

Support Functions Review

Procurement

SERVICE OFFER

1) Current Arrangements

- 1.1 The Councils procurement function is presently supported by the Corporate Procurement Unit (CPU). CPU is responsible for setting up and managing corporate contracts and frameworks that are made available for use across all business units. It also provides guidance and support across the Council and depending on the risk and value of the contract will be directly involved in the tendering process or offering guidance and support where necessary.
- 1.2 Corporate procurement has also supported local suppliers to develop in order to bid for Council work.

SME support has recently included a “Meet the Buyer” programme which in February 2010 was attended by over 100 Haringey-based companies; plus the maintenance of the Trade Local database, workshops and classes for SMEs with the availability of one-to-one support and workbooks on how to bid for Council contracts. CPU has organised events for local SMEs to introduce them to its procurement procedures to ensure that they are able to maximise their chances of competing successfully, and CPU representatives attend similar events elsewhere. CPU has produced a supplier engagement strategy setting out how it intends to assist SMEs over the next three years- examples of actions resulting from this strategy include the simplification of the pre-qualification questionnaire and the development of flow-down legal clauses obliging prime contractors to open up their supply chains to SMEs.

- 1.3 Corporate procurement also contains the Energy & Sustainability Team that is responsible for energy procurement strategy, supplier contract management, bill validation, energy management and carbon reduction across 1,750 meter points for gas, electricity and water; covering all Council buildings, hostels, schools, street lighting etc and for managing the 40% carbon reduction target in relation to Council assets.
- 1.4 In recent years CPU has been responsible for driving forward the introduction and use of Category Management that sees Council spending with suppliers divided into 16 market segments; each having a designated Category Manager (BU Manager). CPU has developed sourcing plans to rationalise buying and drive efficiencies within each of these categories.

- 1.5 Under the Support Functions Review, Procurement is now charged with centralising the procurement process – including transactional processing.

However, to different extents the various specialised areas of procurement are already centralised, e.g. Construction and Property and energy procurement, but we are now looking to bring the remaining devolved functions into the centre.

2) Scope of the Review

- 2.1 This review is concerned with the arrangements for procurement which includes: Procurement Strategy, Competitive Tendering Processes, Contract Management, Category Management, and Risk Management & Compliance,

Excluded from the review are Shopping (SRM) and Commissioning.

3) Service Offering

The effects of this review will be the centralisation of all procurement tendering for supplies and services valued over £100k and for related category & contract management arrangements. It will also centralise the quotation process for all expenditure between £50k - £100k which will be undertaken through the use of the CompeteFor process

For supplies and services procurements valued below £50k which involve the quotation process, Directors will need to reorganise and concentrate reduced numbers of staff to use the mandatory CompeteFor portal and to raise purchase orders.

CPU will centrally undertake the following services:

3.1 Procurement Scope

- 3.1a Supplies & Services – manage all procurement tenders with a value above £100k. There should be no such tendering being performed in business units.
- 3.1b Supplies and Services – manage the quotation process for all expenditure between £50k and £100k
- 3.1c Construction – currently 95% of activity is processed via CPU but we shall now manage 100% of all commissioning and tendering in regards to works, property and civil engineering.

3.2 Procurement Process:

3.2a Procurement activities as outlined below:

- Publication of tender notices & compilation of the tender packs.
- Receive and open tenders and quotations.
- Collate responses to suppliers as part of the procurement process.
- Manage the evaluation of PQQ's and tender submissions with clients.
- Production of the contract award report and obtaining the necessary approvals (except for construction "as is" at a project level, where this will be carried out by the Client).
- Ensure re-engineering and project management is undertaken to streamline external and internal processes in any new contractual relationship and related change management.
- Procurement and management of Framework Agreements and contractors lists for tender.
- Inspection of project documents for Construction Procurements
- Advice and support to clients.
- Submit annual returns to the EU commission and work with Government as necessary.
- Handle any challenges by suppliers.

3.2b **Commercial Contract Management:**

- Undertake strategic contract / framework reviews and chair management meetings
- Compliance with contractual terms and conditions
- Market development and risk management.
- Price benchmarking and the demonstration of best value
- Category Management of 16 market segments (thus removing this responsibility from Heads of Service).
- Supplier relationship management
- Performance and continuous improvement negotiations.
- Contracts will be managed on a prioritised risk/value basis.

3.2c **Managing Systems / Databases**

- E- pre-qualification process

- E- tendering process
- Maintaining the Contracts Register
- Managing the Master Vendor Database
- Managing E-auctions
- Maintenance of construction tender register
- Purchase Cards administration

3.2d Technical Systems & Spend Analysis

- Management of procurement & related transactional processes & interfaces
 - With suppliers
 - Internal users
 - Between Council systems and modules i.e. SAP: Framework-i
- The production of procurement data from SAP e.g.
 - Compilation and publication of spend over £500
- Production of spend analysis reports to support BU managers and contract managers etc

3.2e Corporate Functions

- Procurement strategy and forward plan
- Market evaluation and sourcing strategies.
- Collaboration and sharing best practice with other authorities.
- Lead role within the North London Strategic Alliance.
- Continuing to host the London Energy Project.
- Compliance with UK legislation, EU Procurement Directives.
- Management of Haringey's Contract Standing Orders
- Document management and records
- Mediation in Procurement/contract related disputes.
- On-going risk & credit monitoring.

3.2f Support to Business Units

- Training and procedures on the CompeteFor process (for all quotations valued below £50k)
- Regular Spendtrak reports for Directors and Managers

3.3 In accordance with the above “Service Offer” and in light of the savings that Procurement must make the following current activities will cease/or not be provided:

- Managing any supplies and services quotations below £50k (these being handled within BUs).
- There will be no dispute mediation (e.g. Supporting People) other than strictly limited to procurement matters.
- No administrative support for rail, hotel and flights bookings and no dealing with changes to itineraries.

3.4 In accepting the above “Service Offer” Business Units/Commissioners and Shoppers will be responsible for the following:

- Requests for Quotation (RFQs) and the subsequent raising of a Purchase Order with standard T & C's via CompeteFor for all supplies and services projects under £50k.
- Consultation with service users / public.
- Drafting outcomes based Specifications as needed for a CPU managed tender or quotation exercises.
- Developing the Business Case and gaining budget approval prior to CPU undertaking a tendering exercise.
- Supply of any necessary service related information.
- Accreditation process around the Personalisation of Care.
- Day to day supplier management.
- Escalation of issues to centralised contract managers.
- Sign off of final specifications prior to tendering.
- Participation in tender evaluations and decision making.
- In the case of major procurements that have previously been led by consultants due to lack of resource within the Council i.e. Highways, Waste Management and Temporary Accommodation, these may need to be funded from the business units as and when required in the future.
- Management of Spot Care contracts
- Management of Housing Leases
- Contract management of Urban Environment and IT contracts.
- Bill Validation.
- Management and attendance at leaseholder valuation panels.

3.5 Shared Services

- 3.5a The Haringey Energy & Sustainability Team provides a recognised best practice service, and whilst externally funded, is able to offer capacity and expertise on a shared service basis with other Councils and thus hopefully attract additional income as a contribution to Council efficiencies. This option will be actively explored as a means of sharing best practice and costs.
- 3.5b The London Energy Project is externally funded and has been hosted by Haringey CPU since its inception in 2005/6 and last year saved London Councils over £16m. A business case has been put to London Councils for this service to continue to be fully funded on a shared service basis.