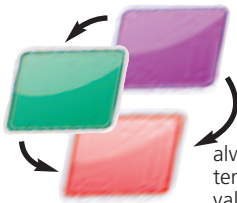


5 Working with Suppliers

The Procurement process



ESPO's procurement expertise is extensive and covers a broad range of goods and services, ranging from stationery and cleaning consumables to complex specialist service provision arrangements.

We have nine procurement teams each with specialist buyers who advise customers and co-ordinate their requirements. Agreed standards are based, where practicable, on either technical or performance specifications, including British or European equivalent standards. Goods subsequently purchased are subject to stringent quality control and performance analysis to ensure conformity with specification. Suppliers' performance is assessed with regard to consistency in quality, cost and delivery.

A record of approved suppliers is maintained and reviewed regularly. Applications to become a supplier are always welcomed and this section is intended to help guide you through the application process. The suitability of any new supplier is established by procedures carried out by the relevant buying team which will always include taking up references. Buying is normally on the basis of competitive tender or quotation, business being awarded to the supplier offering the best overall value submission. Firm price contracts are sought if applicable to the market conditions, but where price variation is unavoidable, provision is made to include a formula upon which any price variation will be based.

All procurement is conducted within the boundaries of both UK and European legislation, including the EU Procurement Directives.

Recovery of costs

Prices of products delivered from stock remain firm for twelve months (from April), and cover all overhead costs including administration, warehousing and delivery. For Direct Supply Contracts, costs are generally recovered by means of a rebate paid retrospectively by the supplier to ESPO, based on the levels of business generated against the contract. Such rebates amount, on average, to less than 1% of contract value.

There is further information about our procurement teams detailed within this booklet and contact details can be found in the final 'contact us' section. You can also access information regarding product and services contracts that are due to be exposed to competition in the near future. See the buyer profile menu option on our main website for further details.

Procurement and the supply chain process...

All contracts are exposed to a competitive tender process and fall into one of four categories:

Products purchased in bulk into ESPO Distribution Centre, invoice to ESPO.

Approximately 10,000 consumable products are delivered to customers through the warehouse at our Leicester headquarters. Marketing of these products is primarily achieved through our printed and web catalogues. Overall value of products purchased into the warehouse is about £30 million each year.

Typical product ranges include: stationery and office consumables, sports equipment, curriculum and classroom resources, early years, art equipment, toys, first aid, catering, IT consumables, protective clothing and cleaning materials.

Specialist products ordered by ESPO for 'direct delivery' to customers, invoice to ESPO.

Approximately 17,000 products are purchased for distribution to customers directly by our contracted suppliers and are featured in our print and web catalogues, advertised as 'direct delivery' products. Overall value of 'direct deliveries' is about £20 million each year.

ESPO places the order to the supplier, who delivers directly to the customer. Supplier invoices ESPO who pays the supplier then invoices the customer.

Typical product ranges include: Furniture, TVs, audio equipment, fridges, cookers, office/cleaning machines, electrical items, street furniture, storage.

Specialist products/services that customers order direct with suppliers, for delivery/invoice to customers.

These are known as Direct Supply Contracts or Framework Contracts. Details of these contract arrangements are formally communicated to successful suppliers. These contracts have been negotiated as either National, Regional or Authority-specific arrangements and the scope of each contract is clearly stated in our marketing.

Marketing of these products/services is through our Dealing Direct printed and web catalogues. Value of direct supply contracts is about £250 million each year.

Typical examples of these contracts include: IT equipment/computer software, telecoms, car hire, energy/utilities, plant hire, photocopiers, building and plumbing materials, food, grocery/other catering related products, corporate workwear, books.

Strategic procurement/complex service provision.

Local Authorities and other public sector customers are increasingly required by Government to make significant savings and demonstrate procurement 'best value' to reduce public monies expenditure.

ESPO has a wealth of experience in delivering council solutions that meet efficiency aspirations and deliver visible cashable savings of public expenditure through collaborative procurement and consortia solutions with Regional Improvement & Efficiency Partnerships (RIEPs). ESPO operates across three RIEPs – West Midlands, East Midlands and East of England.

Value of these projects varies each year but will typically be around £100 million.

Typical product ranges include: Outsourcing of financial, legal, professional and central support services, waste and recycling schemes, bailiiff services, leasing arrangements, management of IT networks/services, temporary staffing.

5 Working with suppliers

Useful contracting opportunities and information

The seven member (owner) councils of ESPO also publish **'How to do Business with your Council'** information. This is usually available on their websites and in leaflet format. Websites to visit include:

www.cambridgeshire.gov.uk www.leicester.gov.uk
www.leicestershire.gov.uk www.lincolnshire.gov.uk
www.norfolk.gov.uk www.peterborough.gov.uk
www.warwickshire.gov.uk

Look for **'How to Supply your Council'** or **'Becoming a Supplier to the Council'**. You will find links to the ESPO website www.espo.org where the **'espo buyer profile'** will give access to notices showing:

Future Tenders/Planned Procurements
Current Tenders/Current Procurements
Past Tenders/ Past Procurements

The website provides information on current contracts both above and below EU Thresholds. Clicking on the tender notice will give visibility to the full notice which includes instructions on where to request relevant documents.

Small and Medium Enterprises

One of the key drivers for all Councils in order to comply with the expectations of the National Procurement Strategy is the need to ensure as much opportunity for participation in public contracts by local suppliers.

ESPO, in its procurement practices, whether it be for contracts for the supply of goods or services, ensures that local suppliers and SMEs throughout the consortium area have as much opportunity as possible to participate in our contracts. One of the ways that this is achieved is by ensuring that where possible contract requirements are divisible in lots and/or multiple sourced.

SMEs should avail themselves of the opportunity to view future contracting requirements as detailed in the ESPO Buyer Profile, found within the main ESPO website. Suppliers will be able to establish from historic and current data the nature of the contracts that have been exposed to competition, their duration and value. Early contact with ESPO's Buyers may well avoid these opportunities being lost!

ESPO Buyer Profile

The **'Buyer Profile'** section of the website enables ESPO to comply with the latest EU proposals on procurement legislation, through the provision of a fully managed, real-time online contract information service for suppliers.

Suppliers now have immediate access to the contract notices placed by ESPO on behalf of all members of the Consortium, both those above and below EU threshold value. Notices are updated daily and identify future requirements, current tenders and awarded contracts, giving visibility to the full details of the contract notice including the geographical coverage and the contact for requesting documents.

The Future Doing business electronically

Councils across the country are being encouraged to conduct business electronically and if you are interested in doing business with your local council, e-commerce should be at the top of your agenda. There are national targets to be met for all councils – so if you are able to trade electronically – you will be in a good position whether or not you currently have a contract with ESPO or your local council.

All future contract arrangements will seek electronic links for ordering/invoicing systems.

ESPO is currently sourcing a managed e-tendering solution, which will include separate e-Planner, e-Tender, e-Contract, e-Portal and e-Auction modules.

The solution will provide an overall e-Tendering package, based on a hosted 'modular' approach and capable of a 'plug and play' approach, dependant upon each authority's chosen requirements.

This will provide access to information for both individual and collective users with the flexibility to enable collaboration between authorities in selected contracts.