

WEST DUNBARTONSHIRE COUNCIL

Report by Executive Director of Corporate Services

Tendering Committee – 7 December 2010

Subject: Tender for the Provision of Consultancy Support for Review of Procurement

1. Purpose

- 1.1** To advise the Tendering Committee of the results of a tendering exercise for the provision of consultancy support for a review of procurement in West Dunbartonshire Council and to seek approval to award the contract for Stage 1 to the preferred bidder.

2. Background

- 2.1** The Council's "Core Trade Spend" in 2009/10 was £75,423,165. This represents the sum of payments in excess of £1,000 to third party suppliers for the provision of goods, works and services.
- 2.2** The current model of devolved purchasing and a limited capacity within the Corporate Procurement Team means that there is currently a lack of co-ordinated control and influence over procurement spend.
- 2.3** Discussions with other Local Authorities on consultancy work that has been undertaken in procurement have confirmed that cashable savings of between 5 and 8% can easily be achieved by undertaking detailed analysis of spend patterns and profiles and by implementing appropriate strategies and structures to address maverick spend and poor procurement practice.
- 2.4** There are insufficient resources within the Council to carry out this work internally.

3. Main Issues

- 3.1** Preliminary discussions have been held with a number of consultancy firms to discuss possible approaches to a review of procurement in West Dunbartonshire Council. On the basis of their experience of similar work in other organisations, all firms were confident that savings of between £3 million and £6 million per annum are achievable.

3.2 A specification of requirements was drawn up for Stage 1 of the proposed review which will take no more than 8 weeks to complete. This identified the following main areas of work:

- Data Gathering and Analysis
- Stakeholder Interviews
- Production of report outlining findings and recommendations on:
 - opportunities for savings and efficiencies;
 - procurement strategy and procedures;
 - organisation of procurement resources and
 - a clear outline of a future programme to deliver the savings and benefits.

3.3 The specification was used to run a mini competition under the Buying Solutions Multi Disciplinary Consultancy Framework no. RM353. As this framework has been awarded under the EU procedures, it was not necessary for the Council to carry out a full tendering exercise.

3.4 Four bids were received and evaluated using the criteria laid down in the framework and PricewaterhouseCoopers LLP has emerged as the preferred bidder. A breakdown of scores is provided in Appendix 1.

4. People Implications

4.1 There are no issues associated with this tender submission that affects the workforce or trade unions.

5. Financial Implications

5.1 All the bids have been priced on the basis of published day rates within the framework and are totally transparent, showing the number of days for each grade of consultant involved in the project. The maximum price of the preferred bid is £125,000 and the evaluation has been carried out on this basis. However, the preferred bidder has offered to reduce this fee by 50% if they fail to identify savings of at least £3 million.

5.2 It is proposed that this work will be funded from the modernisation fund.

5.3 Stage 1 of the review will identify the opportunities for savings and the steps necessary to implement the opportunities. If it is determined to proceed to Stage 2, a further round of tendering may be required.

5.4 Once the Stage 1 work is complete, the resulting business case containing recommendations and actions required to implement these, together with the cost of Stage 2 implementation, will be presented to the Corporate and Efficient Governance Committee for consideration.

6. Risk Analysis

- 6.1** If this review is not undertaken, there is a risk that significant procurement savings opportunities, which could assist in addressing the Council's budget shortfall, will not be realised.

7. Equalities Impact

- 7.1** No significant issues were identified in a screening for potential equality impact of this service.

8. Conclusions and Recommendations

- 8.1** The mini competition has identified a bidder that can best meet the Council's requirements for a comprehensive review of procurement that will allow significant cash saving opportunities to be identified.

- 8.2** It is recommended that

- (a) The Committee approves the award of the Stage 1 business to PricewaterhouseCoopers LLP; and
- (b) The Committee notes that the Stage 1 business case will be presented to the Corporate and Efficient Governance Committee for consideration. If a further round of tendering is required, it is anticipated that this would be authorised by the Corporate and Efficient Governance Committee when determining whether to proceed with Stage 2.

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Date: 22 November 2010

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Appendices: Appendix 1 – Summary of Tender Scores

Background Papers: None

Ward Affected: All

Appendix 1

Summary of Tender Scores

	Supplier 1	Supplier 2	Supplier 3	Supplier 4
Quality score	80.00	75.80	68.00	48.80
Price score	7.20	8.18	6.42	20.00
Total score	87.20	83.98	74.42	68.80
Ranking	1	2	3	4