, Dundee City and Perth and Kinross Councils, and Tayside Contracts.

4.3.2 Deliver a collaborative procurement approach

Achieved

- Creation of a Central Procurement Unit
- Membership of Scotland Excel
- Identification of Key Council Users and contacts
- Full Contract Audit
- Performance Monitoring

A central procurement team has been established in offices in Tayside House in Dundee; this team is supported by, and works in partnership with, procurement teams located in each authority and Tayside Contracts. Key expert users have been identified and implementation groups have been established to deliver the programme within their respective areas

In respect of Scotland Excel – all TPC Councils are now members and are fully engaged in all areas of Scotland Excel activity.

A high level contract audit was carried out as part of Phase 1 of the programme and the resultant contract database has been made available on the respective Council Intranets.

A Scottish Government initiative measuring procurement performance through “Best Practice Indicators” (BPI's) in nine areas has been recently launched and TPC Councils will commence formal reporting for financial year 09/10.

4.3.3 Develop the knowledge and skills of those involved in procurement

Achieved

- Development of Procurement User Guides
- Provision of Training
- Increasing the number of staff with professional purchasing qualifications
- Effective user friendly communication

Procurement user guides, helpful document templates, and relevant procurement support information have all been developed and are now available to all staff on TPC internet and Dundee City Council intranet sites.

Training sessions have been held throughout the year to develop the skills and knowledge of those involved in procurement within the Councils and Tayside Contracts. In the financial year 2008/09 in excess of 40 days of formal procurement training has been delivered. The following is indicative of training arranged.

- Strategic Procurement
- Understanding EU Regulations
- Electronic Tendering
- Mini Tendering and Use of Frameworks
- Higher National Certificate (Business Studies)
- Post graduate diploma in CIPS

Eight staff from across the TPC are studying towards attaining their professional procurement qualification - MCIPS

Regular meetings have been held with a variety of stakeholders. Within the Councils, presentations have been made to committees, management teams, and key users within each area. Outwith the Council meetings and events have been held with partners such as the Chamber of Commerce, Voluntary Organisations, Scottish Government and Scotland Excel.

4.3.4 Work towards Tayside Procurement Consortium being seen as an exemplar of best procurement practice by all stakeholders

Achieved

- Procurement pages on Council Websites
- Procurement guidance pages on Council Intranets
- Improved Local Supplier Engagement

Procurement pages on Council websites have been fully developed with tender advert and contact opportunity pages.

Council Intranet procurement pages have been established containing guidance and supporting information to enable staff to deliver improved procurement.

A number of successful "Meet the Buyer" type events have been held across the Councils. The TPC is building partnerships with colleagues in Chambers of Commerce, the Voluntary Sector and other stakeholder bodies.

4.3.4 Commitment to continuous improvement

Achieved

- Compliance
- Awareness
- Ownership
- Delivery of e Procurement

- Delivery of Improved Contract Terms and Efficiency opportunities

Through the introduction of professional procurement staff to the councils and Tayside Contracts, and relative to their involvement in tender activity, the level of compliance, awareness and general standard of procurement activity has improved over the reporting period.

e-Procurement systems are now live and have been implemented in all three Councils. Tayside Contracts is looking favourably at the system and will consider their position with regard to implementation during the 2009/10 financial year.

4.4 BENEFITS

- 4.4.1 Benefits in this context are generally split into two main areas: cashable and non-cash. The cashable savings are from the improved strategic sourcing of goods and services across all categories. Non-cash (or efficiency) savings result from the streamlining of the 'purchase to pay' process across the organisations
- 4.4.2 The main cashable benefits realised from the TPC programme have been derived from increased collaboration across Tayside and the wider public sector. The TPC has identified strategic sourcing opportunities following a comprehensive review of expenditure across the consortium. Full consultation and engagement with specialist staff has been delivered through a series of workshops and meetings
- 4.4.3 The scoping of opportunities from the TPC indicated potential savings in the region of £2 million per annum by the end of Year 3 of the programme. At the end of Year 1 the TPC is on target to exceed these predictions. The procurement efficiencies delivered for Dundee City Council in 2008/09 through the TPC Procurement Programme were in excess of £300K.
- 4.4.4 None of the "non-cash" benefits arising from participation in the TPC have been included within the savings detailed above. These more intangible opportunities include:
- a. Increased numbers of well trained staff, and better risk management for the council through establishment of a central professional procurement resource.
 - b. Improved dialogue between service delivery professionals as required to facilitate collaborative procurement has also encouraged sharing of practices in other professional disciplines.
 - c. Better implementation of government procurement policy and greater awareness of legislative compliance across the Tayside Councils and consistency in the application of standard best procurement processes.
 - d. Improved engagement with local suppliers.
 - e. Greater process efficiencies from standardisation of procurement practice, freeing time for delivery of frontline services.

4.5 CONCLUSION

- 4.5.1 The TPC has been successful in its first year in achieving savings that contribute to the efficiency savings targets set for Dundee City Council by the Scottish Government. The roll out of the e-Procurement project and implementation of the next stages of the Corporate Procurement Strategy work streams as part of the Tayside Procurement Consortium will further contribute to the Councils efficiency agenda.
- 4.5.2 The procurement programme represents a substantial exercise across the partner Councils and must be suitably resourced, directed and managed. Dundee City Council, through the TPC and in line with other public sector bodies will continue to embrace this initiative and seek to gain the potential benefits.

5.0 POLICY IMPLICATIONS

5.1 EQUALITIES ASSESSMENT

5.1.1 The Council's Equalities Core Group requires an assessment of functions, policies, procedures or strategies in relation to race, gender and disability and other relevant equality categories. This supports the Council's legal requirement to comply with the duty to assess and consult on relevant new policies to ensure there is no adverse impact on any community group or employees.

5.1.2 The function, policy, procedure or strategy presented in this report was considered under the Corporate Equalities Assessment Framework and the determination was made that the items summarised in this report do not require further assessment as they do not have a direct impact on people's wellbeing.

5.2 STRATEGIC ENVIRONMENTAL ASSESSMENT

5.2.1 Strategic Environmental Assessment (SEA) is a legal requirement under the Environmental Assessment (Scotland) Act 2005 that applies to all plans, programmes and strategies, including policies (PPS).

5.2.2 In this instance, no action is required as the Act does not apply to the matters presented in this report because they do not constitute a PPS as defined by the Act.

6.0 CONSULTATIONS

6.1 The Chief Executive, Depute Chief Executive (Support Services), Depute Chief Executive (Finance) and Head of Finance have been consulted on the preparation of this report.

7.0 BACKGROUND PAPERS

6.1 Report 230-2008.

DAVID DORWARD
DEPUTE CHIEF EXECUTIVE (FINANCE)

2 OCTOBER 2009

Contact Officer: Allan Harrow, Head of Procurement, TPC
Address of Service: Tayside Procurement Consortium, Tayside House, Dundee
Date of Report: 15 May 2009