

Corporate Procurement Programme of Activities to 31st March 2009

Apendix 1

1. Overall Objective - Implementation and establishment of Purchase Cards (P-Cards) within the Council. The use of Purchase cards can reduce invoice handling and transactional costs and increase expenditure contract as well as improving management information flow.								
	Activity	Commencement	Completion	Action/ Responsible	Comments	Summary of Activity to Date	Achieved/Expected Savings	
							Cashable	Non Cashable
1.	Ensure implementation of Purchase Cards (P-Cards) are rolled out corporately	May 2008	Onward going	Corporate Strategic Procurement Manager	<p>A total of 27 cards are currently in use.</p> <p>The administration has proved relatively smooth to date with the Purchasing Officer chasing up on missing receipts.</p> <p>Usage levels are being monitored with ongoing analysis of the exact savings to the Council per transaction.</p> <p>We have also reaped the additional benefits of being able to reduce resources applied to creditors processing and increase that allocated to credit control. Our performance in credit control is significantly improved as a result with real term collection rates in excess of our target. Our staff and suppliers benefit from improved payment arrangements and convenience as a result.</p>	Monthly workshops have proved effective in answering queries and ensuring effective financial control.		Transactions undertaken between June 2008 and April 2009 have saved the Council over £22000 based upon the baseline figures of it costing £50 per transaction for the traditional PO and invoice route compared to only £13 per transaction for the P-Card route.

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					For example our housing team is equipped with Purchase cards enabling speedy procurement of emergency accommodation.		
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2. Overall Objective – Establishment of comprehensive contracts register which captures all contractual spend over £10,000k. This will provide the Council with a detailed picture of spending profile across the Council.

	Activity	Commencement	Completion	Action/Responsible	Comments	Summary of Activity to Date	Achieved/Expected Savings	
							Cashable	Non Cashable
	A comprehensive contracts register capturing all of the Council's contractual relationships	April 2008	October 2008	Corporate Strategic Procurement Manager	The contracts register undergoes a comprehensive monthly review with new contracts being added as and when they are implemented.	Contract register is now separated into easy reference Common Procurement Vocabulary categories. Procedure for updating has been overhauled to ensure all updates are captured with potential new contracts being tracked from inception to ensure all contracts going forwarded are recorded. An outward facing version was made available on the website at the beginning of October with updates carried out as and when new contracts are added. The Register is also being loaded onto the South East Business Portal with local suppliers encouraged to register (free of charge) to see opportunities across the South East. Interest in the contracts register can be monitored with	By tracking contracts up for extension, Procurement are able to prompt the Project Officers to arrange contract review meetings where contractors are encouraged to fix prices for a further year rather than face the contract being put out to tender. In 09/10 this exercise should release at least £35k of savings.	

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						information on whether this results in the companies going directly to Cherwell's website (link provided within South East Business Portal).	
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3. Overall Objective – Contract Compliance. To ensure that 90% of the Council's expenditure is on-contract. This will reduce the commercial risk to the authority, further increase value for money and ensure improved service levels.

	Activity	Commencement	Completion	Action/Responsible	Comments	Summary of Activity to Date	Achieved/Expected Savings	
							Cashable	Non Cashable
3.	Identification of 'On' and 'Off' contract spend. Robust enforcement of contract compliance throughout the Council. Ensure the majority of spend is under contract using the Council's terms and conditions. Identify existing contracts (where the Council's terms and conditions are not applied) and undertake an audit to ensure the Council is not at risk and has the ability to terminate.	May 2008	December 2008	Corporate Strategic Procurement Manager		A recent exercise saw the distribution of a list of more than 200 suppliers with whom more than £10k was spent in 2007/08, but for whom there was no record on the contracts register. This has both identified contracts that are not in place and off contract expenditure. Off contract expenditure has been identified and followed-up in areas such as stationery and agency contracts. Procurement are now working with Finance over accelerator reports and direct liaison with Creditors. Property Expenditure is subject to a further review with the aim of presenting options to the Exec in May with the aim of going to market with 5 to 6 lots to cover everything apart from cleaning and security	<ul style="list-style-type: none"> • Internal Audit tender has resulted in £110,000 savings via a successful partnering exercise with Oxford City Council. • £45,330 saved on Agency Staff Contract. • Purchase Cards - £22,607 • Advertising - £20,000 • ICT - £20000 saved via OGC Buying Solutions contracts. • Vehicle spare parts £7,000 • Cherwell Link 	

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						(though these will be listed as future options) in March 09 with the intention of having contract(s) in place by September 09.	Distribution - £8,000 <ul style="list-style-type: none"> • Glass Recycling – £2,565 saving where no contract was previously in place, with total savings over 2 years amounting to £7000. • Purchase of 3 refuse vehicles via ESPO contract £2,100 • Biodiesel re-let under better terms - £500 p.a. 	
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4. Overall Objective – The rationalisation in the number of suppliers. This will reduce costs for the Council and create further market tension. In Year One focus on the top ten spend areas and reduce them down from 117 to 30 suppliers.

	Activity	Commencement	Completion	Action/Responsible	Comments	Summary of Activity to Date	Achieved/Expected Savings	
							Cashable	Non Cashable
4.	Where categories are over supplied – look at rationalisation and consolidation	June 2008	January 2009	Corporate Strategic Procurement Manager	A comprehensive and detailed mapping process to be undertaken. Dialogue with individual departments to be undertaken Analysis of spend data – identification of efficiency savings with top spend categories shared with surrounding districts.	Top 10 suppliers' data shared with MKOB Procurement Group, with a view to identifying some collaboration opportunities. Forward Work Plans are now also being shared on a bi-monthly basis with any new tender information emailed around the group for sharing of information and lessons learnt.		

					<p>Collaboration undertaken in areas such as Advertising, Internal Audit and Vehicle Spare Parts. Currently working with Oxford City Council on print framework with an eye to expanding this to design to support the in-house designer. Also looking at Dry Recycling, Waste Management Software system and Insurance for forthcoming year.</p> <p>Further research being undertaken to ensure that the rationalisation target does not exclude local businesses with a view to working on frameworks that realise savings while also allowing local Small and Medium Enterprises to tender for work with the Council – good example of this in practice is the print framework where the decision was taken not to join County's tender due to using e-tendering and unwillingness to create specification that pointed towards best VfM solution being supplied locally.</p> <p>Procurement Forward Plan for 2009/10 has identified further consolidation opportunities with</p>		
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						framework agreements in progress for Civil Engineering Projects and Consultancy work across Planning, Housing and Community Planning.		
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5. Overall Objective - Improving Terms - To ensure existing and new contractual terms are beneficial to the Council
 In Year One focus on the top ten suppliers and secure improvement to the existing terms. In particular the top three suppliers as a priority.

	Activity	Commence-ment	Completion	Action/ Responsible	Comments	Summary of Activity to Date	Achieved/Expected Savings	
							Cashable	Non Cashable
5.	<p>Develop existing arrangements, payment discounts, new methods of delivering services, further volume discounts, discounts for consolidation of invoices.</p> <p>Ensure no inflation rate is included within contracts unless justified and agreed by the Council.</p>	July 2008	February 2009	Corporate Strategic Procurement Manager	<p>Negotiate with suppliers where opportunities for efficiencies are identified.</p> <p>Dialogue with individual departments to be undertaken.</p>	<p>Initial work to date mainly in respect of Environmental Services, has enabled significant savings to be identified / achieved. The savings detailed opposite are as a result of:</p> <ul style="list-style-type: none"> ➤ consolidation of invoices (based on £50 per invoice as per Chartered Institute of Purchasing & Supply guidance) ➤ new arrangements ➤ non application of contractual inflation ➤ use of OGC ➤ changes in technology <p>In addition to the savings already identified work is in progress in respect of the following areas:</p> <ul style="list-style-type: none"> ➤ £6,000 saving per "temp to perm" change made because Champion do not 	<ul style="list-style-type: none"> • 1% reduction on Champion contract using consolidated invoice - £9,550 pa • savings on insurance premiums 08/09 - £35,614 • Cutts Brothers did not increase their prices for inflation in March 08 - £6,000 • new arrangements for supply and cleaning of overalls at depot - £522 • removal of printers/converting to MFD's – savings on cartridge use, 	<ul style="list-style-type: none"> • reduce number of Frenco invoices at Depot from 457 to 52 pa - £20,250 • reduce number of Cherwell Office Supplies invoices to 12 - £4,750 • reduce number of Greenhams invoices to 12 pa - £33,650 • Brake Brothers consolidated invoices - £18,150

						<p>charge for this. A total of 10 temps have transferred to date in 2008.</p> <p>➤ Savings by switching calls to mobiles using technology to route calls</p> <p>Work has already commenced in respect of Early Payment Discounts, with a standard statement for all future contracts included in all I.T.T's (invitations to tender)</p> <p>Future contracts to contain clause concerning fixed prices for 1st year followed by RPI minus 1% minimum saving year on year.</p>	<p>power and paper - £20,000</p> <ul style="list-style-type: none"> finishing equipment supplied for MFD's free by Canon (12x£1295) plus write off of outstanding contracts (£3800) = £19,350. The energy audit contract did not release further savings as anticipated due to effective contract monitoring by Council Officers. We have, however, identified the potential for limiting price increases in energy bills with the renewal of contracts in October 2009. Sustainable Community Strategy contract came in £3400 under budget. 	
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								<ul style="list-style-type: none"> Stock Condition Survey contract came in £7000 under budget. Car Lease contract should achieve minimum of £200 saving per car – 30 cars in current fleet. Cherwell Link Distribution contract being re-let with estimated saving of £8k p.a. 	
6. Overall Objective – Ensure the effective use of corporate contracts									
	Activity	Commencement	Completion	Action/Responsible	Comments	Summary of Activity to Date	Achieved/Expected Savings		
							Cashable	Non Cashable	
6.	Ensure corporate contracts/framework agreements are in place for departments to use efficiently and effectively.	August 2008	March 2009	Corporate Strategic Procurement Manager		<p>Corporate Contracts now in place for PAT, furniture, water.</p> <p>Corporate Contracts implementation preparation under way for: Property (5 to 6 lots), clothing, protective clothing, cleaning materials, couriers, and washroom services.</p>			

	<p>Ensure corporate contracts are used by departments and effective.</p> <p>Evaluate and review the effectiveness of the staff agency agreement with Champion</p>					<p>Appraising whether any value for money contracts available with public sector buying consortiums. This is now the first port of call for all procurement and is something all officers are being encouraged to do. Contracts identified for use to date - CCTV Upgrade, Car Lease and several ICT contracts.</p> <p>Recent push on use of Agency Staff contract where annual savings of £45,330 have been identified just for use of discounts, temp to perm fee exemptions and consolidated invoices. Agency contract continues to realise savings for basic hourly rates, discounts for staff employed more than 10 weeks and temp to perm fee exemptions. A recent benchmarking exercise demonstrated that some temporary to permanent posts with other agencies would have cost CDC £25,000.</p> <p>Further savings with stationery contract being investigated with aim to increase use of core supplies.</p>		
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7. Overall Objective – Encouragement of small local businesses to trade with the authority in order to assist in the regenerating the local economy								
	Activity	Commence ment	Completion	Action/ Responsible	Comments	Summary of Activity to Date	Achieved/Expected Savings	
							Cashable	Non Cashable
7.	Enable local businesses to trade with the Council and retain existing contracts with the Council. The use of the Council's website will assist in attracting local businesses to tender for Council work	September 2008	December 2009	Corporate Strategic Procurement Manager	<p>To develop a web portal page on the Council's existing website giving details of contracting opportunities.</p> <p>Negotiate and initiate dialogue with existing local suppliers with the view of improving efficiencies and savings</p>	<p>Selling to the Council web pages launched in October with information on how to tender for work with the Council provided along with adverts of tender opportunities and the contracts register – together with links to other free use public sector opportunities – Supply2Gov and the South East Business Portal.</p> <p>Local business liaison working group has been convened with work being undertaken to identify the base data and partnership opportunities ahead of putting in place initiatives such as a procurement newsletter. Through this forum the Council has agreed favourable payment terms of 14 days for SMEs.</p> <p>The first two Supplier Workshops have gone very well – one held in conjunction with Oxford City Council.</p>		

						<p>Very successful Meet the Buyer event held in partnership with Oxford City Council with more than 100 companies being seen by the Cherwell team and details recorded for dissemination and follow-up.</p> <p>Scheduled to email questionnaire to businesses within district in June 2009 with hope of hosting a meet the buyer event & emailing out the first procurement newsletter by end July 2009.</p>		
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