THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA

E – PROCUREMENT STRATEGY

IMPLEMENTATION PLAN

INTRODUCTION

Conducting business electronically provides significant scope for re-shaping business processes, improving efficiency and making services more convenient for public use. E-procurement will enable the Council to improve its routine purchasing function and deliver better services to customers. This document sets out the Council's strategy for the development and implementation of e – procurement across its five Business Groups.

DEFINITION OF E-PROCUREMENT

E-procurement in the context of the strategy is the ongoing and future business relationship between the Council, its suppliers and contractors. It does not apply to the relationship and interactions between the Council and its residents. E-procurement is integral to the overall development of procurement processes and involves the use of an electronic system/s to acquire goods, works and services from third parties. It covers all aspects of the purchasing cycle including but not limited to:

- ***E-tendering***
  Web based system for sourcing tenders.

- ***E-purchasing***
  Complete 'end to end' purchasing, integrated with back office systems, including raising purchase orders, goods received, receipt and payment of invoices and management information and incorporating automated bank payment clearance through BACS and CHAPS.

- ***E-Marketplace***
  Web based system that enables 'punch out' to approved supplier catalogues.

- ***E-Auction***
  Web based system for conducting an auction of goods and some services.

- ***Procurement Cards***
  Purchasing cards for high volume low value expenditure.

CURRENT POSITION

The Council through its e – Government Strategy is committed to implementing a number of electronic procurement solutions and the financial system OneWorld will play a vital role in achieving this across all procurement activity.   OneWorld was implemented in 2001/2 and is a fully integrated software solution used by both the public and private sectors.

The current business solution involves three core transaction facilities to accommodate payment for goods, services and construction works purchased by the Council. These are:
- Purchase Order (with online receipting)
- Logged Voucher
- Non – Invoice Payments

THE WAY FORWARD

All suppliers will be encouraged to 'do business' with the Council electronically, although it is acknowledged that some suppliers, particularly small and medium sized enterprises (SMEs), may have not yet developed the capability to do this.

All suppliers will be subject to the requirements of the Council's Procurement Procedure Rules and Contract Regulations and supplier selection will be based on an assessment of the most economically advantageous tender to the Council.

The Council proposes to implement a variety of systems to create a fully functional e – procurement solution and having assessed the options available, the following are key priority areas for development:

- ***extensive use of procurement cards for low value purchases***
- ***electronic purchase orders***
- ***a market place or e-procurement portal***
- ***electronic auctions,***
- ***electronic tendering,***
- ***Implementation of a Buyer Profile***
- ***e-invoicing***

Purchasing Cards (P – cards)
P- cards are an efficient and cost-effective method of buying low value goods and services. They operate like a credit card and will be implemented alongside tight controls governing their use. P-cards will speed up the ordering process and add considerable value in reducing

the amount of paperwork involved in the existing more traditional method of purchasing, by replacing petty cash, cheque requests, low-value requisitions, cash advances, expense claims and some purchase order processes.

Electronic purchase orders
OneWorld already contains electronic purchase order functionality, the use of which will be mandatory for all purchases other than those acquired using a p-card.

Punch out to an e – market place
A Marketplace is an electronic purchase order system that will enable 'punch out' from the Council's financial system to an electronic (instead of paper) catalogue incorporating the use of "search engines" to find goods quickly. Orders will be generated on line in a secure environment and sent directly to suppliers, electronically.

E – Portal
The alternative to a market place is the installation of a non-integrated e-purchasing software solution (e-portal). The facility will be used either collaboratively, sharing common suppliers with other local authorities, or as a standalone system. An e-portal will be externally hosted and delivered as a managed service. There is no additional outlay required and the only systems requirement is end-user interface via the internet.

The Council will review both options and base its decision on the solution that offers best value.

Electronic Auction (e – Auction)
An e – Auction will allow suppliers to compete for Council commodity contracts by out bidding each other on price, during a 'live' auction, having already satisfied the qualitative and technical requirements of a contract.

Electronic Tendering (e – Tendering)
E – Tendering will enable all stages of a tendering process to be completed over the internet, from advertising a requirement to evaluating supplier responses and awarding a contract.

Buyer Profile
The Council will publish its requirements on the Internet through a Buyer Profile containing information on past, current and future contracts. This will enable the supply chain to prioritise its business activity, thereby maximising the opportunities available for both the Council as purchasers and suppliers as service providers.

BUSINESS PROCESSES

The following business processes will be re-configured in advance of implementing the above proposals:

- Improvements to workflow messaging;
- Automated approval of transactions under £50;
- Enhancements to the supplier address book;
- Implementation of transaction management software;
- Improved document distribution software;
- Non Invoice forms to be processed by Accounts Payable and workflow used to route for on-line approval;
- New e-learning tool for OneWorld to enhance user guides and provide on-line support.

TIMESCALES

The following targets have been set for 2007/09:

- Business processes updated;
- Procurement cards introduced across the Council;
- Buyer Profile published on the Council's website;
- Mandatory use of electronic purchase orders for <u>all</u> transactions not covered by a p-card;
- A review of the various e – Auction and e – Tendering solutions available on the market;
- Development of a business case for an e–Portal or e– Marketplace.

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