

Title of Report:	Procurement Processes
Report to be considered by:	Resource Management Select Committee
Date of Meeting:	13 September 2010

Purpose of Report: To outline best practice for carrying out procurement within the Council and to provide an update on progress with the audit to be carried out by Improvement and Efficiency South East (IESE).

Recommended Action: To note the contents of the report.

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Executive Report

1. Introduction

- 1.1 At the previous meeting of the Resource Management Select Committee, Procurement Officers were requested to return to this meeting to outline best practice for carrying out procurement within West Berkshire Council and to provide an update on the external audit of the procurement function within the Council by IESE.
- 1.2 In addition, the Corporate Contracts and Procurement Unit were tasked to provide the following information to aid discussions:
 - The approximate number of contracts being agreed on a monthly basis for the different threshold levels, separated between utilities and service funds
 - The sign off process for the different threshold levels
 - The details of the IESE audit
 - List of Small and Medium sized Enterprises registered on the Council's procurement portal

2. Recommendation

- 2.1 Members are asked to note the information provided.

1. For the purposes of this report, Procurement is defined as the full range of activities related to purchasing goods, services and works. Procurement can range from contracting for an entire service to purchasing small assets such as office equipment. The procurement process does not end at the commissioning or contract award stage, but spans the entire life cycle of the product or service from inception and design through to contract management and disposal of any redundant assets. The one-off purchasing of low-value goods where the requirement is for immediate need does not fall within the remit of this report.
2. The Corporate Contracts and Procurement Unit works within the rules outlined within the Contract Rules of Procedure (Part 12 of the Constitution) which was updated in January 2010, and the Public Contracts Regulations 2006 which was transposed within UK Law on 31st January 2006, and the Public Contracts Regulations (Amendment) 2009. A copy of the Contract Rules of Procedure are attached as Appendix A.
3. Within the Contract Rules of Procedure (CRoP), there is clear guidance on meeting the requirements of UK and European Law relating to procurement matters. In particular, paragraphs 12.5.4 to 12.5.6 specifically state the financial thresholds and the procurement processes that apply to each threshold, and responsibility for all procurements rest with Heads of Service, or their delegated Officers, to ensure that the correct process is followed.
4. In addition, for all procurements with a total contract value in excess of £50,000 Members of the Council are required to be involved in the process and must follow the current protocol for member involvement, a copy of which is attached as Appendix B.
5. In light of the content of the CRoP for procurements valued in excess of £50,000 the Corporate Contracts and Procurement Unit proposes that these processes remain in place and unaltered.
6. For procurements valued below £50k, Service Areas are being encouraged to use the Quick Quote facility on the Council's procurement portal. Service Areas may invite a minimum of 3 suppliers to quote for Council contracts against those suppliers that have registered against specific sectors listed on the Supplier side of the Portal. This facility has been taken up with enthusiasm from Property Services, and in the recent edition of Reporter (August 2010), details of this service was highlighted. A copy of this article is attached at Appendix C.
7. For contracts valued below £10k, the current guidance in the CRoP (paragraph 12.5.4) allows for telephone quotes, without inviting written quotations, although the Head of Service or delegated Officer must maintain written records of telephone quotations.
8. It is recommended that for all procurements (as opposed to all purchasing) that the use of the Quick Quote facility on the Council's Procurement Portal be used for all procurements below £50,000 in total value. A copy of the manual for use of the Quick Quote facility is attached at Appendix D. Appropriate training for the

use of Quick Quote will be made available by the Corporate Contracts and Procurement Unit.

Sign Off Process for the Different Threshold Levels

9. Using the current Agresso accounting system, a requisition is raised by one member of staff (the Requisitioner), and authorised by the Budget Holder (the Authoriser). It should be noted that these duties are separated, so that a requisitioner cannot authorise a Purchase Order, while an authoriser cannot raise a requisition or an invoice. For information, budget managers are cleared to authorise expenditure up to £50,000; Service Managers are cleared to authorise expenditure up to £100,000.
10. It is to be noted that in accordance with the CRoP, it is the Heads of Service that are responsible for ensuring that the guidance is followed. Consequently, they are responsible for ensuring that the correct permissions are in place to allow relevant staff to raise new supplier requests, and to ensure that the authorities are in place to appoint appropriate requisitioners and authorisers. These permissions are raised via the Agresso Tech Team in the Council's Finance department.

IESE Audit

11. At the time of the previous meeting of the Select Committee, the Corporate Contracts and Procurement Unit were pulling together a range of information for the IESE to commence its audit of the Procurement function at West Berkshire Council. IESE will be meeting with Council Officers at the end of September 2010 to discuss issues relating to carrying out the audit, but at this moment, no actual audit work has commenced. Attached at Appendix G is a summary of the Procurement Assessment which IESE plans to carry out, and the requested information has been forwarded to it.

Companies Registered on West Berkshire Council's Procurement Portal

12. At the time of writing this report, there are over 1600 companies registered against the various categories listed on the portal. These categories are as follows, and under those categories are a further range of sub-categories:

Audio Visual	Catering	Cleaning	Clothing	Communications	Computing
Construction	Education	Energy	Environment	Finance	Furniture
Healthcare	Human Resources	Industrial	Laboratory	Management Consultancy	Marketing
Miscellaneous	Office Supplies	Plant & Machinery	Printing	Security	Transport

13. A list of companies currently registered on the Portal are listed at Appendix E. It should be noted that the companies registered are a mixture of SME's and larger organisations. This information is not currently in the public domain, but there is no reason not to publish this if requested.
14. At Appendix F are listed the contract notices published via the Procurement portal during the period August 2009 to August 2010. To summarise the

information, the numbers of contract opportunities issued via the Procurement portal are as follows:

- Quick Quote (£10k - £50k): 44
- Above £50k and below OJEU Threshold and/or are Part B services: 27
- Above OJEU Threshold: 2

15. In addition to those contracts listed at Appendix F, the Council has also issued a total of 6,873 Purchase Orders during the period April 2010 – July 2010, as follows:

- April – 1,160
- May - 1,532
- June - 2,056
- July - 2,125

16. Out of the above, the number of Purchase Orders issued for purchases below the value of £10,000 for the same period are as follows:

- April – 1,088
- May - 1,483
- June - 1,971
- July - 1,976

Utilities

17. It is to be noted that in respect of the utility services provided to West Berkshire Council, service areas raise purchase orders upon receipt of invoices submitted by Thames Water.

18. With regard to the provision of gas and electricity utilities to the Council, these are paid via direct debit from the Council's finance department, and then re-charged to the appropriate service areas. These utilities are provided under a Buying Solutions framework, which all six unitary authorities in Berkshire utilise.

Appendices

Appendix A – Contract Rules of Procedure

Appendix B – Members Protocol

Appendix C – Reporter (August 2010)

Appendix D – Quick Quote Manual

Appendix E – List of Companies registered on West Berkshire Council's Procurement Portal

Appendix F – Contract Notices Published on Portal (August 2009 – August 2010)

Appendix G – IESE Procurement Assessment