



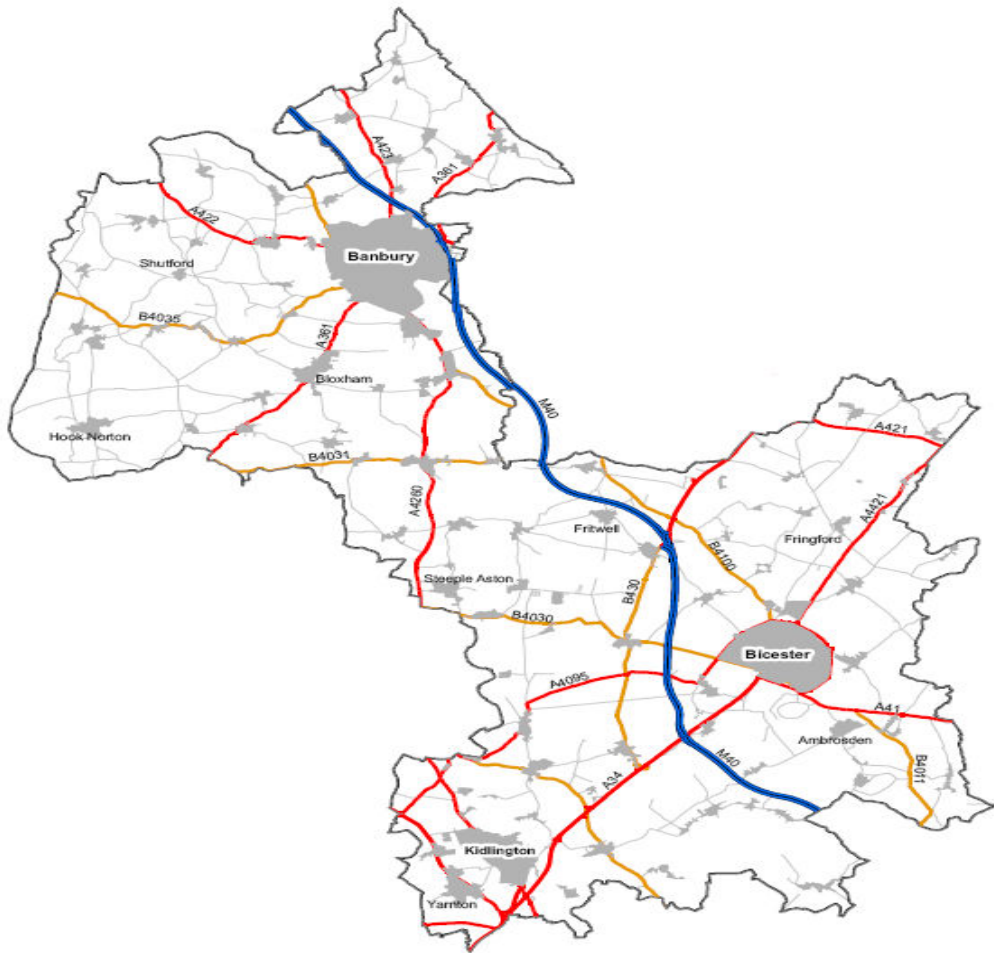
Corporate Procurement Strategy and Action Plan 2010/11

About Cherwell District Council

Cherwell is a rural district in north Oxfordshire, situated around the M40 motorway and the river Cherwell. Much of the area is farmland and 14 per cent lies within the Oxford Green Belt. The three main towns of Banbury, Bicester and Kidlington are home to about two-thirds of the 138,200 population with the rest of the district comprising of small villages.

Despite relatively high numbers of young people living in the area, the proportion of older people is growing faster than average and a 6.9% increase is expected by 2029. The ethnicity of the area is mostly white, with numbers of black and minority ethnic people below regional and national averages. With over 56,000 households, Cherwell has a higher than average home ownership and an average sized private rented market.

People's health is generally better than average but there are cases of inequality. For example, men living in the most deprived areas can expect to live 5 years less than those in the least deprived. Unemployment is relatively low but residents tend to have lower weekly wages than the rest of the South East.



Foreword

Why have a procurement strategy?

In relation to effective procurement there are quite significant challenges for councils including: taking account of sustainable objectives (environmental, economic and social); achieving VFM, involving relevant parties in service design; and innovation (efficiency and service improvement agenda).

Gershon reported major skills shortages in local government for commissioning and procurement. Councils will need to assess the skills required particularly to support more innovative procurement options and effective options appraisal and contract management.

Audit Commission – Use of Resources Guidance

Cherwell District Council recognises that procurement is a critical mechanism for delivering value for money and achieving sustainable outcomes for its local communities. This strategy aims to provide a clear framework for procurement to ensure a coordinated approach is adopted across the Council that reflects our aims and objectives. As such, the strategy reflects the Council's priorities identified in its Corporate Plan and Sustainable Community Strategy.

Cherwell's Sustainable Community Strategy, 'Our District, Our Future' sets out the vision for Cherwell for the next twenty years. It has been developed by the Cherwell Local Strategic Partnership, through consultation with people in the community, residents in rural and urban settings, carers, parents, and a range of organisations working with different groups across Cherwell. The corporate plan is due to be refreshed during 2010/11 and as an outcome of this exercise we will produce a three year strategy for the period 2011/12 to 2014/15.

This initial one year strategy sets out how the Council will 'achieve a balance between potentially, but not necessarily competing objectives' (Creating Strong, Safe and Prosperous Communities, CLG) over the next year by:

- Delivering significant cost and efficiency savings
- Improving options appraisal and planning methodology
- Basing our procurement decisions on whole-life costs that achieve clearly evidenced sustainable outcomes
- Enhancing collaboration with a wide range of partners to improve procurement outcomes in terms of quality and exploiting economies of scale
- Promoting a mixed economy of service provision that engages with the private, public and voluntary sector organisations.

Achievement of the above objectives will achieve value for money, provide innovative solutions and demonstrate the Council's commitment to supporting wider social, economic and environmental objectives, in ways that offer real long-term sustainable benefits to the local area.

Further development of procurement methodology will assist the Council in achieving its ambitions by realising best value from the way it procures and delivers its services, and uses its resources in an effective and sustainable way allowing savings to be redirected into front line services.

To facilitate this, the Council will build on the standards of competency in procurement already achieved and will take steps to ensure that officers and members receive the training and development they need to meet the challenges and deliver the action plan set out in this strategy document.

Councillor James Macnamara
Portfolio Holder for Resources
Procurement Champion

Contents

Section	Topic	Page
Section 1	Clear vision of expected outcomes	5 – 7
Section 2	Strategic procurement	8 - 16
Section 3	Improving processes	17 - 19
Section 4	Roles and responsibilities	20 - 22
Section 5	Objectives and outcomes	23 - 24
Section 6	How will we know how we are doing?	25
Section 7	Draft action plan and timescales	26 - 30
Section 8	Procurement toolkit (reference material)	31
 Appendices		
Appendix 1	Sustainable procurement strategy	32 - 36
Appendix 2	Procurement performance indicators	37 - 38

1. Clear vision of expected outcomes

“The future for public procurement should be clear:

It should be a major driver in restoring public finances.

It should be on the top table.

It should be professionally managed.

It should provide full transparency of best value.

It should be networked right across the public sector.

It should provide true aggregation and volume commitment.

It should have massively reduced duplication in non strategic spend.

It should be as much about bottom up as top down.”

Nigel Smith, Chief Executive, Office of Government Commerce

- 1.1 The Council spends in the region of £18m per annum on procuring and commissioning goods and services with a diverse range of suppliers and it is of fundamental importance to the Council to have a clear vision of expected outcomes from its procurement activities by the implementation of a corporate, objectives based procurement strategy.
- 1.2 National initiatives and guidance on developing procurement have been provided in many forms and the Council needs to be able to respond positively. In forming our strategy the Council has given consideration to a number of reports and guidance including :
 - Procuring the Future
 - National procurement Strategy
 - Comprehensive Spending review
 - National Improvement and Efficiency Strategy
 - Roots Review
 - Glover Review
 - Varney Report
- 1.3 Cherwell District Council adopted its first formal Procurement Action Plan in 2007/08 and has refreshed it annually to cover the period to March 2010. The Council has exploited the benefits of contemporary procurement practice by investing in the formation of a Corporate Procurement Team in 2008 that operates under an innovative “invest to save” initiative, with annual targets ensuring the operation is both “self funding” and providing additional returns.
- 1.4 The approach has secured cashable savings of £339k in 2008/9 against a target of £200k and an initial in-year investment of £121k. The savings secured to date result in the team being self funding for the future with the savings increasing year on year.
- 1.5 The target for ongoing cashable savings in 2009/10 is £200,000 and this has already been exceeded by £10,000. Non cashable savings of £35,000 have been achieved due to the roll out of Procurement Cards and the impact of the procurement process on our capital programme has reduced Council expenditure by circa £300,000.
- 1.6 Procurement has a very strong link with finance, contract management, compliance and efficiencies and so the Council positioned the Corporate Procurement Team within finance under the direction of the Head of Finance.
- 1.7 It is vital that the Council continues to use effective procurement as a major opportunity to alleviate budget pressures. Research noted in the South East Regional Improvement and Efficiency Partnership’s ‘Smarter Procurement’ overview, published in September 2008, claimed that the cost of procuring goods and services outside of a contracted environment is up to 35% higher than those purchased as part of a strategy.

- 1.8** Progress made in embedding strategic procurement in the Council has been recognised by the Audit Commission as part of the Council's Use of Resources assessment and a score of 3. In developing this strategy the Council has reviewed Councils that have achieved a top score of 4 for KLOE 2.1. We have looked at the procurement strategies and websites of Kensington and Chelsea, City of Westminster and Stockton on Tees for good practice and innovative ideas to enhance our own strategic thinking. We have also been in contact with Milton Keynes Council who are also in the process of reviewing their strategy.
- 1.9** The Council's commissioning is shaped by a clear vision of improved services based upon sustainable principles with consideration given to full life-cycle costs. Effective planning and options appraisal has provided procurement with sound contract management principles that have directly supported improved service provision. An example is the successful approach to its commissioning, contract and project management of the £27m sports centre modernisation programme. The Council has engaged effectively with a range of stakeholders and service users to plan and commission services. It is building on its partnerships to deliver sustainable local outcomes and efficiencies and engage with small and medium-sized enterprises (SMEs).
- 1.10** The Council has a strong record of enabling access to services through technology. It has embraced e-procurement and is launching an interactive guide for procurement to raise awareness across the organisation. The Council engages with its communities in the design of services, e.g. the One Stop Shop, where it undertook Equality Impact Assessments as part of the design. The Council consults effectively with users, SMEs and partners and has a more informed understanding of the supply market.
- 1.11** Many benefits of improving the way goods and services are procured have been achieved by the Council, including considerable cost savings, nominations for awards and best practice and the introduction of electronic payment cards. The procurement strategy for 2010 – 2011 will build on the approach being taken to procurement of goods, services and works and detail the associated actions being taken in support of the Council's Corporate Plan and Medium Term Financial Plan.
- 1.12** The Council continues to build on its effective collaboration with a range of partners to leverage economies of scale, reduce administrative costs, improve the quality of service provision and provide innovative solutions for securing additional value for money. The Council was recently involved in a successful joint funding bid with the Oxfordshire Procurement Hub and Oxfordshire County Council to secure funding from the Milton Keynes Oxfordshire and Buckinghamshire Improvement Partnership for a project to secure further procurement efficiencies by encouraging the involvement of more organisations (including Primary Care Trusts, Schools, Universities, Third Sector and not for profit organisations) in locally based collaborative procurements and in securing prompt payment discounts from existing suppliers. To date the PCT have expressed an interest in being involved in the forthcoming countywide Agency re-tender and some £5000 of savings have been secured via suppliers signing up to prompt payment discounts.
- 1.13** This strategy aims to further develop a mixed economy of service delivery by working with public, private and voluntary sector organisations to develop co-operative procurement arrangements and develop supplier effectiveness. To date, the Council has delivered a GP led health centre with associated clinical services in partnership with the PCT with the Council procuring the refurbishment of its former offices, funding, project managing and providing onward going facilities management services via a range of agreements. This has led to reduced Council overheads, a reduced council tax burden to local residents and increased access to healthcare services for local residents as part of our to our Safe and Health strategic priority.

1.14 This strategy and action plan provides a procurement road map for tackling the challenges of achieving value for money and excellent services for the residents of Cherwell District Council over the next year. It will be a key driver for the delivery of the Council's Corporate Improvement Plan.

1.15 The vision for procurement at Cherwell District Council is that by embedding high quality procurement and contract management processes throughout the Council will:

- Deliver significant cost and efficiency savings
- Improve options appraisal and planning methodology
- Base our procurement decisions on whole-life costs that achieve clearly evidenced sustainable outcomes
- Enhance collaboration with a wide range of partners to improve procurement outcomes in terms of quality and exploiting economies of scale
- Promote a mixed economy of service provision that engages with the private, public and voluntary sector organisations
- Be recognised as a leader in the procurement field within local government.

How to use the strategy:

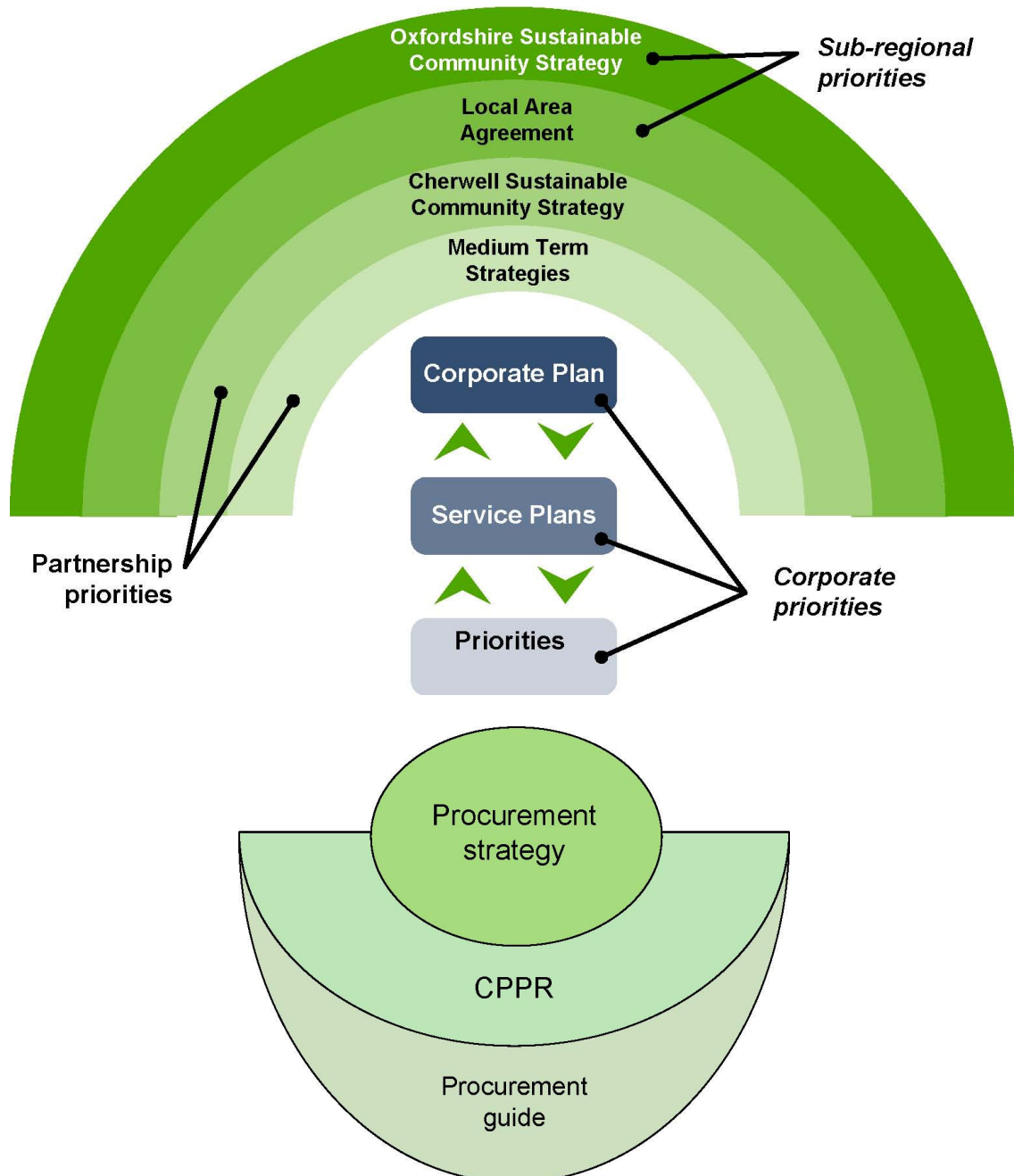
Section 1-7 of the strategy document is for use by all officers and members to understand the overall approach being taken in procuring goods and services at Cherwell District Council. It details the actions being undertaken to continue improvements in how the authority purchases goods and services over the lifetime of the strategy.

Section 8 refers to the tools available to officers including the procurement guide and to the principles behind the strategy and procurement practices. It assists officers to understand the rationale behind the framework that the authority operates for procurement of goods, services and works.

2. Strategic procurement

'Procurement is the business management function that ensures identification, sourcing, access and management of the external resources and assets that an organisation needs or may need to fulfil its strategic objectives. Achieving value for money through the acquisition of goods, services, assets and works over the lifetime of a contract is key.'

Office of Government Commerce 2010



2.1 Linking procurement to the council's corporate plan

- 2.1.1 The Council's approach to procurement should reflect sub-regional and local priorities as identified by the Oxfordshire Sustainable Community Strategy and the Cherwell Sustainable Community Strategy, which are in turn delivered via the Corporate Plan that is due to be refreshed in 2010/11. The above diagram outlines how the procurement strategy links into the Council's objectives and how the strategy itself promotes the effective governance laid out in the Council's Contract Procedure Rules and the best practice provided for in the procurement guide.

2.2 Why a corporate procurement resource?

- 2.2.1 The key role of the Corporate Procurement Team is to work in co-operation with departments to ensure value for money (right time, place, quantity, quality and price) procurement practice – from options appraisal right through to the completion of the contract life cycle – is being exercised by departments and support them as necessary to promote best practice in line with the Corporate Procurement Procedure Rules. Essential to the success of this objective is the rigorous monitoring of an audit and compliance plan to enable contracts to be established for relevant aspects of the business and recorded on the corporate contracts register.
- 2.2.2 The scope of the Corporate Procurement Team within the Council has been clearly defined as the guardian of the Council's standing orders, the provider of tender and contract management assistance and advice and the manager of the corporate contracts register, ensuring that professional procurement processes are followed and recognised and a consistent approach applied to all projects.
- 2.2.3 The Corporate Procurement Team provides leadership and has already developed a good track record of managing successful procurement projects across the Council. As part of our service and financial planning we received positive feedback about our procurement service.
- 2.2.4 To date the team has provided savings and a robust contract management process that requires further embedding across all service areas.
- 2.2.5 The procurement network needs to be further developed to turn service managers responsible for procurement into procurement champions. A procurement guide is available to all managers and this will be supported by a training programme.

2.3 Embedding value for money

- 2.3.1 The Council's drive for value for money should be linked to the Government's efficiency agenda and the Council's Medium Term Financial Strategy. These initiatives call for on-going cashable savings to be achieved in part through better procurement leading to overall cost reductions. The Council should continue to analyse its expenditure and target opportunities to save money, rationalise the supplier base, increase competition, enter joint contracts with other public bodies and contract more effectively.
- 2.3.2 The development of procurement as an effective tool to obtain value for money should be based on the assessment of whole life costs. Consideration of a balance of both quality and price is necessary and all analysis and evaluations should be conducted including, predetermined price/quality ratios. The introduction of procurement forward plans for the Council's annual procurement activities and the undertaking of comprehensive options appraisals lead to more effective planning with better implemented and managed contracts.
- 2.3.3 To determine value for money there needs to be a balance between whole life costs and matching customer requirements. In most instances, the Council will use 'most economically advantageous' as the criteria which will include economy, efficiency, effectiveness, equality and diversity, environment, health and safety, innovation and continuous improvement, management and organisation, sustainability and social impact.

2.4 A planned approach to procurement

- 2.4.1 The development of this procurement strategy began with an analysis of spending patterns and the mapping of requirements in the authority's procurement portfolio. For it to be successful the procurement strategy must be owned from the Corporate Management Team right through to Officers implementing the procurement of a wide range of goods, services and works.
- 2.4.2 Strategic procurement relies on the coordination and oversight of all procurement activities being managed within a professional discipline. The Council requires sufficient visibility and control of procurement to be able to take decisions based on expert advice and guidance backed by extensive market intelligence.
- 2.4.3 Procurement involves considering options and making informed choices. To be most effective early engagement with end users is recommended so that standards and service requirements can be discussed and determined. The selection of appropriate procurement routes and relevant evaluation criteria will assist in making the most of market opportunities. The Corporate Procurement Team needs to be influential and proactive so that it can help coordinate spending across the whole Council. The procurement function of the Council is now situated within Corporate Finance in order to gain an insight into the purchasing and commissioning behaviours across all service areas.
- 2.4.4 Even the lowest value procurement activity should be subject to an options appraisal at the outset of the project to assess the full range of practical alternatives for service delivery, providing supporting evidence on risk assessment, service definition and market intelligence. Appropriate procurement procedures can be selected as part of the approval process and detailed planning and programmes can be developed.

2.5 Sustainable procurement and whole life costings

- 2.5.1 The Local Government Act 2000 placed a duty on local authorities to prepare a community strategy for promoting or improving the economic, social and environmental wellbeing of their area and contributing to the achievement of sustainable development in the UK. The act gave authorities the power to do anything they consider is likely to achieve the promotion of the area's wellbeing, including the use of procurement to help deliver corporate objectives including the economic, social and environmental objectives set out in the community plan.
- 2.5.2 Strategic Procurement by nature is responsible procurement and should include the consideration of factors other than cost in the assessment of value for money. Objectives in respect of sustainability (including socio-economic considerations), regeneration and other non-economic objectives will be supported by procurement activities.
- 2.5.3 Sustainability and quality can be taken into account when service delivery options are being considered. Legislation allows factors such as carbon footprint, replacement cycles and social benefits to be taken into consideration wherever it is appropriate to the contract. The correct stage to address these issues is right at the beginning of the procurement process – during the formation of the business case and in the writing of the specification.

Corporate Procurement Strategy and Action Plan 2010/11

- 2.5.4 The Council is committed to sustainable procurement and will adopt the Flexible Framework as recommended in Procuring the Future, Sustainable Procurement National Action Plan produced by the government's Sustainable Procurement Taskforce. The Council's Sustainable Procurement Strategy (Appendix 1) is being rolled out across the Council during 2010/11 along with the Interactive Procurement Guide.
- 2.5.5 The Environmental Strategy Key Officers group are being engaged to assist with the aim of achieving "Level 3 Practice Level" of the Flexible Framework, from the National Procurement Strategy, in the first year of adopting this strategy.
- 2.5.6 The Council will strive to ensure that all staff engaged in procurement activity are aware of and adhere to the Chartered Institute of Purchasing & Supply's Code of Professional Ethics.
- 2.5.7 The Council should aim to maximise its options for purchasing from a diverse and competitive range of suppliers including minority businesses, voluntary and community sector groups, small and medium-sized firms and social enterprises. To date initiatives such as Tendering with the Public Sector workshops, a web-based guide to doing business with the Council, an online contracts register and participation in Meet the Buyer Events have led to effective engagement with SMEs. The Corporate Procurement Team are also encouraging officers to make provision for local businesses by looking at where projects can be broken down into lots and, where possible, inviting at least one local company to quote for any quotation exercise. Further work needs to be done to ensure that all officers involved in procurement are familiar with what the market can offer in terms of added value and this can only come about by regular dialogue and consultation with providers and potential providers.

2.6 Equalities

- 2.6.1 The Council has introduced pre-qualifying safeguards that ensure all work carried out on behalf of the Council by external contractors is compliant with the latest equalities legislation with each interested party providing evidence not only of the policy but how it is put into practice.
- 2.6.2 The equalities questionnaires aim to:
- Establish that all organisations applying for work with the Council have a genuine commitment to equality of opportunity and that this will be effectively applied in their service delivery
 - Encourage best practice with all organisations that work for the Council
 - Protect the Council from prosecution in failing to meet its own commitments to equal opportunities legislation.
- 2.6.3 An Equality Impact Assessment has been carried out on the Procurement Strategy and Action Plan in line with the requirements of the Equality Standard and of the Race Relations Amendment Act (2000) and is compliant.

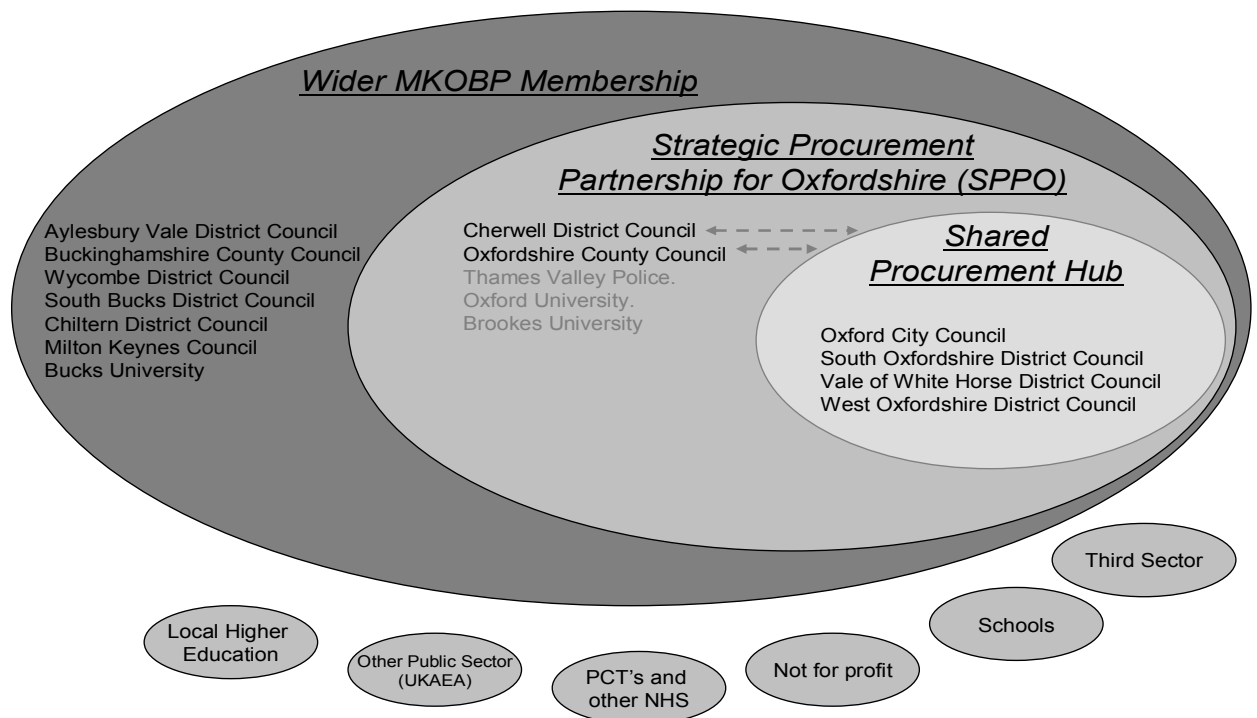
2.7 Collaboration

- 2.7.1 The Corporate Procurement Team has already demonstrated how effective collaboration with other public bodies and within partnering arrangements makes an essential contribution towards better strategic procurement with successful contracts in place for internal audit, advertising, agency staff, fuel, printing, stationery and vehicle parts. As well as the economies of scale and added leverage that combined spending volume provides there are a whole range of established frameworks that can be accessed easily and used, either as a direct contract or as the basis for a mini competition. In either case the reduction in timescale and the combined market influence could be attractive.
- 2.7.2 Collaboration can take many forms, partnering with a neighbouring authority or PCT, drawing down on frameworks offered by one of the five main professional buying organisations, such as the Office of Government Commerce, or via a host of collaborative groups and consortia set up in service based interest groups. There are also the regional centres of excellence that provide signposting services to common interest groups.
- 2.7.3 The Council has a number of collaborative arrangements for delivering services, as detailed within the diagram over the page:
- The Oxfordshire Shared Procurement Hub
 - The Strategic Procurement Partnership for Oxfordshire – which includes Oxfordshire County Council and the other district authorities within Oxfordshire with links to Thames Valley Police, Oxford University and Brookes University
 - the Milton Keynes, Oxfordshire and Buckinghamshire Procurement Partnership
 - Town and Parish Councils.

At the recent Improvement and Efficiency South East Awards the Strategic Procurement Partnership for Oxfordshire was highly commended.

- 2.7.4 These partnerships work both ways and in some cases the contracts have been set up by other public bodies whereas with others Cherwell has set up the contract. Contracts set up under partnerships will normally remain as an arrangement between Cherwell and the relevant supplier.
- 2.7.5 These partnerships also involve strategic initiatives such as joint work on prompt payment discount schemes, supplier databases to aid the sourcing of pre-approved suppliers and seeking wider collaboration with other public bodies with particular areas of expenditure.

Current Collaborative Procurement Arrangements in Oxfordshire



Current Collaborative Procurement Arrangements in Oxfordshire

2.7.6 An alternative form of collaboration is a purchasing consortium. The use of purchasing consortia is well established with 67% of local authorities currently making use of them (BiP Solutions). Consortia tend to be used to:

- provide low-value, high-volume supplies, such as stationery and cleaning materials – often via catalogues
- act as agents in setting up/facilitating joint contracts for groups of public authorities
- supply goods and services, such as fuel and mobile telephones
- act as a forum for the exchange of information and learning regarding procurement and commissioning
- provide a source of procurement advice and guidance
- establish national or regional contracts.

2.7.7 The development of collaborative relationships requires both give and take and the Council should be prepared to commit resources to joint initiatives where necessary.

2.8 Developing a mixed economy

- 2.8.1 The Council is committed to the promotion of a mixed economy of service provision on the basis that this is most likely to deliver best value for the district. This entails working with the public, private and voluntary sector organisations to develop co-operative procurement arrangements and develop supplier effectiveness.

Public Sector

- 2.8.2 The Council continues to look for partnership opportunities with the public sector, building on the success of its partnership with the PCT in provision of a GP led Health Centre and associated services clinic in Banbury. Partnership options continue to be sought with other local authorities within the Strategic Procurement Partnership for Oxfordshire with a current programme to look at further engagement with other public sector partners, including the NHS, MOD and universities and colleges.

Small and Medium-Sized Enterprises (SMEs)

- 2.8.3 The Council has a strong commitment to developing the local economy and has signed up to the Small Business Friendly Concordat. The Council has worked hard at providing opportunities for local businesses to engage with the Council by providing a Selling to the Council area on the website that includes a guide to working with the Council, a contracts register and a forward plan listing forthcoming projects for the current financial year.
- 2.8.4 The Council has also provided workshops on how to do business with the Council and as a result of participating in the Oxford City Council Meet the Buyer event and the follow up print framework workshops the Council have engaged local suppliers who had not previously tendered for public sector work.
- 2.8.5 The Council hosted its first Meet the Buyer event in Banbury in September 2009 with almost 100 suppliers seen by all the Oxfordshire local authorities and other public sector partners, such as the Ministry of Defence.
- 2.8.6 Our work with small businesses has earned us a regional award from the Federation of Small Business which recognises the vital role that local authorities play in supporting small businesses. We are now through to the regional finals.
- 2.8.7 The Council needs to move forward in developing a more effective two-way dialogue with the local business community and this will be achieved by initially emailing out a questionnaire to the businesses on the local business database that has been developed in conjunction with the Council's economic development team. We will continue to provide feedback where possible to help unsuccessful tenderers improve their procurement processes.

The Voluntary Sector

- 2.8.8 The Council engages with the voluntary sector via a range of grant aided initiatives and is currently looking at developing the market in elderly leisure provision. This is an area for further development with the need to look at providing a framework for developing closer strategic and operational working relationships in an open and accountable way and to enhance collaboration.

2.9 Furthering skills development

- 2.9.1 The Corporate Procurement Team provides skilled and experienced officers who are able to provide advice and guidance on all aspects of procurement and who have knowledge and expertise of how to apply best practice in obtaining value for money. The team will also require specialist knowledge when dealing with specialist expenditure and this can be provided from our legal services team and through our procurement partnerships.
- 2.9.2 The Council's membership of the Strategic Procurement Partnership for Oxfordshire and the wider Milton Keynes Oxfordshire and Buckinghamshire Procurement Partnership, as well its close alignment with the Oxfordshire Shared Procurement Hub provides a huge knowledge base which is backed up by both regional, Improve and Efficiency South East, and national, Office of Government Commerce, bodies that provide a wealth of up-to-minute guidance and support.

2.10 Governance and compliance

- 2.10.1 All procurement activities must be conducted in compliance with the Council's Contract Procedure Rules (CPR) and the relevant EU procurement legislation. Additional guidance is provided in the Interactive Procurement Guide which provides easy access to the procurement process for the complete range of procurement procedures by contract value with templates to enable standardisation and ensure compliance.
- 2.10.2 Effective application of procurement across the Council will only be delivered through the active participation and strict compliance of all those who control budgets and authorise expenditure as well as those with appropriate technical expertise/service experience.
- 2.10.3 Once contracts or other procurement arrangements are in place, the Council needs to ensure ongoing compliance and for this purpose contract management responsibility should be clearly defined so that each contract has an 'owner'. Performance monitoring (against key performance indicators) is an essential function to ensure that value for money is being achieved. The working relationship between procurement officers and contract managers – be this the Corporate Contracts team or service based officers - is vital.
- 2.10.4 Reporting on procurement activities, requests for approval and contract management reports need to be handled within approved governance arrangements. The Procurement Steering Group provides a platform for the major value and high risk contracts to be discussed.

2.11 E commerce

- 2.11.1 The application of 'electronic trading' for certain procurement activities are recognised as being beneficial in improving efficiency and streamlining processes and when used appropriately is considered to be best practice.
- 2.11.2 The Council aims to undertake an options appraisal to determine the cost benefits of an e tendering system to automate procurement functions and provide a faster and more efficient service dealing with sourcing, tendering, ordering, payment and reporting generally.

Corporate Procurement Strategy and Action Plan 2010/11

2.11.3 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.

2.12 Management information

2.12.1 Collecting management information should be an essential feature of the Corporate Procurement Team and the analysis of the data and reporting process needs to become a feature of future reports.

2.12.2 An effective procurement strategy must be continually informed by analysis of management information (what, where and with whom money is being spent) and how well service requirements are being met. Much can be learned from the historic spending patterns of the Council and supplier/provider performance data.

2.12.3 The Council has previously used spend analysis systems provided by Spikes Cavell and is now participating in the Transform Partnership, a project covering all authorities in the South East and funded by the Improvement and Efficiency South East agency to recover duplicate payments to suppliers and identify cost reduction opportunities via identifying lower commodity prices.

2.12.4 The corporate team are responsible for maintaining the Council's contracts register, which aims to list all contracts with a lifetime value greater than £10,000.

2.12.5 The procurement function will be monitored against annual budget and service plan targets.

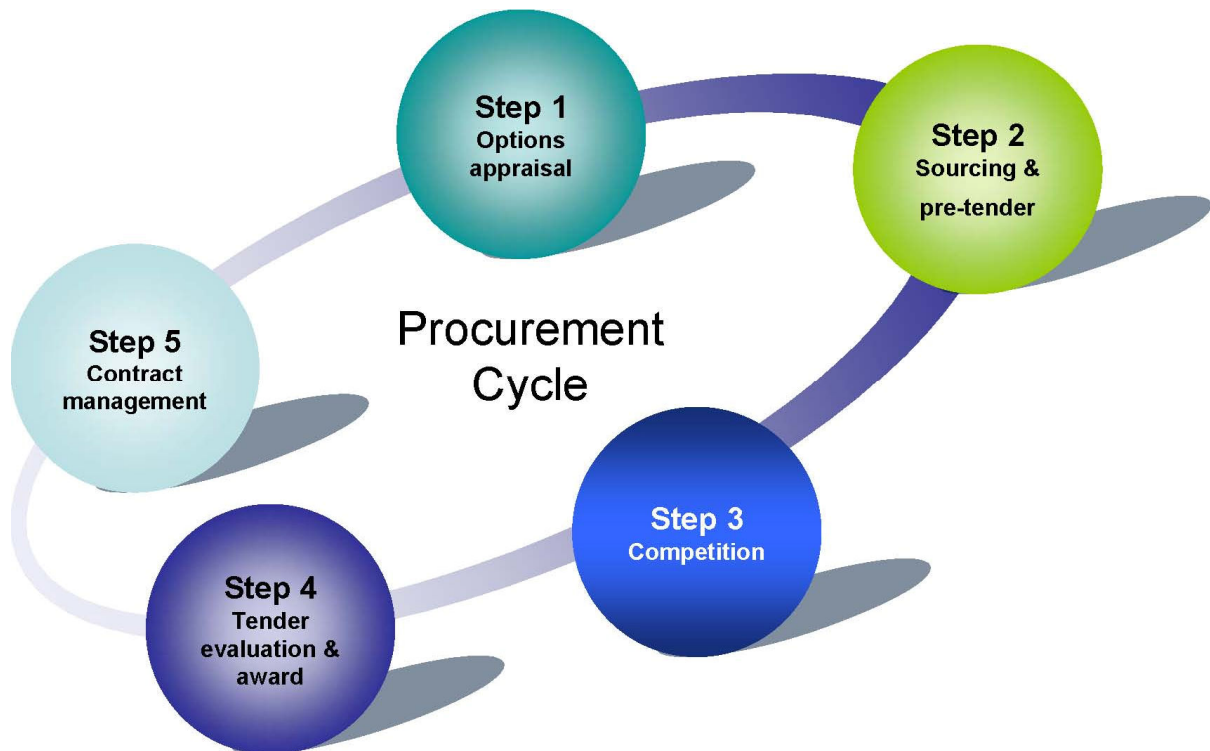
2.12.6 The outcomes from the procurement strategy will be considered in the medium term financial strategy scenario planning.

3. Improving Processes

'Procurement is the process of acquiring goods, services and works, covering both the acquisition from third parties and from in-house providers. The process spans the whole cycle from identification of needs, through to the end of a services contract or the end of the useful life of an asset. It involves options appraisal and the critical 'make or buy' decision which may result in the provision of services in-house in appropriate circumstances'.

National Procurement Strategy for Local Government - October 2003

- 3.1 The scope of the procurement service has been determined by the Council and outlined within the Contract Procedure Rules so that clear roles and responsibilities can be allocated and owned – from the Corporate Management Team and the Strategic Procurement Group through to Heads of Service, Project Officers and the Corporate Procurement Team. To conduct a procurement exercise a combination of operational knowledge and specialist procurement expertise is required and how this is managed and by whom will contribute to the overall success of any project.
- 3.2 The diagram of basic procurement functions shown below highlights five major decision points at which the Council needs to have appropriate checks and balances in place to influence best practice. The processes involved in options appraisal and planning, sourcing via an effective pre-tender process, competition and tender administration, evaluation and award, and contract implementation and monitoring are all recognised as being within the scope of the procurement service.



- 3.3 The procurement process should therefore cover a full lifecycle of activities starting with the identification of needs, through sourcing, evaluation, selection, award, mobilisation and ongoing performance monitoring. This is sometimes referred to as 'cradle to grave' and the extent to which this process is managed/influenced by procurement staff varies in different organisations. If any of these stages become disjointed the integrity of the process is at risk and the chances of a successful outcome are reduced.

- 3.4** In the context of a procurement process, obtaining “best value for money” means choosing the bid that offers “the optimum combination of whole life costs and benefits to meet the customer’s requirement”. This does not necessarily mean selecting the lowest initial price option and the assessment of quality and the ongoing revenue/resource costs require thorough assessment as well as the initial capital investment. The Council needs to apply value for money principles in making all procurement decisions.
- 3.5** The Council can include social, environmental and other strategic objectives as part of its requirements and these must be defined at the earliest stages of the procurement cycle as they will form part of the decision making process. The way in which these requirements are expressed will influence the procurement exercise and there is an increasing trend towards the use of outcome based specifications which encourages more flexibility amongst providers to consider alternative and innovative options.
- 3.6** The methods used to ‘source’ suppliers, contractors and providers are vital as they become the first point of contact with the ‘market’ and will ultimately dictate which companies are selected to work with the Council. The opportunities presented by advertising requirements for contracts on the website should be fully promoted across the Council and there are many portals that can be used for lower value e.g. Supply 2 gov and IESE. The Council may also make use of market warming and market testing exercises to inform businesses cases.
- 3.7** In most circumstances the evidence required to prove value for money is obtained through competition. The regulations surrounding procurement are intended to promote ‘open and fair’ competitions and the way in which the Council is obliged to advertise its requirements and conduct procurement is prescribed by law. The Council has a duty to ensure that all such procurement activities are properly managed and should have appropriate measures in place to meet this obligation. Advice and guidance on compliance should be available from corporate procurement and an appropriate level of support should be provided for all forms of expenditure.
- 3.8** Evaluation can be a delicate process and needs to be controlled in accordance with specific conditions so that an impartial result can be relied upon and if necessary (under challenge) defended. A thorough evaluation is only possible when the tender documents have been well written and the evaluation criteria stated clearly. The controls necessary to conduct an evaluation should be explained as part of the procurement guide so that all staff and stakeholders involved can be fully informed of their responsibilities. We will adopt a fair and reasonable approach to all tender evaluations.
- 3.9** The final selection, recommendation and award stages should be managed in accordance with procurement guidance and the Council will set value thresholds to determine the reporting and approval routes for projects. Governance arrangements need to be stated within the constitution so that approvals can be obtained for the appropriate boards and there should be a clear line of reporting available for all procurement. Terms of reference may be required for each board so that the delegation of powers is formalised.

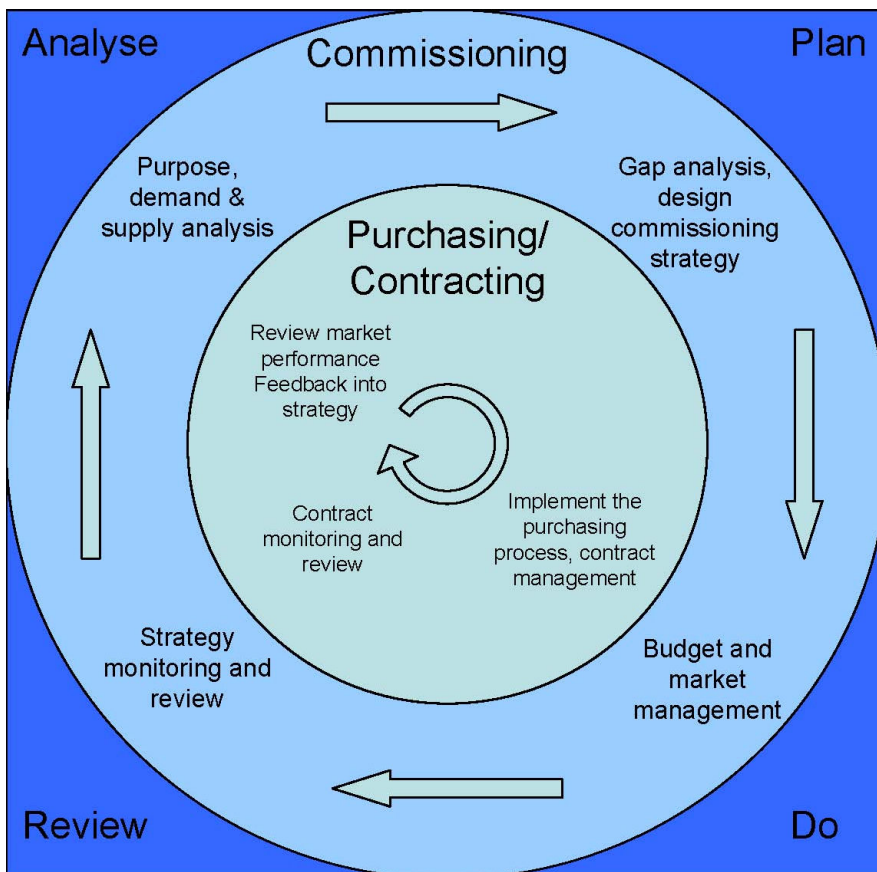
Contract Management

- 3.10** Contract management is often overlooked after the contract has been let. The ongoing management and interaction with the successful contractor is critical to the smooth running of the contract and over time the way in which the agreement matures will be largely a result of the interchange. The most successful contracts are regularly being revised and updated showing that both parties are flexible in their approach and willing to work together to continuously improve the service provided. This is often encapsulated as a ‘partnering’ type agreement where better understanding and closer working relations should lead to greater emphasis on achieving service outcomes and more efficient delivery mechanisms.

- 3.11** Each major contract should be owned by a named expert Officer within the Council. Where the contract covers more than one department, an expert Officer should be nominated by each department with leadership of the group by majority expenditure or election. Contracts should contain identifiable deliverables with agreed dates and/or key performance indicators against which progress can be monitored on a regular basis, normally quarterly. Where appropriate, contracts should contain clear escalation procedures should there be performance issues.
- 3.12** The development of the Council's service assurance function which has been initially established to manage the revenues and benefits outsourced contract will assist in improving the contract management function. This function will be merged with procurement during 2010/11.

Commissioning Services

- 3.13** There are likely to be debates about what constitutes 'procurement' and what is 'commissioning'. The Cabinet Office defines commissioning as 'the cycle of assessing needs of people in an area, designing and then securing appropriate service.' Commissioning is, therefore, the set of linked activities required to assess the needs of the population, specify the services required to meet those needs within a strategic framework, secure those services, monitor and evaluate outcomes. For the purposes of this strategy procurement is regarded as any contractual arrangement the Council enters into that involves spending money. There should be reference made to grant funding which is allocated to third sector providers as in many cases this will be ring fenced and not be subject to open competition.
- 3.14** The Council regards the 'purchasing and contracting' activities to be part of the procurement process whilst the surrounding commissioning activities are regarded as a separate but complimentary function. The Institute of Public Care (IPC) links the procurement and commissioning cycles into a single model as shown in the following diagram.



4. Roles and Responsibilities

“All business depends upon men fulfilling their responsibilities.”

Mahatma Gandhi

4.1 Ownership and Governance

Successful procurement requires an awareness of wider business issues such as culture change, communication, people skills and multi-stakeholder requirements, all of which must be addressed to ensure that changes are successfully implemented and contribute positively to Council policy.

This strategy is owned by the Head of Finance and will be updated annually in accordance with progress to date. The strategy and action plan will be reviewed quarterly at the Procurement Steering Group forum.

The Head of Finance has professional responsibility for the corporate strategic procurement function and discharges this responsibility through the Corporate Strategic Procurement Manager.

The Corporate Strategic Procurement Manager also has day to day responsibility for:

- taking a lead in the development, implementation and monitoring of the procurement strategy, reporting progress to the member champion for procurement
- managing the Contracts Register
- administering meetings of the Procurement Steering Group
- organising any tender process
- co-ordinating any pre-qualification process
- providing support, guidance and advice on procurement practice and assistance on major procurement exercises to all of the Council's service units
- Becoming a focal point for sharing good practice across the Council
- Providing procurement training
- Undertaking an onward going cycle of spend analysis on the Council's expenditure to highlight areas for potential savings/benefits to the authority.

The Corporate Procurement Team will set and maintain standards and provide a range of training opportunities that lead skills development for all officers regularly involved with procurement.

4.2 Procurement Steering Group

The Procurement Steering Group comprises a Core Group of:

- The Monitoring Officer (as Chair)
- The Section 151 Officer
- The Head of Finance (if not represented as the Section 151 Officer) and
- The Resources Portfolio Holder (on a case by case basis at his/her election)

or their nominees and a Strategy Group comprising:

- The PSG - Core Group and
- The Heads for the time being of Environmental Services, Urban and Rural Development and Estates and Economic Development

or their nominees.

The PSG core group meets whenever there is business to discuss and the Strategy Group meets quarterly.

The function of the PSG Core Group is to:

- Consider and, if appropriate, authorise the undertaking of any procurement between £150,000 and £500,000 in estimated value or amount, and
- Consider and, if appropriate, approve the award of all Contracts between £150,000 and £500,000 in value or amount.

The function of the PSG Strategy Group is to:

- Perform a strategic and scrutiny role in relation to the Council's commissioning programme and all matters relating to the Council's contracting policy
- Provide a forum for Project Officers to discuss policy development, seek strategic advice and raise questions, issues and problems with Contract policy
- Define and spread best-practice as it relates to contracting and Contract management and monitoring
- Provide advice to Officers as appropriate on contracting issues
- Advise Members and the Chief Executive on the need for any revision to the Contract Procedure Rules, including changes to financial thresholds.

4.3 Strategic Directors

- Oversee procurement activity within their Directorate
- Ensure the requirements of the CPR are upheld at all times; and

4.4 Heads of Service

- Ensure there is sufficient budget available for the works, services and/or supplies to be acquired by their Project Officer
- Ensure that the procurement proceeds in all respects in conformity with the CPR
- Authorise procurement projects and Contract awards affecting their service with a value below £150,000
- Record on the Council's Contracts Register the detail of all Contracts exceeding £10,000 that are awarded in connection with their service area
- Manage all Contracts within their service area
- Waive the call for competition (in accordance with the procedure prescribed in section 17 of the CPR) in relation to procurements below £10,000
- Sign Contracts below £100,000 on the Council's behalf
- Produce half yearly Contract management reports to the PSG Strategy Group
- Review, in conjunction with the Strategic Procurement Manager, any Approved Supplier List created by the Council for their service area in accordance with section 26 of the CPR.

4.5 Project Officers

- Plan and co-ordinate specific procurement projects
- Obtain all necessary authorisations (whether from their Head of Service, the PSG Core Group or the Executive) prior to progressing any stage of a procurement project
- Draw up or revise Contract specifications
- Ensure the Contract forms chosen for use in connection with the procurement are appropriate for their intended purpose
- Collate and assemble all tender documentation
- Undertake competitive processes, particularly bid evaluations, in such a way as to ensure all bidders are treated fairly and equally
- Prepare reports to the Executive, the PSG Core Group, the PSG Strategy Group or Service Heads as appropriate

Corporate Procurement Strategy and Action Plan 2010/11

- Ensure all necessary permissions are concluded before their Contract begins
- Administer and monitor their Contracts on a day to day basis to ensure compliance with the specified standards
- Ensure prompt payment to suppliers for work done to the required standard so as to further the Council's Economic Development Strategy objectives
- Ensure on a bi-monthly basis that information held on the Contracts Register is fully up-to-date; and
- Manage and maintain any Approved Supplier List created by the Council for their service area in conjunction with the Corporate Strategic Procurement Manager.

5. Objectives and Outcomes

“Action is the foundational key to all success”.

Pablo Picasso

5.1 Objectives

In order to achieve our vision for procurement we will need to aim for a number of objectives.

- Provide a corporate led focus on strategic procurement, with greater visibility and understanding of management information to help coordinate all procurement activity in conjunction with procurement champions from all services
- Develop procurement skills and adopt a structured approach to education, training, and development for all staff and Council members with procurement responsibilities
- Ensure that procurement strategy, planning and practice supports the Council's core values, corporate aims and objectives. Encourage long-term thinking and commitment to strategic procurement issues
- Factor in sustainability, local economic development and equality and diversity objectives throughout all procurement activities
- Utilise e-commerce to achieve transactional efficiency and provide accurate management information, making best use of information and communications technology to improve efficiency and effectiveness
- Support the delivery of services to end users, ensuring stakeholder involvement and customer satisfaction surveys are routinely included. Ensure that consultation with service users and the local community drives our actions in commissioning and procurement
- Ensure all operational procurement and contract management activity complies with standing orders and statutory regulations
- Measure procurement performance using benchmarking and promote innovation to achieve continuous improvement of procurement activity across the Council
- Achieve and evidence value for money in all procurement arrangements, capture and record the benefits. Continue partnership working to achieve value for money across the region
- Develop procurement collaboration with other public bodies through a mixed economy approach and encourage partnering
- Merge the activities of the procurement and service assurance team in order to enhance the procurement and contract management processes.

The specific actions associated with these objectives are outlined in Section 7.

5.2 Outcomes

Achieving the objectives laid out in this strategy will:

- Deliver a procurement strategy aligned with the Council's sustainable community strategy and corporate plan
- Deliver significant cost and efficiency savings
- Give clear visibility of off-contract spend to enable action to be taken and possible cost savings identified
- Improve options appraisal and planning methodology
- Base our procurement decisions on whole-life costs that achieve clearly evidenced sustainable outcomes
- Support the authority's aim of meeting the 'achieving' standard in the new equalities framework for local government. We are currently self assessed at Level 3 under the old inspection regime
- It is intended for the Council to achieve "Level 3 Practice Level" of the Flexible Framework, from the National Procurement Strategy in the first year of adopting our sustainable procurement policy
- Continue to make it easier for local businesses to trade with us and implement a two-way dialogue process via online questionnaires and focus groups
- Use suppliers with the capacity and capability to effectively deliver front line services at the right price
- Enhance collaboration with a wide range of partners to improve procurement outcomes in terms of quality and exploiting economies of scale
- Promote a mixed economy of service provision that engages with the private, public and voluntary sector organisations
- Seek to involve service users, local communities and front line staff in the commissioning process
- Secure procurement champions in all Council services
- Support the authority in achieving high scores in the Use of Resources assessment
- The corporate procurement function should remain as a self funded team
- Ensure that UK & EU Procurement Regulations are satisfied
- Be recognised as a leader in the procurement field within local government.

6. How will we know how we are doing?

'The Council's procurement and contract management functions have improved strongly. Its rigorous value for money approach and service planning process link effectively to the Procurement Forward Plan. The procurement discipline clearly supports the delivery of the Council's wider objectives. It has supported the reduction in net costs over recent years, enabling resources to be reallocated to front line services, delivering demonstrable beneficial outcomes to the community. Although the Council does not have an up to date procurement strategy, it is procuring strategically.'

Annual Audit Letter 2008/09 – Audit Commission

- 6.1 The Corporate Strategic Procurement Manager reports to the Head of Finance on a regular basis on the following:
 - Progress against the targets set out in the procurement strategy action plan
 - Opportunities for major collaborative ventures
 - Reports on specific procurement exercises.
- 6.2 The Corporate Strategic Procurement Manager is also responsible for reviewing training needs and the implementation of the Interactive Procurement Guide.
- 6.3 The Corporate Procurement Team also seeks feedback from our internal and external customers on a project by project basis.
- 6.4 The Corporate Procurement Team also undertakes benchmarking against expenditure by other local authorities and public bodies to evidence value for money within all contracts.
- 6.5 The Procurement Steering Group will oversee the implementation of this procurement strategy and the delivery of the action plan.
- 6.6 The Procurement Steering Group will meet quarterly and be responsible for the achievement of the corporate efficiency and savings targets; to programme manage projects especially the large savings areas; to identify non-contract spend and schedule actions on the procurement plan, and to undertake a scrutiny role to ensure that contracts are effectively managed and to ensure that projected savings are monitored and delivered.
- 6.7 In addition, there is currently a Local Business Liaison focus group and plans to put in place a Sustainable Procurement group linked to the Environmental Strategy Key Officers group. Annual reviews of the CPR are undertaken by a focus group comprising Legal Services and the Corporate Procurement Team.
- 6.8 The Council has a member champion for procurement, the Portfolio for Resources holder, whose role is to:
 - Promote procurement at Executive and raise the profile of procurement with members
 - Receive quarterly updates of the procurement action plan to monitor progress on its implementation
 - Make recommendations to Executive for changes in strategy, policy or corporate resources.

6.9 Key Performance Indicators

In October 2008, the Government published the "Procurement value for money indicators". These indicators are grouped under 4 headings: strategy, major projects, purchasing (including e-procurement) and equalities and competition.

The Council will report quarterly on the indicators listed in Appendix 2.

7. Draft action plan and timescales

7.1 Deliver the Council's procurement strategy ensuring that the key objectives are understood and embedded across the Council

Action	Target Date /Who
<ul style="list-style-type: none"> • Rollout the Procurement Strategy in conjunction with the Procurement Guide via workshops and on project training: <ul style="list-style-type: none"> • Hold three overview workshops by end June 2010 with follow-ups in between October and December 2010 with focus on: <ul style="list-style-type: none"> • Options appraisals • Price/quality ratios and evaluation criteria • Sustainability considerations and calculating full lifetime costs • Specification writing • Key performance indicators and contract management • Nomination of Procurement Champions by service. 	Wave 1: end June 2010 – Procurement Team Wave 2: end December 2010 – Procurement Team
<ul style="list-style-type: none"> • Improve procurement options appraisal process via further development of stakeholder questionnaires by end May, ensuring their use for all procurement exercises at project commencement, recording project objectives for meeting Procurement KPIs. 	End May 2010: Procurement Team
<ul style="list-style-type: none"> • Introduce price/quality ratios into project planning to ensure evaluation criteria other than price are given due consideration. 	September 2010: Procurement Manager
<ul style="list-style-type: none"> • Train officers in the calculation of whole life costing, including the initial purchase cost, operating, management and disposal costs. 	March 2011: Procurement Team
<ul style="list-style-type: none"> • Ensure full lifetime cost calculations carried out on all projects. 	Onward going: Procurement Team
<ul style="list-style-type: none"> • Provide specification writing training for key projects. 	Onward going: Procurement Team
<ul style="list-style-type: none"> • Promote consideration of key performance indicators and contract management consideration at project planning stage. 	Onward going: Procurement Team
<ul style="list-style-type: none"> • Develop and make available a first wave of training modules in conjunction with the Improvement and Efficiency South East agency to meet identified procurement knowledge needs by end of March 2011. 	March 2011: Procurement Manager

7.2 Governance and compliance

Action	Target Date /Who
<ul style="list-style-type: none"> • Ensure all operational procurement and contract management activity complies with the Council's Contract Procedure Rules and statutory regulations by: <ul style="list-style-type: none"> • Providing a checklist for retention in the project file for use on all projects by July 2010. 	July 2010: Procurement Manager
<ul style="list-style-type: none"> • Enhance the scrutiny and policy development role of the Procurement Steering Group Strategy Group by: <ul style="list-style-type: none"> • Holding first quarterly meeting by the end of September 2010 with agreement on areas for focus and meeting dates for remainder of 2010/11 	End of September 2010: Procurement Manager

Corporate Procurement Strategy and Action Plan 2010/11

<ul style="list-style-type: none"> • Monitor procurement indicators with an agreed recording mechanism in place by December 2010. • A “No Purchase Order No Pay” policy is proposed whereby all expenditure is approved before it is committed. Retrospective Purchase Orders i.e. those raised after the commitment has been made should be discouraged and in due course sanctions should be considered for non compliance. • Any tendering and contract management should be managed using a robust project plan, with responsibilities clearly outlined and clearly laid out targets, milestones, timescales and identification of resources. Such a project plan should be monitored regularly by the project team and failure to achieve timescales rectified immediately. (This applies not only to formal tendering processes but also to the performance of the contract once in place to ensure the desired outcomes are achieved and the Council’s objectives are met.) Templates to be made available by October 2010. 	<p>December 2010: Procurement Team</p> <p>December 2010: Head of Finance</p> <p>October 2010: Procurement Manager</p>
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7.3 Achieve greater efficiency and demonstrate improved value for money

Action	Target Date /Who
<ul style="list-style-type: none"> • Deliver VFM savings associated with best practice procurement for all categories with a lifetime contract value of more than £10,000 per annum with records maintained for anticipated and actual savings. 	<p>Onward going: Procurement Team</p>
<ul style="list-style-type: none"> • Further develop additional savings strategies such as prompt payment discounts and retrospective discounts for additional expenditure on existing and contracts with bi-monthly updates on progress. 	<p>Onward going: Procurement Team</p>
<ul style="list-style-type: none"> • Further develop spend analysis and category management analysis via participation in the Transform Partnership, a project covering all authorities in the South East and funded by the Improvement and Efficiency South East agency, to recover duplicate payments to suppliers and identify cost reduction opportunities via identifying lower commodity prices. Aim to identify efficiencies by October 2010. 	<p>October 2010: Procurement Team</p>
<ul style="list-style-type: none"> • Continue supplier rationalisation and elimination of spend with non-approved suppliers via data from the Transform Partnership project. Reduce number of third party suppliers, currently approximately 1200, by 5% - i.e. 60 suppliers - with a particular focus on property maintenance. 	<p>March 2011: Procurement Team</p>

7.4 Understand the contract management requirements of the Council and identify ways to streamline the process and promote best practice

Action	Target Date /Who
<ul style="list-style-type: none"> • Maintain a Council wide register of all contracts/agreements for all significant contracts (over £10K) and monitor procurement performance and activity, including savings and benefits tracking. 	<p>Onward going: Corporate Contracts Officer</p>
<ul style="list-style-type: none"> • Clarify the contract management role for the Council and the resources required for effective monitoring: <ul style="list-style-type: none"> • Form focus group • Undertake review investigating the performance measurement of existing contracts, how they are reviewed, variations, risk levels. Identify areas for improvement and disseminate findings • Present findings to PSG and CMT. 	<p>Procurement & Assured Services: Focus Group: July Reviews: October</p> <p>Findings: January 11</p>

Corporate Procurement Strategy and Action Plan 2010/11

7.6 Collaboration	
Action	Target Date /Who
<ul style="list-style-type: none"> Develop further strategic links with the following procurement partners to share best practice, reduce duplication and administration costs and release additional savings: <ul style="list-style-type: none"> Oxfordshire Procurement Hub (become a formal member?) Strategic Procurement Partnership for Oxfordshire Milton Keynes, Oxfordshire and Buckinghamshire Procurement Partnership Procurement arm of Improvement and Efficiency South East – and future partners – PCT, Thames Valley Police, Universities and Colleges. Consider options for joint working and/or shared services. 	<p>Onward going: Procurement Team</p> <p>Onward going: Procurement Team</p>
7.7 Continuous improvement	
Action	Target Date /Who
<ul style="list-style-type: none"> Effective benchmarking of current contracts against other authorities in the South East. Actively engage with local suppliers and seek feedback on how we can improve our contracting processes – as per 7.8 Support the delivery of services to end users, ensuring stakeholder involvement and customer satisfaction surveys are routinely included. 	<p>End March 2011: Procurement Team</p> <p>Onward going: Procurement Team</p> <p>Onward going: Procurement Team</p>
7.8 Mixed Economy	
Action	Target Date /Who
<ul style="list-style-type: none"> Continue to make it easier for local businesses to trade with us and implement a two-way dialogue process via online questionnaires and focus groups: <ul style="list-style-type: none"> Dispatch of and collation of feedback from of an online questionnaire An engagement forum at a Meet the Buyer event Feedback questionnaire for short listed suppliers. Maximise options for procuring from a diverse and competitive range of suppliers including minority businesses, voluntary and community sector groups, small firms and social enterprises by: <ul style="list-style-type: none"> Encouraging breaking down of projects into lots where appropriate Including local SMEs on invitation to quote exercises Considering Selling to the Council workshops for all relevant projects Participating in and hosting further Meet the Buyer events Explore how we developing closer strategic and operational working arrangements with the Voluntary and Community Sectors Partner with the Economic Development team to provide further support for social enterprises within the district. 	<p>Procurement Team: September 2010</p> <p>March 2011 July 2010</p> <p>Onward going: Procurement Team</p>

Corporate Procurement Strategy and Action Plan 2010/11

7.9 E-Commerce	
Action	Target Date /Who
<ul style="list-style-type: none"> • Undertake an options appraisal to determine the cost benefits of an e tendering system in partnership with other Oxfordshire authorities. • Exploitation of South East Business Portal via loading of forward plans and adverts. • Explore the use of e-auctions wherever appropriate, in collaboration with other Oxfordshire or wider SE authorities. 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. • When appropriate, include in the specification for corporate contracts requirements for web-based or similar e-ordering as a means of streamlining ordering procedures. • Continue to monitor available options for e-sourcing/e-tendering, particularly in collaboration with other authorities. 	<p>Procurement Team: end March 2011 Onward going: Procurement Team Procurement Team: end March 2011</p> <p>Onward going: Procurement Team</p> <p>Onward going: Procurement Team</p>

7.10 Corporate Procurement Resources	
Action	Target Date /Who
<ul style="list-style-type: none"> • Raise the profile of the Procurement Service and its achievements, both internally and with external stakeholders by: <ul style="list-style-type: none"> • Arranging bi-monthly 1-2-1's with key Heads of Service • Bi-monthly internal newsletter containing copy of contracts register, updates and tips • Meetings with the partners listed in 7.6. • Recruitment, retention and development of capable procurement staff in all procurement-related posts. • Development and delivery of a procurement training programme; providing training and supporting professional procurement staff in obtaining core qualifications and keeping their skills up-to-date through Continuous Professional Development. • Ensure effective use of the Corporate Procurement Team to provide a range of services, from advice and guidance to undertaking full procurement processes for departments on specific projects to seek Value for Money in all contracts let. • Consider an "apprentice" procurement officer as part of the Oxfordshire Hub • Merge and co-locate the existing corporate procurement and service assurance team into a single team. • Allocate procurement team members to provide support for particular directorates on significant projects. 	<p>Procurement Manager: onward going January 2011 Onward going: Procurement Team</p> <p>Onward going: Procurement Manager Onward going: Procurement Manager</p> <p>Onward going: Procurement Manager</p> <p>March 2011: Head of Finance and Procurement Manager March 2011: Head of Finance</p> <p>Procurement Manager: onward going</p>

8. Procurement Toolkit & References

8.1 Procurement Toolkit

A Procurement Toolkit, consisting of an interactive guide and accompanying templates, has been developed for service users engaged in contract activity. The Toolkit comprises procurement guidance and templates to enable users undertake lower levels of quotation and tendering activity to achieve best value and comply with the Corporate Procurement Procedure Rules.

The interactive guide consists of two sections:

- A series of contract value band based tables taking officers through the stages of a procurement exercise for quotations (i.e. purchase values up to £100,000) and tenders (i.e. all purchases above £100,000)
- Detailed guidance which is linked to each of the stages within the guide.

There are also links within the guide to take the officers to a range of templates, from authorisation to procure to award letters.

The Procurement Team will offer a Procurement Training Workshop for all staff involved in Procurement activity, covering the Contract Procedure Rules and the Procurement Toolkit.

8.2 References

The strategy has been formulated with reference to:

- Sustainable Community Strategy – 2009 - 2012
- Corporate Plan 2009 –2012
- Corporate Improvement Plan
- Medium Term Financial Strategy - 2008 –2011
- Economic Development Strategy

It has also been formulated with reference to other corporate strategies adopted by the Council to ensure business continuity for all service users.

The Council has many applicable policies and practices relevant to this strategy, which include, but are not limited to:

- Corporate Procurement Rules
- Standing Orders
- Whistle blowing Policy
- Risk Management Policy
- Performance Management Framework
- Equality and Diversity Policy

In addition the strategy links heavily to

- Procurement Guide

8.3 Useful Links

- <http://www.cherwell.gov.uk/index.cfm?articleid=3633>
- <http://www.defra.gov.uk/sustainable/government/publications/procurement-action-plan/index.htm>

Appendix 1 – Sustainable procurement strategy

Introduction

This Strategy is an appendix to the Cherwell District Council's Procurement Strategy and aims to ensure that all procurement undertaken by the Council is based upon sustainable principles.

Cherwell District Council spends around £18 million a year on a diverse range of goods, works and services with external suppliers. It is a major purchaser and purchases electronic equipment, food, paper, furniture, energy, cleaning equipment, vehicles etc. and the approach taken to this spending has a significant impact on the community and our own resources.

Everything purchased from stationery to landscaping services has an impact on the environment and society, therefore Procurement is well placed to make a positive contribution to sustainable development through its Procurement decisions.

Sustainable Procurement is defined as:

'That process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole-life basis in terms of generating benefits not only to the organisation, but also to society and the economy whilst minimising damage to the environment.'

The Sustainable Procurement Task Force

Sustainable Procurement is about taking environmental, social and economic factors into account in purchasing decisions. It is about looking at what your products are made of, where they come from and who has made them.

Any purchasing strategy must be based on value for money, and the government's definition of buying green is the optimum combination of whole life cost (including cost to the environment in terms of environmental impact) and quality (or fitness for purpose) to meet the user's requirements. In other words, buying green means considering the environmental, social and financial costs over the total lifespan of goods, services and works, with a particular emphasis on considering the lifespan.

Aim

Cherwell District Council is committed to ensuring the goods, services and works it purchases are manufactured, delivered, used and disposed of in an environmentally and socially responsible manner, and deliver long term value for money for the Council and the public sector as a whole.

Scope

This policy applies to all procurement activities undertaken by Cherwell District Council.

Key Objectives

Purchasing in a sustainable manner offers potential whole life cost savings, supports our commitments in our Corporate and Improvement Plan and our Environmental Strategy for a Changing Climate and safeguards our reputation as a responsible public body: protecting the health of our staff, the residents and visitors to Cherwell. The key objectives addressed by this policy are:

- Reducing fossil fuel and overall energy use to minimise climate change
- Reducing use of hazardous and harmful materials – See Annex A
- Reducing waste

Corporate Procurement Strategy and Action Plan 2010/11

- Giving preference to recycled products and part recycled products over recyclable and non-recycled products, where the required criteria for performance and cost effectiveness can be met
- Giving preference to recyclable products and materials if recycled or part recycled products and materials are not available or suitable. Minimise the use of products made from virgin natural materials
- Helping to improve public health and quality of life
- Helping to increase levels of employment, skills and equality in Cherwell
- Helping to ensure fair pay and working conditions throughout our supply chain
- Protecting and enhancing biodiversity
- Complying with current legislation and anticipating future legislation.

Key Strategy Principles

The Council will:

People, Education and Awareness

1. Promote awareness, train and encourage buyers to review their consumption of goods/services, reduce usage and adopt more environmentally friendly alternative products.
2. Ensure all staff involved with procurement participate in procurement training, which will include sustainable procurement guidance, and participate in annual refresher training.
3. Incorporate Sustainable Procurement into the induction, job descriptions, objectives and recruitment criteria for all relevant staff.
4. Communicate this policy to suppliers, with buyers including a copy of this Sustainable Procurement Strategy as an appendix to all Invitations to Tender and all tender response questionnaires will require potential suppliers to outline their own Sustainable Procurement Strategy.

Policy, Strategy & Communications

1. Consider the costs and benefits of environmentally preferable goods/services as alternatives.
2. Investigate the impact of the Council's expenditure on goods and services, via purchase spend analysis, to identify potential environmental impacts.
3. Investigate opportunities for the recycling and re-use of materials where appropriate.
4. Deliver the procurement actions associated with the Council's Environmental Strategy for a Changing Climate.
5. Work in partnership with other organisations in Oxfordshire and the South East region to improve sustainable procurement.

Procurement Process

1. Prior to any tender process, buyers will review and challenge the anticipated annual requirement to minimise volume, scale, costs and environmental impact – this will include buyers ensuring that they consider similar requirements from other buyers across the Council and beyond, consulting with procurement. Buyers will establish that:
 - a. there is a genuine operational need for the purchase
 - b. all cost effective opportunities for products to be shared, upgraded, refurbished, leased or delivered as a service have been exploited
 - c. the product will be used efficiently, minimising waste
 - d. the forecast of requirements is accurate.

Corporate Procurement Strategy and Action Plan 2010/11

2. Prior to any tender process, buyers will identify how the contract being tendered will satisfy one or more of the key sustainability objectives listed above. Where relevant, buyers will identify actions to reduce impacts through supplier pre-qualification, specifications, evaluation criteria, supplier development and continuous improvement.
3. Make procurement decisions based on long term value for money using whole life costing, this will include initial purchase cost, operating, management and disposal costs. Where relevant, buyers will evaluate all tenders on the basis of long term value for money, using whole life costing to assess:
 - a. purchase, installation, transportation and commissioning costs
 - b. operating costs, including labour, maintenance, re-processing, energy, water and consumables usage
 - c. management costs, including staff training, insurance, health and safety and environmental costs
 - d. disposal costs.

This approach should be used for all capital investments, waste contracts and where comparing consumables against reusable alternatives. For key cost categories, such as energy, price escalation indices will be used to reflect cost increases over time.

4. Ensure that where appropriate, suppliers' environmental credentials are considered in the supplier evaluation process and that environmental criteria are used in the award of contracts.
5. Ensure that consideration is given to inclusion, within all specifications, of a facility for suppliers to submit offers for environmentally friendly alternatives.
6. Specify, wherever possible and practicable, the use of environmentally friendly goods.
7. Ensure any Service Providers supply the Council with such information relating to its CO2 emissions as the Council may require from time to time in order to monitor its overall performance on emissions

Engaging Suppliers

1. Ensure that as a minimum all procurements above £100,000 are advertised via the local media, a trade journal and on our website.
2. As part of the sourcing strategy, buyers will consider the potential to:
 - a. break down larger contracts to match Small to Medium Sized Enterprise (SME) and Social Enterprise capacity
 - b. encourage collaboration between local SMEs and Social Enterprises to compete for larger contracts
 - c. encourage larger suppliers to sub-contract to local SMEs and Social Enterprises and
 - d. hold supplier briefings prior to issuing Invitations to Tender to explore innovation and ensure that specifications are deliverable by the marketplace.
3. Educate our suppliers regarding the Council's environmental and equality objectives.
4. Encourage and persuade suppliers to adopt environmentally friendly processes and supply environmentally friendly goods/services.

5. Work with key suppliers to make changes and thereby extend sustainability improvements throughout the supply chain.

Implementation

A focus group consisting of nominated Procurement Champions from across the service areas will be set up to promote the implementation of the strategy. The advisory group will prepare an annual report on the activities carried out and a work programme. Technical criteria will be developed to use in Invitations to Tender for works and supplies contracts.

Development and Review

This strategy will be reviewed and updated on an annual basis with the findings presented to the Procurement Steering Group for approval.

The Council will continually improve the procurement strategy and its guidelines by:

- regularly reviewing contracts and suppliers
- benchmarking this strategy with others
- integrating the Council's procurement standards and processes with environmental performance indicators.

It is intended for the Council to achieve "Level 3 Practice Level" of the Flexible Framework, from the National Procurement Strategy by April 2011.

Annex A - Hazardous and Harmful Materials

It is the policy of Cherwell District Council to ban the use of environmentally damaging products or processes by the Council where a less environmentally damaging alternative is available.

Specifically banned are:

- a) Chlorofluorocarbons (CFCs) and other ozone depleting chemicals
- b) All timber or timber products which do not have Forest Stewardship Council (FSC) certification or equivalent (see information within the Sustainable Procurement Guide)
- c) Virgin paper (even if FSC approved or equivalent) unless specially authorised
- d) Leaded petrol
- e) Asbestos in the composition of any products (under exceptional circumstances, where it is essential to performance, Chrysolite (white) asbestos may be used, subject to prior agreement in writing by Environmental Services).

Restrict the use of the following products by using practical alternatives (see the Sustainable Procurement guidance):

- a) Peat and peat-based products
- b) PVC and PVC products
- c) Chlorine bleach
- d) Aerosol containers
- e) Solvent-based products
- f) Hazardous and deleterious materials such as pesticides, weed killers and preservatives, where it is not possible to avoid these, appropriate suppliers will be instructed to ensure that the required COSHH data accompanies all deliveries of hazardous products.

Appendix 2 – Procurement performance indicators

Strategy
<p>LIB/P3 – Best Practice</p> <p>Percentage of the value of contracts awarded that commence in the financial year that are in accordance with Comprehensive Procurement Procedure Rules</p>
<p>LIB/P4 – Aggregation 1</p> <p>Percentage of corporate spend aggregated through corporate framework agreements and corporate contracts</p>
<p>LIB/P5 – Aggregation 2</p> <p>Percentage of corporate spend aggregated through collaboration with other public sector organisations</p>
<p>LIB/P8 – Sustainable Procurement</p> <p>Percentage of framework agreements and contracts awarded following best practice on sustainable procurement</p>
<p>LIB/P9 – Local Government Market 1</p> <p>Percentage of corporate spend placed with small and medium enterprises (SMEs)</p>
<p>LIB/P10 Local Government Market 2</p> <p>Percentage of corporate spend including grants spent with the third sector</p>
<p>LIB/P12/13 Satisfaction with the Corporate Procurement Function</p> <p>Annual customer satisfaction survey : internal and external</p>
<p>Primary Indicator 1: Total cost of the procurement function</p> <p>a. as a percentage of the organisational running costs</p> <p>b. as a percentage of non-pay expenditure</p>
<p>Primary Indicator 2: professionally qualified procurement employees as a percentage of total procurement employees</p>

Major Projects

LIB/P14 – Predictability – time to procure

Average time from publication of Official Journal of the European Union (OJEU) notice (Gate 2) to contract signature (Gate 3) as percentage of time allotted in any approved business case

LIB/P15 – Predictability – time to service delivery

Average time from contract signature (Gate 3) to operational start (Gate 4) as a percentage of time allotted in any approved business case

Purchasing

LIB/P22 – Average invoice value

Corporate spend divided by total number of invoices

LIB/P24 – Average spend per supplier

Corporate spend divided by the total number of suppliers

LIB/P25 – Percentage of corporate spend through electronic orders

(i.e. over the internet, excluding fax and telephone)

LIB/P26 – Percentage of invoices received electronically

LIB/P29 – Percentage of invoices paid electronically

e.g. through BACS (Bankers Automated Clearing System), CHAPS (Clearing House Automated Payment System) or direct debit

LIB/P30 – Percentage of corporate spend through procurement cards.

This indicator will allow the Council the opportunity to review progress in rolling out this initiative.

Equalities & Competition

LIB/P31 – Equal opportunities

The inclusion of equality considerations in strategies and plans and their influence at each stage of procurement and contract management