



# “Transforming Procurement in Essex”

2006/7 Annual Report





Image by Rodger Tamblin

# The Procurement Agency for Essex (PAE)

Established by the Essex Chief Executive Association in April 2004 the PAE is the UK's first example of a genuinely cross public sector, self-funding & county wide Procurement organisation working to exploit the full benefits available from collaborative procurement.

“Our Role is to Promote & Facilitate Collaborative Procurement in Essex” We aim to do this by:

- Leading and influencing projects to bring about value for money, supply chain efficiency and a range of better Procurement outcomes for our members.
- Hosting & administering all Essex forums to share Procurement best practice, knowledge, information, documentation and capacity.
- Providing strategic Procurement support and training to member organisations
- Acting as a voice for Essex Procurement both regionally and nationally.
- Promoting & maintaining high Procurement standards across Essex in the following areas:
  1. Procurement strategy, innovation and creativity.
  2. Procurement skills, behaviours, abilities and integrity.
  3. eProcurement Information Systems & Infrastructure.
  4. Procurement methods & processes.

**“Essex Chief Executives are investing in the Procurement Agency for Essex (PAE) to meet the Procurement challenges as set out within the Local Government White Paper (Strong and Prosperous Communities). By uniting our Procurement capacity and our spending power we can avoid duplication, shape the marketplace and drive a range of better value outcomes to ensure we continue to deliver good value for money and responsive services to our residents”**

**Joanna Killian, Chief Executive,  
Essex County Council/  
Steve Packham, Chair of the Essex  
Chief Executive Association**





# Our members

**Basildon Council**  
BASILDON • BILLERICAY • WICKFORD

  
**Braintree**  
District Council



**Brentwood**  
Borough Council



**Castle Point**  
Borough Council

**Chelmsford**  
BOROUGH COUNCIL



**COLCHESTER**



**Epping Forest**  
District Council



**pae**   
Procurement Agency for Essex

  
**Essex County Council**

  
**Harlow**



  
**Rochford**  
District Council





Peter Quinn,  
Director,  
Procurement  
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# 1. Directors Summary

Welcome to the Third Annual Report of the Procurement Agency for Essex (PAE). Our theme this year is 'Transforming Procurement in Essex' and we are delighted that the Essex Chief Executive Association (ECEA) have further demonstrated their commitment to the Agency by giving the PAE a mandate to lead a Procurement transformation in line with the recent Local Government White Paper. The PAE will step up its efforts to co-ordinate with heads of Procurement across Essex to aggregate demand and avoid duplicating effort, this will allow us to make the best use of our capacity and get the best bang for the public sector buck!.

The 2007-8 business plan will have a razor sharp focus on delivering better value for money. This will create a step change in savings performance and translate the sustainability agenda into commercial reality within our contracts. We will use our extensive benchmarking information as an engine room for setting "price points for Essex" to enhance collaborative efforts and define clearly what value for money is in each spend category. We also want to focus on relationship management programmes with our suppliers to engage our key partners in cost reduction, efficiency work and making services more responsive to the needs of our residents and the local environment.

In response to the maturing & dynamic procurement environment in Local Government, the PAE management board are positioning the Agency to focus on co-ordinating strategic procurement initiatives across Essex. This will involve a high degree of market engagement to ensure that procurement processes are well informed and well received within target market places. As well as leading on major collaborative projects for Essex when it is right to do so, the PAE will also work with the wider public sector whenever possible to signpost and ensure its members have access (via Marketplace) to the 'best deals' without the need to replicate expensive procurement processes.

Looking back on 2006-7 we focused our effort on strengthening the building blocks of collaboration such as eProcurement & Purchasing Systems working mainly with

our smaller member organisations within the Districts. Our aim was to ensure that all members continued to invest in solid eFoundations to provide crucial management information, communication and visibility of Procurement activity across the county. We are just about to launch (with our partners BIP Solutions), the new Essex Procurement Portal which will play a pivotal role in helping us to collaborate more effectively and engage with suppliers with less bureaucracy in the future.

Finally, I would like to welcome David Williams ('Director for Commercial Services' within Essex County Council) as the newly appointed Chairman of the PAE and we say goodbye and a big thank you to our past Chairman Dave Wheller who stepped down in March 2007. We also say goodbye and thank you this year to Stuart Elrick (Maldon DC, past Vice Chair), John Hunter (Castlepoint BC, past Treasurer), Sandra Lynch and Gerry Levelle (Basildon DC, past Vice Chair) all of whom have made outstanding contributions to the Management Board and Operational Group and we wish them all well for the future.

I hope you find the report useful and I welcome any feedback you may have.

Best wishes.

**Peter Quinn, MCIPS**

Director, Procurement Agency for Essex.

Please visit our website at [www.paessex.gov.uk](http://www.paessex.gov.uk) for more information and to feedback any comments about the Procurement Agency for Essex.



## 2. Collaborative Projects

As well as channelling a lot of effort into strengthening collaborative infrastructure this year the PAE has remained very focused on **hard cashable savings** and achieving a good return on investment for our members.

This year we have worked with our lead members and many other partners such as the Essex Online partners (EOLP), Essex Procurement Hub, HR Strategic Forum, OGC and the RCE to deliver bottom line savings to our members in the following categories of spend.

- IT Hardware
- Energy
- Adult Services – Stairlifts
- Market Research Framework
- Limehouse Software
- PPE / Vehicles / Janitorial
- Telecoms

In the 2005-6 annual report the PAE profiled the following 2 exciting projects (Case Studies 2 & 3) that it was working on at the time, this year we have refreshed the case studies to reflect the **actual outcomes** which were even better than expected from these innovative and very successful projects.



Image by  
Rodger Tamblin

### Case Study 1 – Thinking outside the telecoms box

The PAE supported Uttlesford District Council in identifying the best procurement route for their new enhanced telecoms system. The incumbent supplier had announced a service end of life notice and very tight timescales were imposed. In discussion with OGC, PAE identified the Managed Telephony Service (MTS) as an option. The MTS is offered through a partnership with OGCbs and Global Crossing,

#### Benefits

- £250k cost avoidance through not having to buy capital equipment (this spend had been approved)
- A fully compliant and truncated procurement process (nine months down to three)

- Additional functionality of a contact centre, Voice Over IP, all sites on one network and flexible working capabilities
- A new system that is scalable and provides flexible options for the future as new locations and users can be added as and when required without impact; a demonstrable commitment to shared services
- Improved disaster recovery provision through a pre-configured disaster plan

#### Learning

- Identifying and using existing arrangements may be quick, relevant and extremely cost effective
- Tapping in to all available procurement resources can present fresh options and support rapid and pressing timescales

**"The Procurement Agency for Essex has demonstrated value for all Councils and can further assist Councils in meeting the efficiency targets we all face. It provides the capacity and skills needed for us to face a challenging future."**

Allan Reid, Chief Executive, Braintree District Council

### Case Study 2 – Stairlifts ‘a better deal for service users & the environment’

The PAE with support from Essex CC (Occupational Therapists team & the Essex Equipment Services team), Harlow DC, Maldon DC & Southend BC, have ‘moved mountains’ to ensure that stairlift services offered to Essex residents are designed around their **safety and comfort** whilst **saving money** and **protecting the environment**. The new partnership with **Stannah Stairlifts** is designed to improve year on year as more and more districts take up the new service.

#### Benefits

- 40% reduction in the whole life cost of the service measured against the 2006 baseline cost.
- 10 year guarantee – rather than the standard 1-2 yr warranty period, service users will enjoy a high quality

product, fully maintained and serviced for 10 years.

- **Recycled** and **Re-used** Stairlifts helping to protect the environment and eliminate ‘illegal markets’
- **Integrated & consistent** service operating across the whole of Essex
- **Working in Partnership** to rationalise products, processes & eliminate waste from the system

#### Learning

- Consultations with Occupational Therapists, Environmental Health Officers and Housing Officers across Essex as well as the DCLG and Providers, ensured that everyone was committed to the project and was able to influence it.
- Setting up a ‘virtual project board’ to communicate and agree each key stage of the Procurement via email is a great way of working as it cuts down on the amount of time and travel required for meetings.



**"The challenge for Councils and other public sector organisations is clear: Get more out of the money that you invest to ensure that the communities that you serve get the maximum value. PAE, is a key partnership body to support the response to this challenge. Together We Can is being converted from a slogan to reality for the benefit of the people of Essex."**

**Malcolm Morley, Chief Executive, Harlow District Council**

### Case Study 3 – eAuction for IT Hardware

In May 2006 the PAE in conjunction with the **Essex online Partners (EOLP)** acting as the technical authority, and **Braintree District Council** providing contract management, worked up specifications for desktop, screen, laptop and thin client devices before participating in an **eAuction** facilitated by the **OGC** in accordance with the new EU Consolidated Directive.

#### Benefits

- 45% reduction in unit costs achieved with market leading suppliers.
- In collaborating more widely than Essex (there are many participants in the auction), the opportunity to enhance technical and procurement networks and to gain from these has been presented

- OGC supporting the service has provided advice and guidance on the implications of using the Consolidated Directive in an **eAuction** (unfamiliar territory for most- OGC included)
- The resulting agreement is now available to third party suppliers to the PAE/EOLP

#### Learning

- ‘Post award’ contract management services provided by **Braintree District Council** have proved vital for ensuring that the agreement is bedded in and delivers the expected benefits ‘post’ auction.
- There is a cost of attributable to potentially changing suppliers, but in this instance it was considered neither as great nor insurmountable as first perceived.



## 3. eProcurement & Systems Support

eProcurement tools and systems such as **Marketplace**, the new Portal and an all Essex **Contracts Register** have been the PAE's focus for this year. Great emphasis has been placed on this because the PAE believes that smarter software accessed and shared via the internet makes the process of working together much more effective and overcomes organisational boundaries. These systems help with forward planning and make sure members are actually utilising existing arrangements and **realising the benefits**.

The PAE has taken responsibility this year for driving eProcurement & Systems forward in the Districts by launching a number of key projects:

- eAuctions
- Contract Register
- eContract Management
- Marketplaces
- P-Cards
- eInvoicing

### 3.1 PAE Review of eProcurement – 'base lining eProcurement across Essex'

In 2006 the PAE conducted a thorough review of the following aspects of eProcurement across Essex:

- eNotices
- Supplier Portal
- eTendering

The report set out to establish a baseline for eProcurement and made a series of recommendations to the PAE Management Board, the recommendations were accepted and since then work has been underway to develop and promote better use of eProcurement within the PAE Membership.

#### Case Study 4 – New Essex Supplier Portal

The PAE is excited to be launching the "Essex Supplier Portal" in May 2007 hosted by BIP Solutions. The introduction of this system will radically change the way Essex authorities work collaboratively in addition to improving communication of opportunities with suppliers.

##### Benefits

- One point of entry to the Essex local authority market for suppliers.
- An all Essex focal point for collaborative procurement activity in Essex.
- Improved tools for buyers to allow more effective pre-qualification of suppliers.
- Less bureaucracy & duplication for suppliers who can now register with all PAE members at once

- Giving all PAE members free access to a powerful supplier database, supplier accreditation services, notice creation software, and eTendering facilities on a low cost 'pay as you' go basis.
- Reduced cost of creating and advertising contract notices with increased visibility of opportunities within Essex and regionally / nationally via connectivity with OJEU and Supply2.gov.uk.

##### Learning

- Holding a business requirement workshop with the complete cross functional / authority project team was vital to ensure the specified system met our needs.
- Use of the PAE's regular 'Systems Meeting' to demonstrate the system and communicate progress and Key milestones was a great way of keeping all PAE members involved in the process.

### Case Study 5 – P-Cards in Essex

The PAE has worked with a Project Team from Brentwood Borough Council and Essex County Council to bring on stream a Government Procurement Card for Local Authorities within Essex.

#### Benefits

- PAE able to aggregate demand and get a better deal for existing card users
- Efficient and flexible order and payment mechanism for low value items
- Spend through cards aggregated across Essex to deliver better prospect of rebates

- Facility to embed cards in eProcurement systems and tailor use of cards to augment eProcurement strategies
- Potential invoice reduction and consequent efficiency savings
- Opportunity to share implementation lessons and tools
- Option to negotiate pan-Essex discounts with suppliers through use of cards

#### Learning

- The GPC may be used to great effect in all organisations, regardless of the level of adoption of eProcurement processes



### 3.2 Electronic Invoicing / Payment & Financial Integration

The eProcurement review established differing priorities and aspirations amongst the membership with regards to implementing electronic invoicing and the level of Market Place integration. Some members were more advanced than others in rolling out eInvoicing and the extent to

which Market Place was integrated into their financial systems. The PAE has been able to use its collaborative networks and forums to ensure that knowledge, experience and expertise gained by key external partners and PAE members at more advanced stages in these areas is passed on to other members at the appropriate time.

### Case Study 6 – Essex Marketplace Development

The PAE have provided the following support to encourage the development and promotion of Marketplace within Essex:

#### Benefits

- Catalogue review and increase the awareness of catalogue availability across Essex
- Catalogue development to increase collaborative purchasing opportunities
- Initiating and supporting various important enhancements to improve the use of catalogues and reporting capabilities on Marketplace
- Facilitating and managing FMS / Marketplace integration solution investigations

- Promotion of Marketplace utilisation through improved communication (eBulletin / Systems group / regular updates) and training
- Provision of Marketplace support and liaison
- Assistance with the development of eProcurement strategies advising on lessons learnt, protocols, business case and implementation strategies
- Production and distribution to PAE members of Marketplace Key Performance Indicators

#### Learning

- Use of the Systems Meeting to communicate updates and developments was key to ensuring all PAE members were involved in the process at all times

**"The PAE continues to prove that collaborative working is key to securing best value in a whole range of goods and services. Its example shows the power of working together in a shared and structured way. The savings generated by PAE and its partners will become all the more important in the coming CSR07 period. That's why I'm pleased to support PAE and will strive to enhance the benefit its members receive."**

Mike Worrton, Director, East of England Centre of Excellence



## 4. All Essex Forums

### ‘Creating a sense of Procurement Community in Essex’

The PAE host and administers regular and adhoc forums and workshops for the benefit of its members. These forums have helped to create a sense of a ‘Procurement Community’ in Essex by fostering and nurturing cross organisational networks and relationships. The PAE Management Board meet quarterly and act as a generic Project board managing by exception, overseeing and signing off collaborative projects and other business at key stages.

PAE staff plan, organise and take minutes of the forums thus ensuring continuity and progressing actions between meetings to ensure that actions are taken forward to produce tangible outcomes.

In Jan 2007 Colchester Borough Council helped the PAE to host an Energy Forum which brought together Councillors and

senior officers from Finance, Asset Management and Procurement to discuss energy efficiency and sustainability. The day was free to PAE members and included presentations from the Carbon Trust, Salix Finance and Utility specialists all giving expert tips, advice and guidance to PAE members.

#### Case Study 7 – Operations & Systems Group

The PAE hold monthly Operations & Systems Groups which are going from strength to strength and provide a very valuable contribution to collaborative procurement and information sharing across Essex.

##### Benefits

- Administered by the PAE
- An all Essex focal point for collaborative procurement
- Monitor project progress
- Provides the opportunity to discuss procurement matters of shared interest and to share best practice across Essex

- Networking, information & market intelligence sharing
- Forum for valuable topical presentations from external parties, eg Civica
- Demonstrations of new systems, eg Contracts Register and Supplier Portal
- Details recorded, shared and logged on the website

##### Learning

- The meetings have been amalgamated into one full day to eliminate duplication and to ensure maximum efficiency and value to our members
- Copies of presentations and all relevant information (user guides, etc.) embedded in the minutes ensures that all members fully benefit and are kept informed of all developments



**“It is vital that we seek to maximise value for the taxpayer – this cannot be achieved by any one authority in isolation. The PAE is an agent for change, co-ordinating and facilitating collaborative procurement. Southend, with its recent investment in procurement, recognises and supports such initiatives.”**

Robert Tinlin, Chief Executive Southend Borough Council



## 5. Strategic Support & Consultancy for Members

### 5.1 Local Government White paper

In March 2007 the **Essex Chief Executive Association**, endorsed a 'direction of travel' for Procurement in the short to medium term across Essex. This was part of a range of measures in response to the requirements of the Local Government White paper.

A key strand of the new direction of travel for Procurement (worked up by a PAE working party) is the adoption of a co-ordinated approach to managing categories of external spend that are common across the Essex public sector. At the heart of this approach is the use of modern procurement methods and techniques to ensure the best possible match between the PAE's collective business and service requirements and the capabilities of the dynamic market places that serve us. It is intended that the PAE will play a central co-ordinating role in allocating work packages to existing lead authority procurement teams to ensure that we avoid duplication and make the best use of our collective Procurement capacity. This approach will also ensure that collectively the PAE maximises its buying leverage and achieves a range of better value outcomes through collaboration.

### 5.2 Strategic Services

This year the PAE has carried out comprehensive Procurement Reviews free of charge to **8 member organisations** to:

- Carry out 'Opportunity Analysis' to identify potential savings
- Use 'Gap Analysis' to highlight shortfalls against the NPS and CPA use of resources KLOE's.
- Review procurement systems.

- Produce action plans to refresh Procurement strategies.
- To discuss Procurement resource options.

### 5.3 Training & Toolkits

A fundamental objective of the PAE is to 'promote & maintain high Procurement standards across Essex' the PAE wants to ensure that Essex practitioners are equipped with the latest skills, tools and techniques to meet the challenges and high expectations expected from future Procurement teams. To this end the PAE rolled out a 2 day Procurement '**Category Management**' training program in November 2006 which was very well received. Further training for members around Procurement Awareness and EU Directives for Procurement Officers is planned in Conjunction with **Southend Borough Council**.

**The New Procurement Toolkit**, which has been created in conjunction with East Herts District Council and South Bedfordshire District Council is due to be released at the end of April 07. The interactive document which will guide users through the procurement process, for both low value purchases and projects which exceed the OJEU threshold will also provide helpful tips and useful tools. The document is planned to progress into a web-based tool hosted by the RCE East for access by all local authorities in the region.





Image by Rodger Tamblyn

## 6. Connecting with Essex Partners, & Regional / National Procurement

### ‘a voice for essex procurement’

The PAE has been working closely with the Regional Centre of Excellence (East) with regards to collaborative projects such as ‘Energy Buying’ and ‘Postal Services’ and also on spend analysis and the provision of a contract register.

The PAE Management Board have decided to take up the Contract Register service provided by the RCE (East) and is currently in the process of migrating contract information from the existing system to the new one. The RCE (East) is also supporting the PAE’s ‘Direction of Travel’ by helping to define spend categories on an all Essex basis.

The PAE has also strengthened its links with the other major partnership forums in Essex i.e.:

- *HR Strategic Forum – Much excitement is being generated with the prospect of a new suite of collaborative HR Contracts commencing early 2008.*
- *IT Projects with the Essex Online Partners – after the success of the IT eAuction further work with our collaborative IT partners is being planned.*

**“As the Public Sector procurement environment continues to mature the PAE management board are positioning the Agency to co-ordinate procurement activity across the county and help shape the marketplace to meet our needs more closely. By focusing on Strategic Procurement issues the PAE will compliment Colchester’s corporate goals around providing value for money services which are sensitive to the needs of the local community and the environment.”**

Ann Wain, Executive Director, Colchester Borough Council

