

STRATEGIC PROCUREMENT

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Agenda

- ❑ Context: Corporate Priorities and Spend Profile
- ❑ Commissioning and Procurement
- ❑ Procurement Strategy / Category Management
- ❑ Legal Framework
- ❑ Support for SMEs and local suppliers



Context: Corporate Priorities

- ❑ Six corporate priorities:
 - ❑ Fighting Crime
 - ❑ A Cleaner, Greener Borough
 - ❑ Better Roads and Pavements
 - ❑ Improving Health and Wellbeing of Residents
 - ❑ Preserving and Improving Educational Excellence
 - ❑ Value for Money and Low Council Tax



Context: Spend Profile

- ❑ Based on 2012/13 spend
 - ❑ Total third party spend = £310m
 - ❑ Of which, £175m represents non-procurement spend (i.e. payments which cannot be influenced by Procurement)

AND

- ❑ Of which, £135m represents total procurement spend



Commissioning and Procurement



Procurement is the specific aspects of the commissioning cycle that focus on the process of buying services, from initial advertising through to appropriate contract arrangements. The purchase of goods and/or services at the best possible total price, in the right quantity and quality, at the right time generally via a contract. The functions of procurement are a) ensuring legal compliance; b) purchasing supplies or services; c) entering into contracts. (Association of Chief Executives of Voluntary Organisations (ACEVO) Commissioning Support Service)



Commissioning and Procurement



Whereas;

Commissioning is the cycle of assessing the needs of people, currently and for the future, designing and then securing an appropriate service. The process by which an organisation decides how to spend its money to get the best possible services for people. Involves anticipating future needs and expectations rather reacting to present demand.

(Association of Chief Executives of Voluntary Organisations (ACEVO) Commissioning Support Service)



Procurement Strategy

- ❑ A clear, consistent and corporate approach to Procurement
- ❑ A qualified and experienced team
- ❑ A service and customer focused approach
- ❑ The release of technical and specialist resource within the directorates tied up in non-core activity
- ❑ Control and responsibility for ALL third party spend and contracting to ensure an aggregated approach
- ❑ Ensure the Council meets its legal obligations avoiding significant risk and undue challenges
- ❑ Balanced Scorecard approach – financial, customer, process, employee



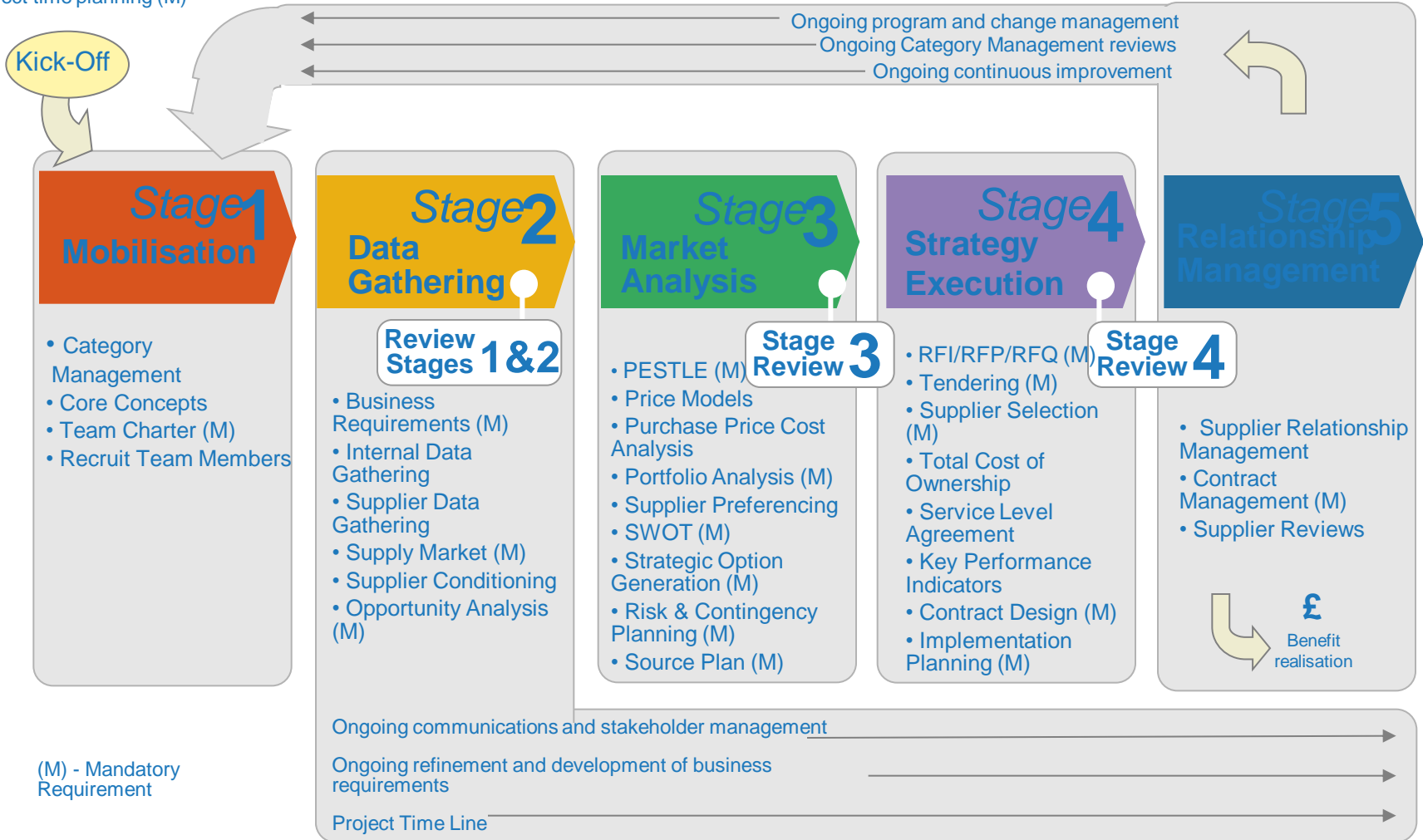
Category Management

- ❑ Category Management can be defined as “a process, used to support strategic purchasing decisions through the development and implementation of sourcing strategies”.
- ❑ A category can be defined as “A discrete area of spend with boundaries determined by the market facing nature of the function or attributes of the goods or services being bought”.



Category Management

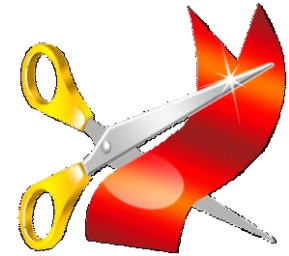
- ProClass Review
- STP (M)
- Stakeholder mapping (M)
- Project time planning (M)



Legal Framework: EU Legislation

Overview

- Binding on Member States and their public bodies
- Removal of barriers to free movements
- Applies to all public procurement irrespective of value (few exceptions)
- Main EU Treaty principles:
 - non-discrimination
 - transparency
 - equal treatment
 - mutual recognition
 - proportionality



Contract Procedure Rules (CPRs)

Process Type	Contract Value	Required Procedure
Low Value	Less than £5000	3 quotations (price assessment only)
Intermediate Value	£5000 - £49,999	3 quotations (price and quality assessment)
High Value	Over £50,000 to Regulations Threshold	Tender process
High Value	Regulations Threshold and above	EU procedure

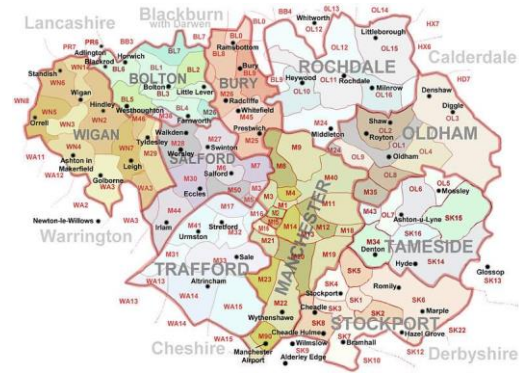
- Standing orders made pursuant to Local Government Act 1972 s135
- If a procurement activity is perceived to be high risk or involves TUPE then it will be classed as a high value procurement



Support for SMEs and Local Suppliers

- ❑ Small or Medium Sized Enterprise (SME) is defined by the criteria used by The Department for Business, Innovation and Skills (BIS) namely:
 - ❑ An independent trading organisation
 - ❑ no parent company
 - ❑ turn-over of less than £11.2m per annum
 - ❑ less than 250 employees

- ❑ The local supplier is defined as a supplier with a Trafford post code as per the Royal Mail website:



SMEs and Local Suppliers

- ❑ Total Procurement spend = £135m
 - ❑ Of which, SME spend = £30m (22%)
 - ❑ Of which, local supplier spend = £41m (30%)

- ❑ Key: accessibility to business opportunities
 - ❑ Frameworks
 - ❑ The Chest / ProContract
 - ❑ Meet the Buyer (annual)



Framework Agreements

❑ Definition

“A framework agreement is an agreement between one or more contracting authorities and one or more economic operators, the purpose of which is to establish the terms governing contracts to be awarded during a given period, in particular with regard to price and, where appropriate, the quantity envisaged”

❑ Types:

- ❑ multi-supplier (minimum of 3 suppliers)
- ❑ multi-buyer

❑ Contents of the OJEU notice:

- ❑ state that a framework agreement is being awarded
- ❑ include names of contracting authorities entitled to call-off
- ❑ state length of framework agreement (max 4 years unless justifiable exception)
- ❑ estimated maximum quantity/value
- ❑ possible lots to segregate the framework into smaller value opportunities



The Chest / ProContract

□ What?

- e-Tendering / Contract Monitoring tool
- Electronic management of the complete procurement cycle
- Used by all North West Authorities and others e.g. NHS and emergency services
- Access to ProContract gained through a web based portal called The Chest

□ Why?

- Procurement process is quicker
- Full audit trail (transparency)
- Enables collaboration (e.g. e-auction)
- Reduction in procurement and bid costs
- Registration is free
- Just need is an internet connection, an email account but no additional software
- Email and telephone support line with online help and downloadable guides
- Benefit from added security and knowledge that submissions have been delivered



Other Practical Steps

- ❑ Standard Documentation
 - ❑ Reduction in the use of Pre-Qualification Questionnaires (PQQs)
 - ❑ Standardisation of documentation (e.g. Quality Mark)

- ❑ Annual Meet the Buyer events
 - ❑ Local businesses
 - ❑ Forthcoming opportunities
 - ❑ Training available

- ❑ Training support for The Chest
 - ❑ Meet the Buyer
 - ❑ On demand
 - ❑ Subject to availability



Statistics (The Chest)

Usage - Trafford Council	FY12/13
Number of contract opportunities advertised	56
Number of suppliers awarded contracts	30
Of which, the number awarded to SMEs	12
% awarded to SMEs	40%

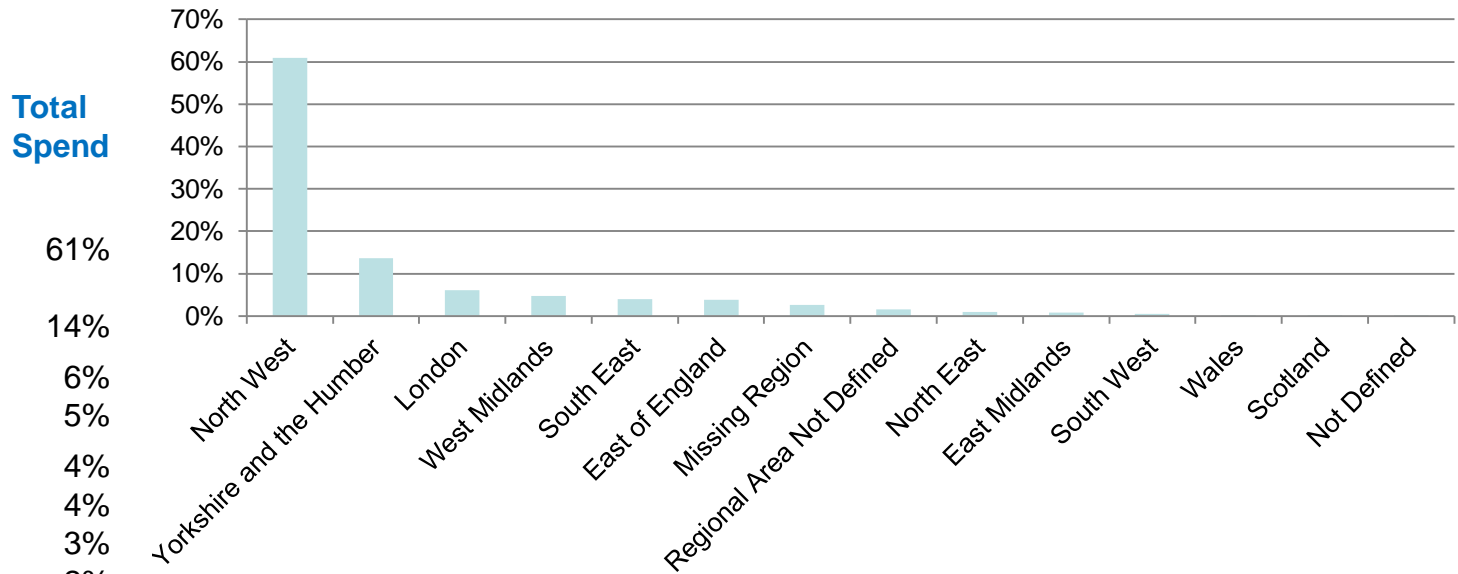


Statistics (continued)

2012/13 Total (Spend Pro)

Region

Region	Total Spend
North West	61%
Yorkshire and the Humber	14%
London	6%
West Midlands	5%
South East	4%
East of England	4%
Missing Region	3%
Regional Area Not Defined	2%
North East	1%
East Midlands	1%
South West	0%
Wales	0%
Scotland	0%
Not Defined	0%



Useful Tips and Links

Register on The Chest: <https://www.thechest.nwce.gov.uk/>

Attend the next Meet the Buyer event – date to be confirmed



**Thank you for listening.
Any Questions?**



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