



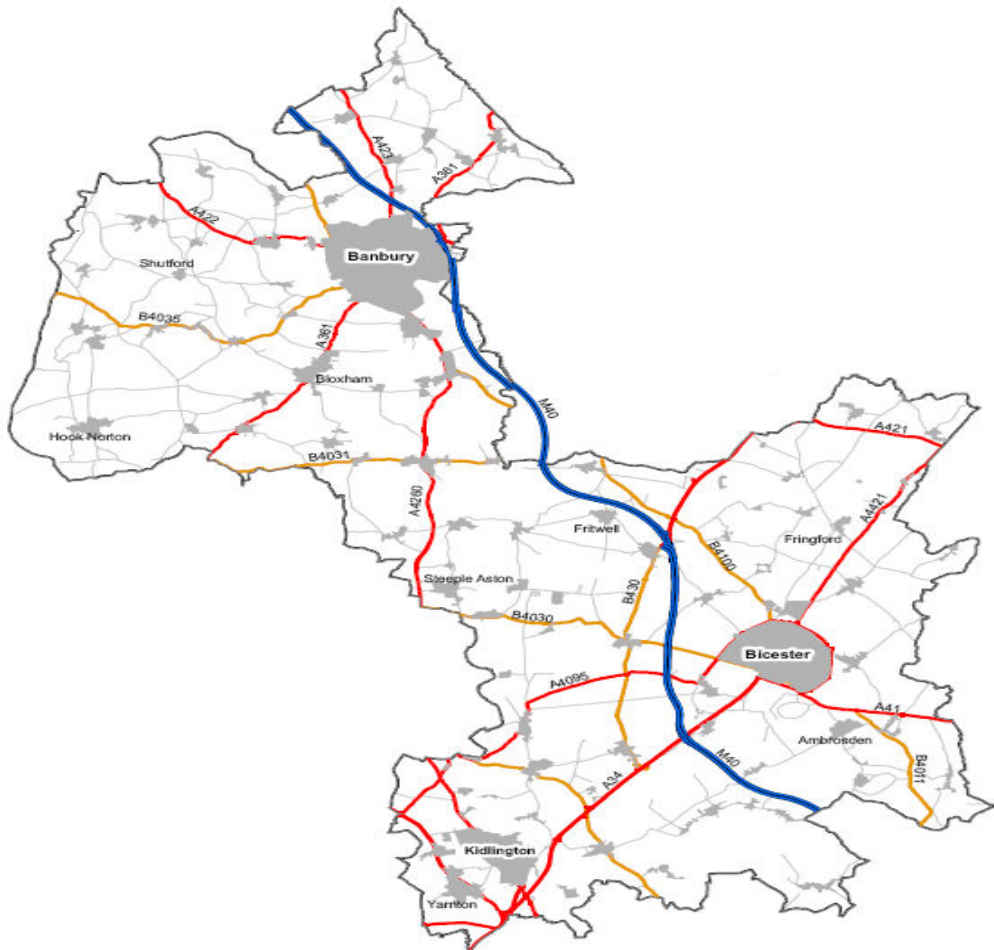
## Corporate Procurement Strategy and Action Plan 2011/12

## 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.



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## Foreword

### Why have a Procurement Strategy?

“Local government will have to cover a funding shortfall of around £6.5bn in the next financial year, with some councils facing more than 16 per cent reductions in the amount of money they receive from the Government. It is the toughest settlement in living memory.”

Richard Kemp, Vice Chairman of the Local Government Association

Lord Filkin CBE, Chair, Public Services Trust 2020, speaking at the Procurement 2011 conference in Westminster in February stated that top of the ten steps to local authorities achieving an average of 25% budget savings over the next four years was the development of a procurement strategy that might achieve 15% plus of these savings.

Cherwell District Council recognises that procurement is a critical mechanism for delivering value for money and achieving sustainable outcomes for its local communities. It has a fundamental role in helping the Council reduce its services budget from £18.5 to £15.9 million in 2011/12. 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. In the three years that the Council has had a dedicated Corporate Procurement Team it has delivered cashable savings of £0.9m against a target of £625,000. The cumulative cashable savings total for contracts let for more than a year over the three years is £1.5m. The target for 2011/12 is £150,000.

This strategy for the coming year sets out how the Council will ‘achieve a balance between potentially, but not necessarily competing objectives’ (Creating Strong, Safe and Prosperous Communities, CLG) by:

- Releasing significant savings from the joint senior management structure and closer collaboration with South Northamptonshire Council;
- Delivering additional cost reduction by the deeper embedding of a strategic procurement culture across the Council;
- Developing planning and performance management principles;
- Building sustainable methodologies based on the whole-life costs;
- Extending collaboration from Oxfordshire and Buckinghamshire into Northamptonshire and Cambridgeshire to improve procurement buying power;
- Expanding a mixed economy of service provision that engages with the private, public and voluntary sector organisations to facilitate the Big Society initiative.

Achievement of the above objectives will achieve value for money, provide innovative solutions and demonstrate the Council’s commitment to shaping the local community and supporting wider social, economic and environmental objectives.

Further development of procurement best practice will assist the Council in achieving its ambition of providing more for less and enabling savings to be redirected into front line services.

*Councillor James Macnamara*  
**Portfolio Holder for Resources and Communication**  
**Procurement Champion**

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# 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 is budgeted to reduce its services budget from £18.5m to £15.8m in 2011/12 and it is of fundamental importance 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:
  - The Efficiency and Reform Group
  - The Spending Review 2010
  - Procuring the Future – The Sustainable Procurement Task Force National Action Plan
  - 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 2011. 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 £0.9m from April 2008 to March 2011 with £306,000 achieved in year against a target of £225,000. The cumulative cashable savings total for contracts let for more than a year over this period is £1.5m. Further non-cashable savings of more than £160,000 and capital savings of some £720,000 have been achieved over the same period. The approach to procurement outlined within this strategy with the further development of long-term planning and collaboration allow the team to continue to be self funded and guarantee year on year savings with the target for 2011/12 cashable savings being set at £150,000.
- 1.5 Procurement’s very strong link with finance, contract management, compliance and efficiencies means that the Corporate Procurement Team is well placed within finance under the direction of the Head of Finance.
- 1.6 It is vital that the Council continues to use effective procurement as a major opportunity to alleviate budget pressures. Research published by the NAO in its May 2010

Collaborative Procurement report outlined how only 10% of public sector spend is collaboratively procured and this is why the Council has moved beyond forging links within Oxfordshire and Buckinghamshire via the Strategic Procurement Partnership for Oxfordshire and the Milton Keynes, Oxfordshire and Buckinghamshire Procurement Partnership into Northamptonshire and Cambridgeshire via links with the former Northamptonshire Areas Procurement Service.

- 1.7** 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. The Council is building on its partnerships to deliver sustainable local outcomes and efficiencies and engage with small and medium-sized enterprises (SMEs).
- 1.8** 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 use of electronic payment cards. The procurement strategy for 2011 – 2012 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.
- 1.9** This strategy aims to further develop a mixed economy of service delivery and further the Big Society initiative 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 Safe and Health strategic priority.
- 1.10** 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.
- 1.11** 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 this 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.

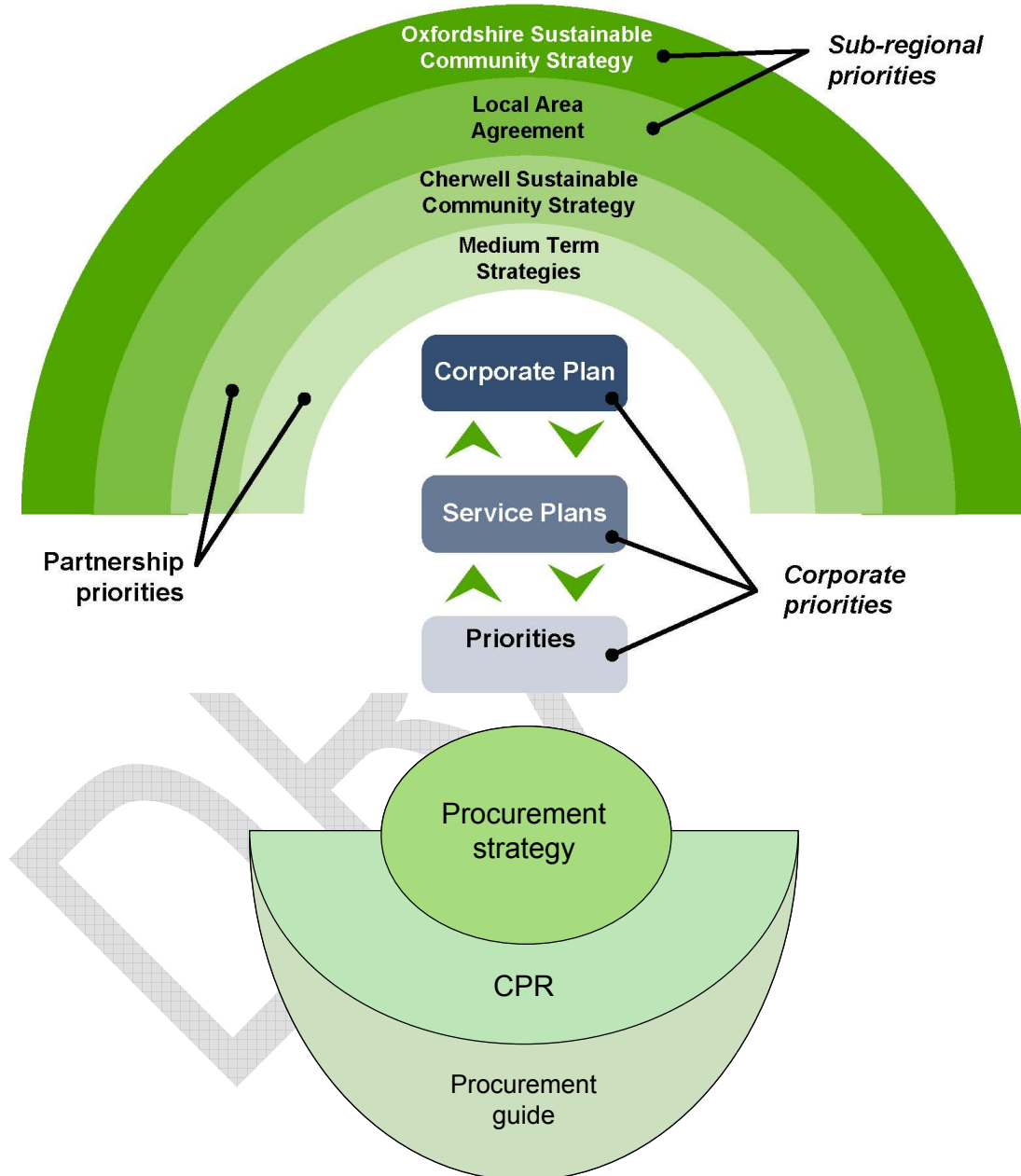
Section 8 refers to the tools available to officers including the procurement guide and to the principles behind the strategy and procurement practices. It assists officers to understand the rationale behind the framework that the authority operates for procurement of goods, services and works.

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## 2. Strategic procurement

“The public sector spends £220 billion a year on goods and services. Given the potential to make significant savings, it is vital that there is much better coordination of procurement activities to ensure value for money is secured across the public sector.”

Amyas Morse, head of the National Audit Office, 21 May 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. The diagram above 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.

- 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) has been rolled out across the Council during 2010/11 and is continuing to be developed in conjunction with the Council's Green Champions and a framework of support produced by Defra.
- 2.5.5 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.
- 2.5.6 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. The majority of tendering exercises include supplier engagement workshops which outline the Council's objectives and explain the tendering procedure. This face-to-face contact is backed up by a web-based guide to doing business with the Council, an online contracts register. 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.

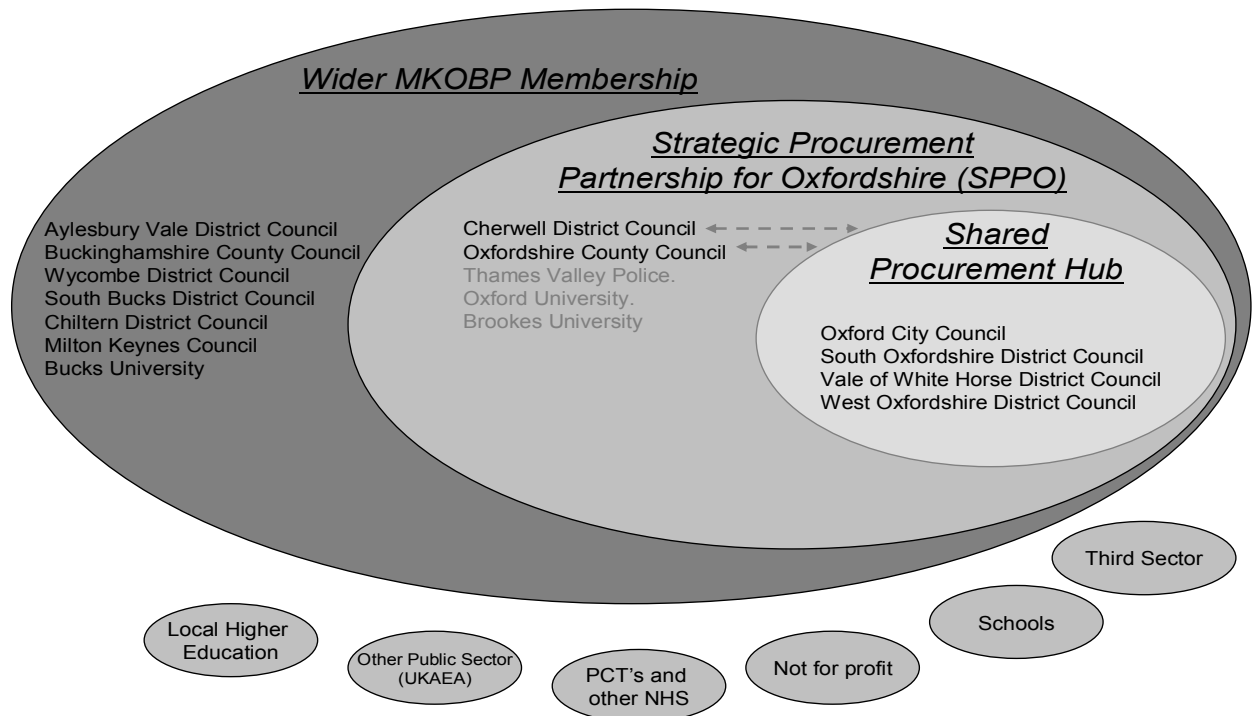
## **2.6 Equalities**

- 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, cash collection, cleaning materials, the supply of fuel, public toilet cleaning, printing, stationery, tyres 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 50 professional buying organisations now in place, 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 well established 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.
- 2.7.4 The Council has spent the last year forging further relationships with Northamptonshire and Cambridgeshire via its growing collaboration with South Northamptonshire Council. A Key focus for 2011/12 is the creation of a shared senior management team with South Northamptonshire Council and the seeking of opportunities for shared services and process improvements across the two Councils. The Joint Arrangements Steering Group set up to facilitate collaborative opportunities between the two Councils has put in place a procurement work stream to enable both Councils to benefit from increased savings and process efficiencies with the development of a collaborative procurement strategy.
- 2.7.5 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.
- 2.7.6 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

An alternative form of collaboration is the use of a professional buying organisation (PBO). The use of PBOs is well established and are 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 signed up to the Small Business Friendly Concordat in 2008. Initiatives in place have led to the Council spending 66% of its third party expenditure with Small and Medium-Sized Enterprises compared to the current English District Council average of 47%.
- 2.8.4 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.
- 2.8.5 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 The Council has developed its engagement with SMEs by offering supplier engagement workshops for the majority of procurement exercises which enable a better understanding of the market the Council is procuring from and enable a more effective procurement process in terms of time taken to procure, the quality of the service and a price which has removed unnecessary costs.
- 2.8.7 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.
- 2.8.8 Such initiatives have led to the engagement of local suppliers who have not previously tendered for public sector – as demonstrated with the printing framework and several of the property maintenance contracts.

### **The Voluntary Sector**

- 2.8.9 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.
- 2.8.10 The Council is actively looking into facilitating the Big Society initiative and how procurement can play a part in releasing resources, funds and support from a central position by pushing them down to a local level to enable local people to take local actions and decisions for themselves.

- 2.8.11 Sir Stephen Bubb, Chief Executive, Association of Chief Executives of Voluntary Organisations recently pointed to the need to “re-discover and re-use the third sector” due to being more cost effective and having a broader impact than public sector provision. The Council will actively seek opportunities over the coming year for closer partnerships with the third sector looking to collaborate with other public sector organisations in developing the infrastructure to overcome the chief barriers to third sector provision, such as its lack of capital and its splintered small-scale nature.

## **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, its close alignment with the Oxfordshire Shared Procurement Hub and its growing relationship with Councils across Northamptonshire – and in particular South Northamptonshire Council - 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 Management information

- 2.11.1 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.
- 2.11.2 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.
- 2.11.3 The Council is actively 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. A member of the team is currently developing the whole area of category management to enable better benchmarking and to identify areas of spend not currently within formal contract.
- 2.11.4 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 and the Corporate Contracts Officer is leading on a contract reduction whereby he has interrogated the register to:
- Identify contracts from which we might gain additional savings – particularly by removing costs - to reduce current contract rates by a minimum of 5%.
  - Identify those contracts where additional support with contract management might release yet further savings.
  - Identify contracts where performance management mechanisms and other savings initiatives – such as fixing prices year on year or introducing early payment discounts.
- 2.11.5 The procurement function will be monitored against annual budget and service plan targets.
- 2.11.6 The outcomes from the procurement strategy will be considered in the medium term financial strategy scenario planning.

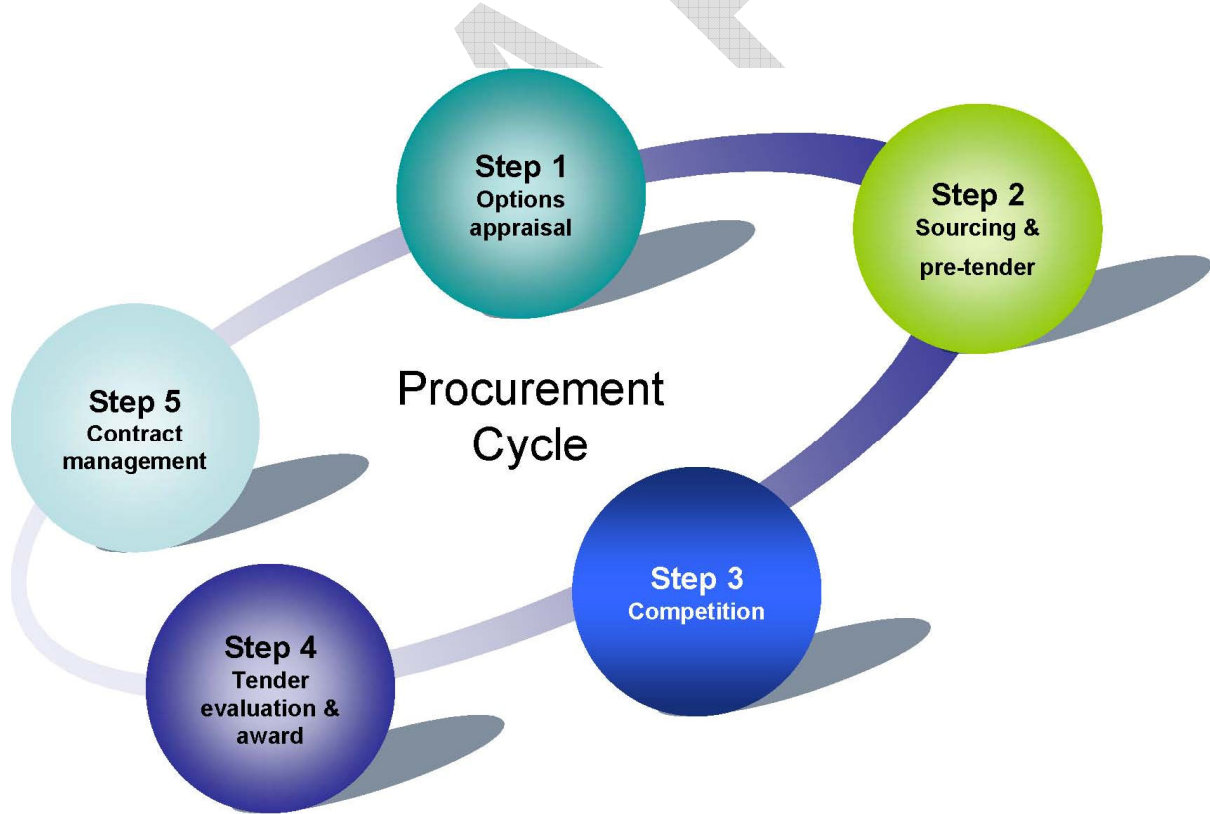


### 3. Improving Processes

“With all public service costs under pressure, better procurement provides an opportunity to make significant savings that don’t cut into front line services. Most councils already collaborate but, even where there is collaboration, it is not delivering all the possible benefits”

Mr Eugene Sullivan, Chief Executive of the Audit Commission, 21 May 2010

- 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.

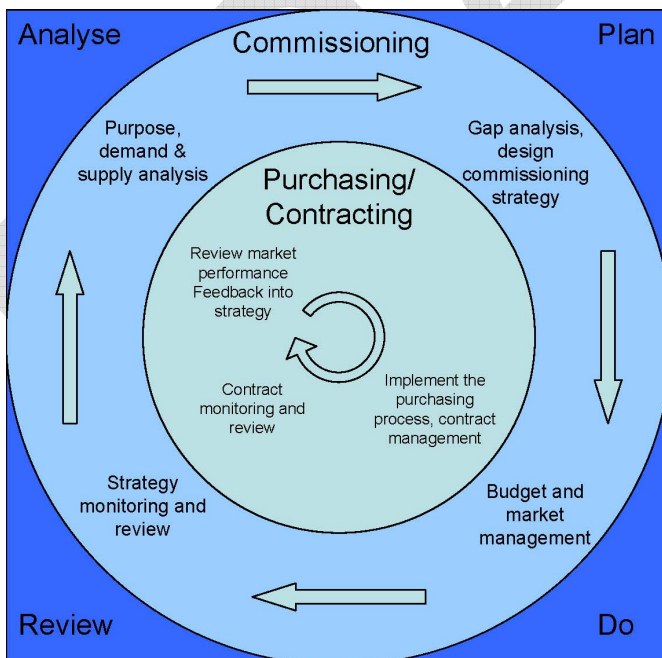
**3.11** Each major contract should be owned by a named expert Officer within the Council. Where the contract covers more than one department, an expert Officer should be nominated by each department with leadership of the group by majority expenditure or election. Contracts should contain identifiable 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.

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.

**Commissioning Services**

**3.12** 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.

**3.13** 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

### 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 at the quarterly 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 Head of Environmental Services
- The Head of Urban and Rural Development
- The Head of 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

- 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.

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## 5. Objectives and Outcomes

### 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;
- 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?

- 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** The Council has a member champion for procurement, the Portfolio for Resources, 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.
- 6.8 Key Performance Indicators**

In October 2008, the Government published the “Procurement value for money indicators”. These indicators are grouped under 4 headings: strategy, purchasing and equalities.

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

# 7. Action plan and timescales

7.1 Embed and Develop the use of the Procurement Strategy objectives across the Council		
Action	Lead	Focus
<ul style="list-style-type: none"> <li>• Consolidate the key officers group already trained via workshops for continued development of options appraisals for all service planning and contract management to enable better planned and managed contracts.               <ul style="list-style-type: none"> <li>○ Consult on further needs and undertake a gap analysis on a project by project basis;</li> <li>○ Build on workshops held in 2010;</li> <li>○ Monitor progress and build case studies for use in workshops and to encourage buy-in.</li> </ul> </li> </ul>	Procurement Manager	Q1 and Q2
<ul style="list-style-type: none"> <li>• Develop the role of the Procurement Champions with a more structured system for feeding back issues to the Procurement team:               <ul style="list-style-type: none"> <li>○ Create clear terms of reference;</li> <li>○ Add key elements of this role to job descriptions;</li> <li>○ Use feedback to further develop the training workshops</li> </ul> </li> </ul>	Corporate Contracts Officer	Q2
<ul style="list-style-type: none"> <li>• Enhance the understanding of whole life costing exercises providing case studies and a simplified tool with a step-by-step guide.</li> </ul>	Procurement Manager	Q3
<ul style="list-style-type: none"> <li>• Arrange additional cost effective external training for key officers via the CIPS Accredited Procurement Practitioner Training Framework.               <ul style="list-style-type: none"> <li>○ Identify key officers each quarter;</li> <li>○ Arrange single training days for each module chosen in conjunction with Oxfordshire and Northamptonshire partners to keep down costs;</li> <li>○ Ensure all participants complete feedback forms for measuring effectiveness of courses and that they agree a plan for how they will use what they have learned.</li> </ul> </li> </ul>	Corporate Purchasing Officer	Q3

7.2 Governance and compliance		
Action	Lead	Focus
<ul style="list-style-type: none"> <li>• Ensure all operational procurement and contract management activity complies with the Council's Contract Procedure Rules (CPR) and statutory regulations by:               <ul style="list-style-type: none"> <li>○ Referring to the CPR with workshops;</li> <li>○ Refreshers on a project by project basis;</li> <li>○ Use of the rolling carousel news function on the intranet;</li> <li>○ Regular meetings with HoS;</li> <li>○ Visiting DMTs.</li> <li>○ Circulating key learning points and case studies via Cascade and Inside Cherwell.</li> </ul> </li> </ul>	Procurement Manager	Onward going
<ul style="list-style-type: none"> <li>• Enhance the scrutiny and policy development role of the Procurement Steering Group Strategy Group by:               <ul style="list-style-type: none"> <li>○ Holding first quarterly meeting by the end of May 2011 at which key objectives for the year will be agreed;</li> <li>○ Rollout to HoS with rolling membership of two to three HoS.</li> </ul> </li> </ul>	Head of Finance	Q1
<ul style="list-style-type: none"> <li>• Monitor procurement indicators with an agreed recording mechanism in place by July 2011.</li> </ul>	Head of Finance	Q1
<ul style="list-style-type: none"> <li>• 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:               <ul style="list-style-type: none"> <li>○ Promote work undertaken by Controls team via intranet carousel, Cascade and Inside Cherwell;</li> <li>○ Undertake quarterly reviews with Controls team and approach officers not conforming to the policy.</li> </ul> </li> </ul>	Corporate Purchasing Officer	Onward going
<ul style="list-style-type: none"> <li>• Encourage buy-in to the rules from Members – particularly portfolio holders - by publishing regular updates via the Your Council Matters bulletin.</li> </ul>	Procurement Manager	Onward going

7.3 Achieve greater efficiency and demonstrate improved value for money		
Action	Lead	Focus
<ul style="list-style-type: none"> <li>• 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. Cashable savings target of minimum of <b>£150,000</b> for 2011/12.</li> </ul>	Head of Finance and Procurement Manager	Onward going
<ul style="list-style-type: none"> <li>• Further develop additional savings strategies such as:                             <ul style="list-style-type: none"> <li>○ More in-depth options appraisals that review the scope and service level requirements of contracts;</li> <li>○ Exploring opportunities for in-sourcing, shared services or outsourcing to other authorities where appropriate;</li> <li>○ Finder fees and reduced rates/retrospective discounts for opening tendered contracts to other authorities;</li> <li>○ Prompt payment discounts.</li> </ul> </li> </ul>	Head of Finance and Procurement Manager	Onward going
<ul style="list-style-type: none"> <li>• Further develop spend analysis and category management analysis via analysis of spend data from 74 Councils across the South East and regular interrogation of Agresso. Quarterly reports to:                             <ul style="list-style-type: none"> <li>○ Identify new opportunities;</li> <li>○ Report back on progress with previously identified opportunities.</li> </ul> </li> </ul>	Procurement Assistant	Onward going
<ul style="list-style-type: none"> <li>• Continue supplier rationalisation and elimination of spend with non-approved suppliers via analysis of data from across the South East and Agresso. Aim for 100% on contract expenditure for existing corporate contracts.                             <ul style="list-style-type: none"> <li>○ Quarterly report of rationalisation achieved in key areas:                                     <ul style="list-style-type: none"> <li>▪ Property maintenance;</li> <li>▪ ICT.</li> </ul> </li> <li>○ Quarterly report on conformity to corporate contract expenditure in key areas:                                     <ul style="list-style-type: none"> <li>▪ Advertising</li> <li>▪ Print</li> <li>▪ Agency staff</li> </ul> </li> </ul> </li> </ul>	Corporate Purchasing Officer	Onward going

<b>7.4 Develop the corporate contract management methodology and promote across all service areas</b>		
<b>Action</b>	<b>Lead</b>	<b>Focus</b>
<ul style="list-style-type: none"> <li>• 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:                             <ul style="list-style-type: none"> <li>○ Quarterly contract review for all contracts on the register including record of any additional savings and efficiencies.</li> </ul> </li> </ul>	Corporate Contracts Officer	Onward going
<ul style="list-style-type: none"> <li>• Implementation of the three contract management templates developed by the Corporate Contracts Officer.                             <ul style="list-style-type: none"> <li>○ Quarterly review of templates in action both for new and existing contracts with brief case studies to promote good practice.</li> </ul> </li> </ul>	Corporate Contracts Officer	Onward going
<ul style="list-style-type: none"> <li>• Further develop contract management processes via consultation and implement a framework for sharing best practice across all service areas.                             <ul style="list-style-type: none"> <li>○ Consult with HoS to nominate a contract management steering group – one officer from each Directorate as a minimum;</li> <li>○ Agree terms of reference and objectives for 2011/12;</li> <li>○ Sharing of best practice via Intranet, Cascade, Inside Cherwell and DMTs</li> </ul> </li> </ul>	Corporate Contracts Officer	Q2 and Q3

<b>7.5 Sustainability</b>		
<b>Action</b>	<b>Lead</b>	<b>Focus</b>
<ul style="list-style-type: none"> <li>• Develop all the following via participation with the Use of Natural Resources Steering Group.</li> </ul>		
<ul style="list-style-type: none"> <li>• Integrate the Sustainable Procurement Strategy into the body of the Procurement Strategy.</li> </ul>	Procurement Manager	Q2
<ul style="list-style-type: none"> <li>• Provide a quick reference guide to Sustainable procurement with links to further information.</li> </ul>	Procurement Manager	Q3

7.5 Sustainability		
Action	Lead	Focus
<ul style="list-style-type: none"> <li>Work with Environmental Strategy Officer and team to include sustainable procurement within the outlook of the Green Champions.</li> </ul>	Corporate Contracts Officer	Q2
<ul style="list-style-type: none"> <li>Consider the costs and benefits of environmentally preferable goods/services as alternatives as part of the full lifetime cost calculation process.</li> </ul>	Corporate Purchasing Officer	Onward going
<ul style="list-style-type: none"> <li>Promote awareness, train and encourage buyers to review their consumption of goods and services, reduce usage and adopt more environmentally friendly alternative products.</li> </ul>	Procurement Manager	Onward going
<ul style="list-style-type: none"> <li>Ensure sustainability is addressed with each procurement exercise by including it as a section within the stakeholder questionnaires and encouraging sustainability to be included within evaluation criteria as well as the assessment/pre-qualification stages.</li> </ul>	Corporate Purchasing Officer	Onward going
<ul style="list-style-type: none"> <li>Promote the Sustainable Procurement Strategy with the market place via:               <ul style="list-style-type: none"> <li>Pre-tender market engagement exercises;</li> <li>Working with the council supplier workshops;</li> <li>Including a copy of the policy with all quotation and tender exercises.</li> </ul> </li> </ul>	Corporate Contracts Officer	Onward going
<ul style="list-style-type: none"> <li>Encourage buyers to break down larger contracts to match SME and Social Enterprise capacity where appropriate.</li> </ul>	Procurement Manager	Onward going
<ul style="list-style-type: none"> <li>Develop the inclusion of sustainability factors within contract management key performance indicators.</li> </ul>	Corporate Contracts Officer	Q2
<ul style="list-style-type: none"> <li>Make provision for the collection of cost benefit data for sustainable solutions put in place.</li> </ul>	Corporate Purchasing Officer	Q2

7.6 Joint Working		
Action	Lead	Focus
<ul style="list-style-type: none"> <li>• Develop framework for cooperation with South Northamptonshire Council in 2011/12:                             <ul style="list-style-type: none"> <li>○ Review forward plans for all procurement exercises in 2011/12 across both Councils;</li> <li>○ Agree collaboration projects and targets for economies of scale in procuring together;</li> <li>○ Review value for money of existing draw down contracts where there is the option of switching to whichever contract demonstrates the best VFM;</li> <li>○ Review existing common contracts and options for collaborative negotiating of the scope and pricing structures.</li> <li>○ Provide quarterly reports on additional savings achieved by above activities.</li> </ul> </li> <li>• Consider options for further joint working and/or shared services.</li> </ul>	Head of Finance and Procurement Manager	March 2011 March 2011 Q1 Q1 Onward going  As required by Joint Arrangements Steering Group

7.6 Collaboration		
Action	Lead	Progress to date
<ul style="list-style-type: none"> <li>• 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"> <li>• Oxfordshire Procurement Hub</li> <li>• Strategic Procurement Partnership for Oxfordshire (SPPO)</li> <li>• Northamptonshire procurement partnerships</li> <li>• Milton Keynes, Oxfordshire and Buckinghamshire Procurement Partnership (MKOB)</li> <li>• Procurement arm of Improvement and Efficiency South East (IESE) – and future partners – PCT, Thames Valley Police, Universities and Colleges.</li> <li>• The South East Business Portal.</li> </ul> </li> </ul>	Procurement Manager	Onward going

7.7 Continuous improvement		
Action	Lead	Focus
<ul style="list-style-type: none"> <li>Enhance Procurement team's knowledge of the following via involvement with local partnership networks, Achilles (local training provider based in Abingdon), Hampshire Procurement Practitioner framework, national conferences and procurement networks such as the Society of Procurement Officers and the Chartered Institute of Purchasing:                             <ul style="list-style-type: none"> <li>In sourcing vs. out sourcing;</li> <li>Shared services;</li> <li>Public sector service provision – both by Cherwell on behalf others and by others on behalf of Cherwell.</li> </ul> </li> </ul>	Procurement Manager	Onward going
<ul style="list-style-type: none"> <li>Develop forward looking options appraisals to assist with the development of the new service areas across Cherwell and South Northamptonshire Council:                             <ul style="list-style-type: none"> <li>Identify alternative service provision models in terms of how services are procured;</li> <li>Provide input into service planning development for 2011/12 and then into 2012/13.</li> </ul> </li> </ul>	Procurement Manager	Q2 Q3
<ul style="list-style-type: none"> <li>Ensure contract management methodology and best practice identified under 7.4 is disseminated across the Council with benefits recorded and shared.</li> </ul>	Corporate Contracts Officer	Q4
<ul style="list-style-type: none"> <li>Effective benchmarking of current contracts against other authorities in the South East.</li> </ul>	Procurement Assistant	Onward going
<ul style="list-style-type: none"> <li>Support the delivery of services to end users, ensuring stakeholder involvement and customer satisfaction surveys are routinely included.</li> </ul>	Procurement Assistant	Onward going





7.9 Corporate Procurement Resources		
Action	Lead	Focus
<ul style="list-style-type: none"> <li>• Recruitment, retention and development of capable procurement staff in all procurement-related posts.</li> </ul>	Procurement Manager	Onward going
<ul style="list-style-type: none"> <li>• 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.</li> </ul>	Procurement Manager	Onward going
<ul style="list-style-type: none"> <li>• 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.</li> </ul>	Procurement Manager	Onward going
<ul style="list-style-type: none"> <li>• Develop the role of each member of the Procurement team: <ul style="list-style-type: none"> <li>○ Procurement Assistant – category management and identifying new VFM frameworks with other authorities as well as central purchasing bodies;</li> <li>○ Corporate Purchasing Officer – increasing effectiveness of corporate contracts, communication with services (keeping internet and intranet up to date), ensuring all recurring low value expenditure from £5,000 to £20,000 per annum is captured under a formal contract or use of a framework;</li> <li>○ Corporate Contracts Officer – extending contract management and negotiating role to ensure further efficiencies and savings with all existing and new contracts.</li> </ul> </li> </ul>	Procurement Manager	Onward going

# 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 2011–2012
- Corporate Improvement Plan
- Medium Term Financial Strategy
- Economic Development Strategy
- 2011/12 Service Plans

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 £9 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

- 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 participates 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.

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.

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## **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, Chrysotile (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**

<b>Strategy</b>
<p><b>LIB/P3 – Best Practice</b></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><b>LIB/P4 – Aggregation 1</b></p> <p>Percentage of corporate spend aggregated through corporate framework agreements and corporate contracts</p>
<p><b>LIB/P5 – Aggregation 2</b></p> <p>Percentage of corporate spend aggregated through collaboration with other public sector organisations</p>
<p><b>LIB/P8 – Sustainable Procurement</b></p> <p>Percentage of framework agreements and contracts awarded following best practice on sustainable procurement</p>
<p><b>LIB/P9 – Local Government Market 1</b></p> <p>Percentage of corporate spend placed with small and medium enterprises (SMEs)</p>
<p><b>LIB/P10 Local Government Market 2</b></p> <p>Percentage of corporate spend including grants spent with the third sector</p>
<p><b>LIB/P12/13 Satisfaction with the Corporate Procurement Function</b></p> <p>Annual customer satisfaction survey : internal and external</p>
<p><b>Primary Indicator 1: Total cost of the procurement function</b></p> <p>a. as a percentage of the organisational running costs b. as a percentage of non-pay expenditure</p>
<p><b>Primary Indicator 2: Progress against annual savings target</b></p> <p>a. . as a percentage of the £150,000 target</p>

**Purchasing**

**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

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