



Stafford

BOROUGH COUNCIL

PROCUREMENT STRATEGY

2009 - 2012

1 Introduction and Purpose

- 1.1 The aim of the procurement strategy is to establish a clear framework for the effective management of procurement throughout the authority. The strategy reflects the Council's 6 year corporate plan, provides a framework for delivering value for money and is underpinned by the Council's financial and contracts procedure and Constitution.
- 1.2 This strategy is aimed at promoting effective and sustainable procurement across the whole Council. It strikes a balance between setting out a detailed "road map" for procurement with specific targets and establishing a flexible planning framework within which procurement can evolve. This flexibility is required to respond to the rapidly changing environment around public sector procurement and enable us to learn and implement new techniques in best practice procurement.
- 1.3 One of the key drivers behind this strategy is Value for Money, which is a major element of the Government's plans for improving local government services. In addition the Council wishes to promote, where possible, "thinking local" in its procurement.
- 1.4 The purpose of this strategy is to:
- Ensure that planning for procurement reflects the Council's corporate aims and objectives.
 - Secure commitment to effective procurement from Members and Officers at all levels throughout the authority.
 - Provide a focus to procurement, thereby assisting coordination of procurement activity and helping to achieve optimum resource allocation whilst avoiding duplication of effort.
 - Map out the way forward continuously improving the procurement function.
 - Encourage long-term thinking and commitment to strategic procurement issues.
 - Identify and promote the benefits of strategic procurement.
 - Promote sustainable procurement using local suppliers where it is economically viable on a whole life basis.
- 1.5 In consideration of the corporate objectives, values and the requirements of providing value for money, the following procurement objectives have been set:
- To ensure that the procurement process is clear and focused, in the first instance, on achieving value for money.
 - To ensure that the procurement options are chosen on the basis of the degree to which they fulfil the council's corporate aims, objectives and those of specific services.
 - Where appropriate, and with external support, seek out and develop new methods of service delivery in immature and emerging markets.
 - To ensure that in choosing the best value procurement method, the process of balancing cost against community benefit is made in a transparent way and supported where appropriate, with clear evidence.

1.6 To ensure that these objectives are fulfilled, the following key activities will be undertaken:

- Centralise the procurement function in the Council following the review of the administration function.
- Conduct a Procurement skills audit and carry out appropriate training to address any shortfall of skills needs.
- Carry out an Annual assessment of the council's forecasted demand in broad categories for goods, works and services from outside suppliers. The plan will be reviewed and re-issued in advance of each financial year.
- Promote the Council's environmental policies by encouraging suppliers to reduce waste, use environmentally friendly materials and become more energy efficient.
- Support, where possible, the creation of a vibrant and diverse economy by encouraging local businesses to establish new markets and offer them opportunities to supply the Council.
- Work with Staffordshire County Council and other Staffordshire Districts to deliver more efficient and effective procurement across the Borough.

2 Procurement Definition

2.1 Procurement is the process of obtaining goods, services and construction works spanning the life cycle of the asset or service contract. "Life cycle" is defined as being from the initial definition of the business need through to the end of the useful life of the asset and its subsequent disposal or to the end of the service contract.

2.2 The term "procurement" has a far broader meaning than that of purchasing, buying or commissioning. It is about securing services and products that best meet the needs of users and the local community in its widest sense. This strategy provides a common framework within which all procurement by the Council is to be managed.

2.3 The Strategy realises that procurement is essential to the delivery of the Government's modernisation agenda. The traditional approach to local authority procurement is subject to challenge, particularly the way in which goods, services and works activities are procured.

2.4 The Council will procure value for money goods, services and construction works by:

- Adopting a life cycle approach to the assets or contract.
- Applying effective and up to date procurement procedures.
- Ensuring procurement helps to deliver the Council's key corporate objectives.

2.5 The Strategy acknowledges that the Council, as a public sector body, is bound by statutory and mandatory public procurement regulations and other requirements, including general legislation. The Council reaffirms that all its procurement activity must meet all applicable requirements and that due process and corporate governance standards must be of the highest order in

accordance both with the legal requirements and the Council's financial and contracts procedure and Constitution.

- 2.6 The Strategy recognises that in undertaking new methods of procurement and centralising the function, that there will be a need for robust communication of the Strategy with supporting training for Council staff.
- 2.7 This document is intended to cover the procurement of all goods, services and works required by the Council to enable the delivery of high quality services. The spectrum of activity will include, in broad terms, the following areas:
- 'Make or buy' decisions - what is done in-house and what may be outsourced
 - Market research, information gathering and use
 - Product and Service design and specification
 - Qualification and tendering
 - Best practice purchasing
 - Contract management/Supplier appraisal
 - Logistics - rationalising the flow of goods in the supply chain and payment mechanisms

3 Responsibility

- 3.1 The responsibility for delivery of the Procurement Strategy rests with the Deputy Chief Executive. The Head of Law and Administration will be responsible for the staff that will coordinate the day-to-day procurement activity. All involved employees will pursue the strategy vigorously, lead the drive towards procurement excellence and provide support and advice Council wide.
- 3.2 The Deputy Chief Executive will chair the Procurement Steering Group. The group will comprise of senior officers from across the Council to ensure that there is Council wide commitment to the Procurement Strategy and its delivery.
- 3.3 The Head of Law and Administration will ensure that there is a clear chain of accountability for operating and improving procurement and a robust system of performance management and review.
- 3.4 Member responsibility for procurement and its strategic implementation will rest with the Cabinet Member for Resources and be scrutinised by the Resources Scrutiny Committee.

4 Procurement Policy

- 4.1 Procurement must be seen in the context of the Council's overall objectives. In the past the driving force has often been focused on economy. Whilst this remains an essential consideration, it is also important that procurement decisions are taken in light of the broader objectives that the Council is seeking to achieve. It is inevitable that, for a public body, effective procurement must be measured as much by the social outcomes and community benefits that result by financial gains. Being able to balance these two dimensions should be at the heart of effective best value procurement.
- 4.2 To understand the community benefits the Council is seeking to achieve, it is necessary to consider the Council's corporate vision, core values and overall objectives. These are set out in the Council's 6 year Corporate Plan and are as follows.

Council Vision

To lead a community and Borough which is prosperous, clean, green, safe and healthy.

Council Aims

In order to achieve this vision four key priorities have been identified relating to

- Prosperity for All
- Cleaner, Greener, Safer Communities
- Health and Wellbeing
- Leading and Delivering for our Community

- 4.3 In support of value for money and recognising the requirements of the above statements, the following procurement statement has been developed:

"To obtain value for money for the Council through planned and informed management of the procurement of goods, services and works for the benefit of the public of Stafford Borough, its business community and visitors."

- 4.4 All procurement activity will comply with corporate aims and objectives. Procurement principles have been established that aim to support the Council's strategic objectives. These principles are summarised as:

- 4.4.1 **Regulation** All procurement of goods, services and works will be undertaken with probity, openness and accountability and in accordance with the Council's Financial and Contracts procedure and Constitution, any other procurement procedures that the Council may approve and will comply with UK and European statutes and regulations.

Independently of the procurement activity, the Council's Financial and Contracts Procedure and Constitution will be reviewed and updated on an annual basis.

4.4.2 **Management and Control of Contracts** Arrangements shall ensure that all procurements and contracts are adequately managed and monitored with a view to achieving completion of service delivery on time, within budget, and in accordance with the specification

4.4.3 **Assessing and Minimising Risk** An element of risk is present in all procurement activity and it must be appropriately managed. The Council will ensure that it achieves value for money by procuring against pre-determined standards not only for the goods, services and works but also for the suppliers that are used. All procurement processes used will be legal, ethical and transparent.

The Council will ensure that there is effective management of the potential risks to the fulfilment of this Procurement Strategy by adhering to the Councils Risk Management Strategy.

4.4.4 **Qualified and Experienced Staff Resources** Any staff engaged in procurement and contract management will be suitably qualified and trained for the purpose. This will be supported by individual Performance and Development Reviews.

4.4.5 **Sustainable Procurement** The Council wants to meet its need for goods, services and works in a way that achieves value for money, on a whole life basis and generates benefits not only to the Council but also to society and the economy, whilst minimising damage to the environment.

Think Local Pledge

The Council will use its purchasing power to positively influence the local economy using local enterprises wherever practicable and ensure that opportunities to promote the social, economic and environmental well being of the Borough are maximised in a manner consistent with statutory and mandatory public procurement regulations and other requirements, including the EU procurement regulatory frame.

In a practical sense this Council shall endeavour to:

- Use 'Think Local' to encourage a culture change in the way our organisation and staff source suppliers, knowledge, staff and training (so far as it is consistent with the Council's policies, duties and obligations).
- Encourage businesses, other agencies, and people to "think and act local" articulate the business case for the environmental, social and economic benefits of doing so (so far as it is consistent with the Council's policies, duties and obligations).
- Lead by example by providing information of how we are thinking and acting local.
- Support "how to do business with your local Council" briefings to our local business base.
- Provide information advice and guidance to support this on our web site and in our communications with business.
- Use the 'Think Local' web site to promote the procurement opportunities available through our Council (so far as it is consistent with the Council's policies, duties and obligations).

- Explore how we can support the 'Think Local' concept in our recruitment and training policies and practices.

Taking this into account it needs to be noted that we will not undertake any actions that damage fair and open competition.

Supporting the Environment

The Council is fully committed to conserving energy, water and other resources, reducing waste, phasing out the use of ozone-depleting substances and minimising the release of greenhouse gases and substances damaging to health and the environment. The Council wants to procure from suppliers and to use goods, services and works that have least impact on the environment, minimise energy consumption whilst maintaining quality and value for money. Consequently, the Council will evaluate the whole life costs and not just the initial price, when making procurement decisions. Wherever possible, suitable green and energy efficient goods and services will be specified.

4.4.6 Third Sector In line with the National Procurement Strategy, the Council wants to promote a sound commercial relationship with the third sector and in doing this will endeavour to remove any barriers to entry for potential providers. Consideration will be given to extending opportunities for social enterprises and the not for profit sector in any appropriate procurement activity. However, contracting opportunities will be offered on a level playing field to all suppliers, regardless of the sector they operate in.

4.4.7 Fair Trade The Council will endeavour to procure goods, services and works from suppliers that can demonstrate a commitment to fair trade. In particular suppliers should:

- Purchase from indigenously owned sources
- Ensure employees enjoy adequate health, safety and working conditions
- Encourage equality and diversity in their workplace

4.4.8 Innovation, Flexibility, Efficiency and Sustainability Where appropriate, procurement will be based upon innovative and flexible arrangements that have due regard to the issue of sustainability. Early decisions will be taken to ensure that projects are packaged to encourage delivery in the most efficient manner and which achieves the expectations of the user at an affordable price.

4.4.9 Equality and Diversity There is an explicit link between this Strategy and the Councils Corporate Equalities policy. The Council is committed to eliminating inequalities in all areas of activity including procurement. Consequently, procurement will not discriminate on the grounds of age, disability, gender, race, religion/belief, or sexuality. Encouraging and harnessing the different talents available from suppliers will enhance the performance of the Council. Diversity, like quality, is a standard by which procurement performance will be measured. We will monitor regularly the impacts that this strategy has on the community whether contracted suppliers or recipients of services. We will

seek feedback from suppliers on tendering processes giving information on monitoring against the six equalities strands.

- 4.4.10 **Relationships and Continuous Improvement** Arrangements will be specified in which both the Council and suppliers seek to gain maximum and mutual advantage through long-term relationships. Where contracts run for a number of years, the contract will be sufficiently flexible in order to provide capacity for continuous improvement throughout the period of the contract.
- 4.4.11 **High Professional Standards and Best Practice** All procurement procedures will be operated in a professional manner and ensure the highest standards of transparency, probity and accountability. Rules for true and fair competition will be engaged in all procurement activity.
- 4.4.12 **Staff Are Valued** Staff will be fully consulted during procurement projects that may impact on their roles. Any procurement that potentially involves the transfer of staff, who are currently employed by the Council, will as far as legally possible, fully protect the future terms and conditions of employment of such staff so that they continue to enjoy the employment practices of the Council.
- 4.4.13 **Electronic Service Delivery** The Council will make best possible use of electronic service delivery either through hosting its own e-procurement system or sharing with another Council. We will also maximise the partnership that we have with the West Midlands Regional Improvement and Efficiency partnership including making use of the procurement hub.
- 4.4.14 **Terms and Conditions of Supply** Where practicable, the Council will purchase using its own terms and conditions of supply, to ensure all suppliers are treated equally and fairly and that the Council's best interests are safeguarded on key issues, such as Authorisation, Warranties, Force Majeure, Confidentiality and Termination.

5 **Procedures**

Procurement, within the Council will follow the following procedures:

- 5.1 **Annual and Category based Planning:** An annual assessment for procurement will be undertaken, which will be compiled from spending information of each of the Councils portfolios. This annual assessment will highlight major planned expenditure; key tendering exercises, and any necessary support arrangements (i.e. required external support, training requirements etc). A significant contributor to the plans will be the contract database that records details on all the Council's procurement contracts.

At the beginning of each financial year, the Council will publish the annual assessment and this will be placed on the Council's Internet web site.

- 5.2 **Contract Management and Approved Supplier Lists:** The Council intends to have the majority of procurement expenditure undertaken through contracts. All contracts will be recorded electronically, via the contract database.

There will be a single integrated list of approved suppliers for the procurement of different goods, services and works. Where feasible, only approved suppliers will be awarded business from the Council. For suppliers to be included on this list, they must satisfy a number of criteria as specified in **Evaluation Criteria** (see 5.7).

Associated with the contract recording system there will be links between key suppliers and a supplier performance management application. Through this application, service levels and key performance indicators will be measured and managed.

- 5.3 **Framework Agreements:** For high volume and repeat purchases or where there is difficulty in predicting demand for goods, services and works, the Council will use framework agreements with suppliers. These agreements may be national, regional or local in nature and will cover terms and conditions of purchase, quality expectations, environmental issues and review processes.
- 5.4 **Expenditure Limits:** Procurement will only be undertaken on receipt of correctly authorised requisitions or properly authorised contracts. In the case of construction, expenditure is committed at the point of acceptance of the tender and payment authorised through certificates. The Council maintains a list of staff (cost centre managers) that can authorise expenditure through procurement orders and details the respective financial limits.
- 5.5 **Invitation to Tender:** Where the estimated value for the procurement of the goods, services or works exceeds the minimum level for compulsory tendering, then the Council will tender for these goods, services or works. It is the intention that the Council will use of electronic tendering to manage the tendering activity. Suppliers will be able to receive e-mail notice of tendering opportunities, download tender documentation and submit bids electronically. The Council will open tenders electronically, evaluate the tender criteria and, with transparent vision, award and publicise the contract electronically and file bids in electronic rather than in paper format. E-tendering will comply with EU regulations.
- 5.6 **Selection of Suppliers to be Invited to Tender:** Competition will be used effectively and efficiently to ensure that suppliers are chosen from the best providers of goods, services and works, whether they are internal Council suppliers or from the public, private and Third Sector.
- 5.7 **Evaluation Criteria:** A number of criteria will be used for the evaluation of suppliers and to decide whether the procurement will be from internal (Council owned) or external sources. These criteria will involve some of the following:
- Cost
 - Quality including reference to Quality Assurance systems
 - Current performance - historical achievement against key service objectives
 - Strategic importance in relation to the Council's aims and objectives

- Risks involved in providing the service and actions of how this can be minimised
- Importance to the Council's community leadership
- Local economic impact e.g. number of residents employed, development of skills and training opportunities
- Barriers which discriminate against participation by small or large firms
- Requirement for large-scale capital investment
- Financial sustainability
- Environment and sustainability policies of the suppliers
- Availability and suitability of alternative suppliers
- Importance of the Council's business
- The significance and extent of the impact on the natural environment
- Adoption of the Council's Equality Policies
- Need for specialist skills not currently available
- Ability to attract and retain qualified and competent staff
- Access to new markets
- Whether major operational or cultural changes are needed
- Ease with which the service can be specified within a contract
- Type and content of contract documentation
- Contract size and extent to which contracting costs might outweigh benefits
- Future plans

The criteria that will be used and the priority that they have in evaluating tenders will be included with the tender documentation.

5.8 Contract Award Criteria: The contract award process will ensure that all suppliers' tenders and submissions are treated equally and fairly in the evaluation process. The assessment criteria for awarding a contract will be explained within the tender documentation. The process will be transparent to enable effective public scrutiny.

5.9 Use of Appropriate E-Technology: Suppliers will be encouraged to trade with the Council electronically, making integration as simple as possible. Requests for quotations and purchase orders will, wherever possible, be sent electronically and suppliers will be encouraged to submit electronic quotations and invoices. The invoices will be automatically matched with the procurement order. Manual intervention will only be necessary on discrepancies.

The Council will explore the use of electronic auctions for purchases or disposals as this can deliver substantial cost benefits.

The Council wants to pay for all purchases on time and through the Bankers Automated Clearing System (BACS). There will be ongoing efforts to move suppliers to BACS.

Performance Measurement

There are some key measurements that will be undertaken to ensure that procurement is supporting the corporate and financial objectives of the Council and that the aims of the strategy are being met:

Performance Indicators attached to Key Performance Indicators

Ref	Priority	Actions	Timescale
PM1	To achieve £ of procurement savings in 2008/09	<ul style="list-style-type: none"> - Value of banked savings - savings achieved from contracts and collaborative initiatives - % of corporate spend aggregated through corporate contracts and corporate framework contracts 	2012
PM2	Develop an integrated e-procurement strategy to improve the performance and efficiency of the procure to pay process	<ul style="list-style-type: none"> - To increase the % of transactions performed electronically 	
PM3	To increase Councillor and Officer awareness and ownership of procurement through improved guidance and training and to support Officers engaged in procurement activity	<ul style="list-style-type: none"> - Produce a corporate procurement guidance manual - To deliver a programme of refresher procurement training for officers - Develop and deliver a programme of general procurement training for Members 	31/09/2009 31/3/2010 31/3/2010