



Background

1. The **Local e-Government Programme** officially closed in April 2006, having succeeded in:
 - delivering part of the Prime Minister and Cabinet's March 2000 vision of all local councils offering all local services online by December 2005
 - achieving the SR2004 Public Service Agreement objective of, "assisting local government to achieve 100% capability in electronic delivery of priority services by 2005, in ways that customers will use".

The Local e-Government Programme and all contributors continue to assist and build upon the future progress of all local authorities, ensuring a continued improvement on customer service.

2. The **National Procurement Strategy for Local Government** (October 2003) laid down a number of milestone targets that the former Office of the Deputy Prime Minister expected Councils to have met by 2006, including:
 - Using the Government Procurement Card (GPC) or equivalent for low value purchases
 - Using an appropriate e-procurement solution
 - Accessing a regional e-marketplace
 - Reducing time taken to process EC tenders by 25%
3. The new Department for Communities and Local Government reviewed the National Procurement Strategy in August 2006 and found that:
 - a) 91% of councils' procurement strategies specifically addressed e-procurement (88% in the case of districts).
 - b) 50% used online catalogues
 - c) 47% of councils reported using a procurement card
 - d) 33% used e-auctions.
 - e) 17% used e-tendering.
 - f) 16% used an e-marketplace.
and
 - g) A third of councils (34%) measured the speed of the procurement process and 24% set targets for this.

Establishing/participating in regional e-marketplaces remains an outstanding action for many councils.

4. Progress for Bracknell Forest Borough Council includes
 - a) Procurement and e-Procurement strategies completed and under annual review
 - b) No e-catalogues are currently integrated into the Finance System system but staff do use a web-based catalogue to place orders for stationery (para.11).
 - c) The GPC is used to facilitate web-based stationery ordering
 - d) e-tendering system has been trialled (para.16)
 - e) One successful e-auction has been completed (para.18)
 - f) There are no plans to develop a regional e-marketplace at present (para.17)
 - g) The Strategic Procurement Group (SPG) had previously agreed that the targets for reducing timescales in EC tendered projects are inappropriate for a small unitary authority (para.5)

In addition -

h) e-ordering is in place using the Finance System (para.11).

5. Although implementation of the National Procurement Strategy is not compulsory, the Council's own Procurement Strategy states we will aim to do so as far as is possible from within existing resources. The SPG however considered the target to reduce the time taken to process EC tenders by 25% to be inappropriate for the comparatively small number but wide range of differing projects managed by a small unitary Council. They agreed that reducing the timescales was a laudable aim but the specific target would not be a priority outcome.
6. For definitions of scope see Annex B - "What is e-procurement?"

Strategic Aims

7. Our objective continues to be that we will implement any e-procurement measures that can provide demonstrable business benefits, in particular:
 - Generating real cashable savings to ease budgetary pressures
 - Reducing the resource cost inherent in procurement processes
 - Facilitating our ability to secure best value for money
 - Spreading best procurement practice.
8. Priority specific business benefits in this context include:
 - a) Simplification of the invoicing process by appropriate electronic means (which might include reduction in number of invoices or adoption of e-invoicing). Reducing the cost of the Accounts Payable function through the introduction of end-to-end purchasing from requisition to invoice payment is an existing "Balancing the Budget" project with target savings of £30k p.a.
 - b) The capability to attract prompt payment discounts without adding greater administrative costs
 - c) Standardising, simplifying and speeding up procurement processes.
 - d) Attracting suppliers by making information about forthcoming business opportunities more readily available and simplifying the registration process, thus increasing competitiveness for Council business.
 - e) Exposing buyers to the best deals available within the public sector.
9. Wider strategic objectives for the Council, such as promoting the local economy by for example encouraging local small to medium-sized enterprises (SMEs) to become e-enabled, could be addressed as secondary issues wherever resources can be found to develop them, but especially if this is linked to the simplification of the invoicing process, through e-invoicing for example.

Benefits

10. Benefits will include:
 - a) Cashable savings
 - b) Reduced processing time/effort, releasing resources for the "front line"
 - c) Faster processing time for major tendering exercises and simplification/reduction in staff effort required to evaluate tenders and pre-qualification.Also:
 - d) Achievements of National Procurement Strategy targets – helping to improve our CPA rating
 - e) Simpler ordering processes

Current Position

11. The Councils Finance System currently supports:
 - e-ordering – 84% of orders are now emailed or autofaxed to suppliers. Conversely, some 58% of invoices are received without orders having been raised on the Finance System, mainly because they are call-offs from major contracts or the orders are placed using operational departmental systems.
 - e-catalogues – none currently resident on the system. Any catalogues need to relate to existing contractual arrangements and moreover resource issues arise over the set-up and maintenance of catalogue data, as they need to be constantly updated. The preferred option for all but the simplest catalogues would be for them to operate from suppliers' own websites accessed from the Finance System by punch-out technology.
12. The Finance System is capable of supporting punch-out to suppliers' websites or e-marketplace(s).
13. The Finance System does not at present have the capability to deliver:
 - e-RFQ. This could be supported by an e-marketplace or an e-tendering system.
 - e-sourcing/e-tendering. These would need to be supported by a separate specialist system
 - e-auctions. This would need to be supported by a specialist company.
 - e-invoicing unless through 3rd party software. The "Balancing the Budget" project mentioned in 8a) above will utilise this 3rd party software. In recent months, Corporate Procurement has been successful in reducing paper invoice volumes through consolidated invoicing with various suppliers.
14. Government Procurement Cards are currently in limited use, mainly stationery ordering via the internet and outside the Council's existing ordering system. Banner have created a dedicated website for BFBC for this purpose. This has been highly successful in simplifying the ordering process and reducing invoice numbers. There is however no plan to expand the use of cards at present.
15. Selling to the Council website. A comprehensive Selling to Schools and Selling to the Council Guide has already been published on the Council's external website which now requires a refresh.
16. The South East Centre of Excellence (SECE) has funded a South East Business Portal which provides an on-line contract database and facilities to "advertise" opportunities. The Council's use and promotion of the Portal is included in the Berkshire Procurement and Shared Services Unit Concordat, signed by the six Berkshire Chief Executives in September 2007. An implementation plan has been agreed with the Portal Manager on use of the Portal over the coming months.
17. e-sourcing/tendering. An e-sourcing/e-tendering system was trialled during 2005/6 with mixed results. A report was issued to the ICT Steering Group in November 2006 which concluded that:
 - Not to adopt the trialled software for more widespread use in the Council.
 - There are distinct benefits in e-tendering/e-sourcing software which could be realised via a better web-based package. OGC Buying Solutions have a framework agreement for a web-based e-sourcing and contract management system which is in operation by a number of central government departments.

The pricing, though, seems to be more geared towards big government departments than small unitary councils.

- SECE tendered for e-sourcing/e-tendering as part of the Portal project, but was in the end unable to recommend a satisfactory solution. SECE intend to revisit this requirement during 2008.
 - It is to be expected that better solutions and lower pricing will become available in the near future. It is therefore recommended that developments in the market and potential pricing structures remain under review, perhaps in collaboration with other Thames Valley authorities with a view to a new proposal being considered in 1-2 years time.
 - Development of any future proposals should be run as a formal project with a designated project manager and full ICT involvement from the outset.
18. Regional e-marketplace. The South East Business Portal was expected to provide this functionality from late 2006. However, in the event, the marketplace was dropped from the package. Because of doubts about the viability of the business case, the Council currently has no plans to develop this area.
19. e-auctions. The Council successfully led a consortium of SE authorities in holding the first e-auction in the Thames Valley, for fixed line telephony, in mid 2005. This took advantage of OGC funding and utilised external auction services. A second e-auction for food and drink was cancelled during 2006 due to lack of volumetric data from departments. Further auctions will be considered wherever appropriate.
20. The Corporate Procurement Team currently uses online software to draft and issue OJEU notices. By producing the notices electronically, this reduces the timescales for the "Open" procedure by seven days.

Further developments

21. Further developments for 2008 onwards should be, in order of priority:
1. Exploitation of South East Business Portal:
 - a. Improve information flows to the business community about tendering (and quotation) opportunities with BFBC
 - b. Simplify the process of registering interest in such opportunities and the associated pre-qualification procedure.
 - c. Increase the exposure of Council buyers to existing public sector deals, for the purpose of piggy-backing other contracts or price benchmarking.

Target: March 2008. A separate Implementation Plan, attached, has been developed for this requirement.
 2. When appropriate, include in the specification for corporate contracts requirements for web-based or similar e-ordering as a means of streamlining ordering procedures.
 3. Continue to reduce paper invoices through consolidated invoicing. Wherever appropriate, include a question on e-invoicing capability in Invitations to Tender. Investigate the Finance System / 3rd party e-invoicing capability as part of the "Balancing the Budget" project.
 4. Include bids of £20k pa in future capital programmes for e-procurement initiatives, such as e-auctions, where these have the potential to deliver revenue savings.

5. Expand the use of e-auctions wherever appropriate, in collaboration with other Thames Valley or wider SE authorities.
6. Continue to monitor available options for e-sourcing/e-tendering, particularly in collaboration with other authorities.

JO ALDERSON
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October 2007

ANNEX A - IMPLEMENTATION PLAN 2008

	Action	Responsible Officer	Date	Comments
1	Develop processes to exploit opportunities from SE Business Portal	Head of Procurement	03/08	See Implementation Plan
2	Include reqmts for e-ordering in corporate contracts wherever appropriate	Head of Procurement	Ongoing	
3	a) Continue invoice consolidation.	Head of Procurement	Ongoing	
	b) Add e-invoicing question to ITT when appropriate.	Head of Procurement	Ongoing	
	c) Investigate Finance System / 3 rd party e-invoicing capability	Head of Finance	03/08	
4	Expand proportion of orders emailed to suppliers to 90%	Head of Finance	Ongoing	
5	Include £20k pa bid for e-procurement initiatives	Head of Finance	Ongoing	
6	Consider further e-auction opportunities	Head of Procurement	Ongoing	In collaboration with other authorities wherever possible
7	Monitor available options e-sourcing/e-tendering	Head of Procurement	Ongoing	

ANNEX B WHAT IS E-PROCUREMENT?

E-procurement may be considered to include all of the following:

1. **e-auctions** – a process for conducting a Dutch-style reverse auction via the web. Essentially a means of driving down prices in highly competitive markets as an alternative to the traditional tender process. Usually facilitated by a specialist provider for a one-off fee, using their own software and website.
 2. **e-billing** – facility to issue electronic invoices.
 3. **e-catalogues** – catalogue of services or (more usually) goods available in electronic form; may sit on the supplier's website or in the buyer's back office system. May have the facility to select items and generate an order.
 4. **e-marketplace** – portal from back office system to a number of supplier catalogues or contract content. Usually developed on regional or sub-regional basis. Promotes local e-business development; effectively allows suppliers to develop single interface to finance systems of all participating Councils.
 5. **e-invoicing** – facility to receive electronic invoices directly into the back office system.
 6. **e-ordering** – facility to generate a requisition, authorise it and convert it into an Order.
 7. **e-RFQ** – simple electronic request for competitive quotations from specified suppliers and facility to receive quotes, select one and convert it into an Order.
 8. **e-sourcing** – A valuable bolt-on supplement to e-tendering which facilitates compilation of pre-qualification and tender documents from a standard template and automates the evaluation process.
 9. **e-tendering** – Electronic issue and secure receipt of tender documents
 10. **BACS** - Bankers Automated Clearing Service - is an automated payment method. BACS payments are usually processed as batches using dedicated software linked in with the bank's system
 11. **Bid Evaluation Tools** - help compare complex bids by enabling electronic evaluation of supplier responses through automated analysis and real-time collaboration among multiple evaluators. Often part of e-Tendering software.
 12. **CHAPS** - Clearing House Automated Payments System - an electronic bank-to-bank same-day value payment made within the UK in either sterling or euro. CHAPS payments are guaranteed, instantaneous and irrevocable.
 13. **Content Management** - The activity of acquiring, collecting, authoring/editing, tracking, accessing, and often delivering both structured and unstructured digital information - collectively "content".
 14. **Contract Management** - software systems used to automate the processes associated with establishing contracts with suppliers and managing the termination, completion and renegotiation of contracts.
 15. **Internet ordering** – ability to access e-catalogues and place orders direct on suppliers' websites (i.e. without any link to Council's back office systems)
 16. **Portal** - A web site or service that provides access to a number of sources of information and facilities, such as a directory of links to other web sites, search engines, email, online shopping, etc.
 17. **Price benchmarking tools** – software which is used to compare purchase prices of different organisations (including spreadsheets and databases)
 18. **Procurement Cards** – providing prompt invoice-free payment to suppliers, backed by monthly electronic statement received direct into back office system
 19. **Punch-out technology** makes it possible for a buyer to access a supplier's web site from within the buyer's own procurement application.
 20. **Reverse Auctions** – see e-auctions above
- Selling to the Council website** – a guide to suppliers on the Council's approach to procurement, details of forthcoming contract opportunities and contact details.