



# Procurement Strategy

Draft February 2009

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# 1 Introduction

1.1 Procurement is the process of acquiring goods and services, covering both acquisitions from third parties and in-house providers. The process must incorporate a 'lifetime' view: from recognised requirement, through options appraisal, selection of procurement route, procurement brief, tender/quotation, bid evaluation, acceptance, contract, delivery, invoice handling, consumption, contract management, waste management and disposal/recycling/termination of the item or service, until the requirement has been satisfied.

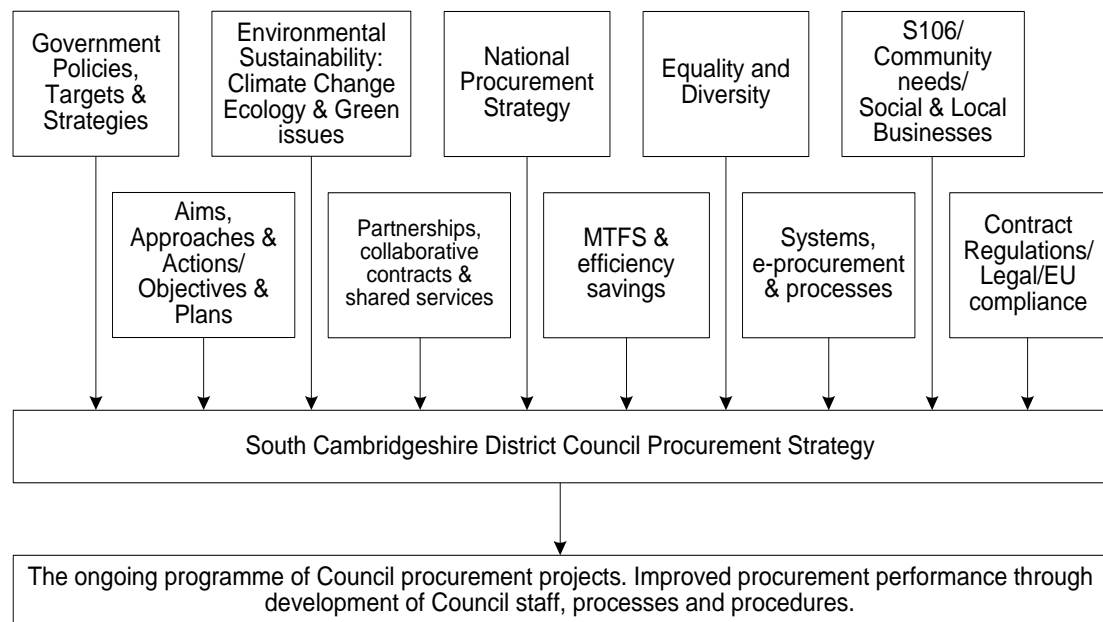
1.2 Purpose of the strategy

1.2.1 The purpose of the procurement strategy is to provide the Council with a framework that will enable its procurement of goods and services to contribute to the achievement of its strategic objectives.

1.3 The context of the procurement strategy

1.3.1 This strategy works with the Council's Contract Regulations and Financial Regulations, European Union (EU) legislation or other relevant requirements and with consideration of political, economic, social and technological drivers.

## Political, economic, social and technological drivers



1.3.2 Excluding salary related costs, in 2007/08 the Council spent over £17 million with third party suppliers and contractors, of which nearly £9 million related to 'construction', i.e. repairs and maintenance etc to housing property and other buildings. Procurement therefore has a significant role in ensuring that the Council obtains best value for money from its expenditure.

1.4 The Government's efficiency agenda

1.4.1 The Government has underlined the need for value for money procurement with its efficiency programme. Councils need to find continuous savings each year.

## 1.5 Strategy Statement

1.5.1 The Council recognises that different models and approaches may be needed for the various services that the Council provides and the strategy is designed to provide this flexibility.

1.5.2 This strategy aims:

- To provide effective procurement support in a way that meets the objectives of the Council and the priorities of the Government;
- To achieve value for money from Council expenditure;
- To ensure that the Council incorporates, as far as is reasonably possible, the full lifetime costs within all its decision-making relating to the procurement of goods and services;
- To enable service managers to have access to clear policies, guidelines and advice regarding procurement;
- To enable procurement of goods and services to be simple and un-bureaucratic;
- To comply with all legal requirements, be consistent with the highest standards of integrity and ensure fairness when contracting;
- To consider equality, third sector commissioning and sustainable criteria as part of the procurement decision-making process.

1.5.3 Activities that support the delivery of the procurement strategy include:

- Spend analysis to investigate Council expenditure;
- Ensuring that managers/officers complete award and exemption forms and forward these to the Procurement Officer so that the Central Contracts Archive is maintained and up to date;
- Making sure that templates and standardised contract information are available for managers/officers to use;
- Continuous training and development of Council staff in relevant procurement concepts, Contract Regulations and EU Law;
- Forward planning and earlier Procurement Officer involvement in procurement projects.

1.5.4 A range of supporting information is available in the Procurement area on In-Site, the Council's intranet, including:

- Contract Regulations Quick Guide (a quick guide to procurement, including flowcharts and table);
- Contract Reference Guide (a simple table showing contract values and procedures);
- Contract Regulations Checklist (a checklist to ensure compliance with Contract Regulations);
- Procurement System (an automated system that provides advice and guidance on a procurement process);
- EU procurement procedures (guides to the EU Consolidated Procurement Regulations 2006).

1.5.5 The procurement strategy is important in supporting the Council's corporate aims. The strategy will do this by focussing on:

- Guiding principles;
- Corporate, organisation policy and key objectives;
- Providing leadership and building capacity;
- Partnering and collaboration;

- Risk management in procurement;
- Intelligent procurement.

## **2 Guiding principles**

- 2.1 Use procurement to deliver economic, effective, efficient and environmentally sustainable services and to improve the quality of services at a reasonable cost.
- 2.2 Adopt value for money by assessing quality, suitability, fitness for purpose, equalities, environmental impact and lifetime costs.
- 2.3 Apply the principles of fairness, openness and transparency to all procurement activities.
- 2.4 Explore the benefits of partnership working or joint commissioning in procuring goods and services wherever possible.
- 2.5 Ensure that all procurement activity is pursued efficiently and consistently, and that it seeks and obtains value for money for the Council.
- 2.6 Ensure that all procurement activity takes account of the climate change agenda.
- 2.7 Consider the potential for innovation, the management and balance of risk, and the opportunity for new or alternative methods of service delivery.
- 2.8 Work with others including strategic partners, public sector agencies and consortia to maximise purchasing power and harness knowledge and the economies of scale.
- 2.9 Incorporate sustainability, equality, diversity, quality, social responsibility and safety as important criteria in the provision of all goods and services procured.
- 2.10 Operate within the framework determined by EU and UK law and those outlined within the Council's own Financial Regulations and Contract Regulations.
- 2.11 Utilise competition as a means of achieving economy, efficiency and effectiveness, wherever appropriate and seek to ensure that this contributes to the competitiveness of suppliers, contractors and service providers.
- 2.12 Ensure that procurement activity is service driven, including internal consultation and involvement to support service objectives.
- 2.13 Use the Central Contracts Archive (contracts database) to publish a list of our existing contracts already that can be utilised for procuring goods and services.
- 2.14 Actively work together on joint contracts both within the organisation and with other Councils and organisations.

## **3 Corporate, organisation policy and key objectives**

- 3.1 The Council's Aims, Approaches and Actions
  - 3.1.1 The Council has approved new Aims, Approaches and Actions, which form the framework for service planning, service priorities and budget setting from 2009/10 onwards.

- 3.2 Particular Aims, Approaches and Actions relating to procurement
- 3.2.1 Being a listening council, providing first class services accessible to all:
- Listening to and engaging with our local community (e.g. Meet the Buyer events);
  - Working with voluntary organisations, Parish councils and Cambridgeshire County Council to improve services through partnership (e.g. Cambridgeshire Procurement Group, framework contracts, joint procurement projects, etc);
  - Making SCDC more open and accessible (e.g. equalities, website information regarding procurement);
  - Ensuring SCDC demonstrates value for money in the way it works. (e.g. procurement savings and sustainability).
- 3.2.2 Making South Cambridgeshire a place in which residents can feel proud to live:
- Taking account of climate change in all the services that we deliver.
- 3.2.3 Assisting provision for local jobs for you and your family:
- Working closely with local businesses.
- 3.2.4 Procurement actions to support these Aims and Approaches are included in: the Finance and Support Services service plan; Contract Regulations and procurement processes; and elsewhere in this strategy (this last, regarding equalities and sustainability - see sections 3.9, and 3.10 and 3.11, respectively).
- 3.3 Organisation and positioning of procurement
- 3.3.1 The Chief Executive and Chief Finance Officer is the senior manager currently responsible for procurement. When the Executive Director - Corporate Services is appointed, this responsibility will be transferred to that post.
- 3.3.2 The Finance Portfolio Holder is the lead Member for procurement and efficiency.
- 3.3.3 The Procurement Officer reports to the Finance Project Officer and is involved in the identifying of savings and providing general procurement support and advice. Service managers and their staff undertake day-to-day purchase, quotations and tender assessments.
- 3.3.4 Various officers across the authority will lead on or be involved in procuring goods and services, with the advice, assistance and support of the Procurement Officer.
- 3.4 Value for money and corporate procurement
- 3.4.1 The Council wishes to see high performing services that provide efficient, sustainable and high quality customer service whilst demonstrating value for money. The Council believes that the most effective overall approach for achieving this aim is a “mixed economy” of services with some being provided directly by the Council and others by partnership or other arrangements with external suppliers or contractors. Such a mix has the potential to provide higher standards, learning and diversity. However, all individual procurement decisions will be focused on achieving the best outcome for that particular service.
- 3.4.2 The strategy will apply whenever the means of providing a Council function is considered, including:

- In anticipation of the expiry of an existing contract or service agreement for the provision of a Council function;
- As part of, or following, a service review;
- Following identification of new opportunities for service development or provision;
- As a matter of urgency if a service or contract is failing.

### 3.5 Development of the procurement process

3.5.1 The first step in any procurement process is for the responsible manager to clearly define the service that meets the requirements and needs of the Council. Normal practice will be to draw up objectives giving standards for the period to be covered by the procurement arrangements. Objectives should include:

- National and local performance indicators;
- Expectations about how the procurement will contribute to the Council's Aims, Approaches and Actions;
- Standards of customer service;
- Arrangements for the collection and use of customer satisfaction information;
- Arrangements and expectations for continuous improvement;
- Efficiency and value for money;
- Relevant factors likely to affect development or demand - such as legislation; developments in technology; environmental issues; or changes in user demand;
- A general framework for improvement and development.

3.5.2 The manager will prepare the objectives in consultation with service users, other stakeholders, the relevant portfolio holder/s and staff, as appropriate.

### 3.6 Procurement options appraisal

3.6.1 In evaluating the full range of possible alternatives for the procurement the Council will consider the following options:

- The termination of the provision in whole or part;
- In house provision. If this was the selected option, there would also need to be: continuous improvement targets; an action plan; and possibly consideration of the location within the Council;
- The market testing of all or part of the requirement (possibly with an in-house bid);
- Joint Commissioning or joint delivery. This involves joining with other public bodies to: provide or purchase goods or services jointly in order to take advantage of economies of scale; provide a better service to customers; or gain access to skills and support that would not be possible for one council operating alone;
- Partnership Contract with external suppliers in a way which places greater emphasis on shared objectives;
- The possibility of sharing the service with another local authority or public body;
- Considering the use of EU compliant Framework contracts;
- Traditional contract with external suppliers with a specification and conditions;
- Investigate options to change the provision to another provider such as a third sector or not for profit organisation;
- Renegotiation of existing contracts.

- 3.6.2 Options appraisal will also include consideration of the most appropriate length of contract for the goods or services to be procured. This may result in inviting tenders/ quotations for a specific contract period (with or without possible extensions), or for a range of potential contract periods whereby the Council can choose the option that best meets service needs and/or is the most economically advantageous.
- 3.6.3 The Council may choose to develop more than one option for the delivery of a service or for different parts of a service.
- 3.6.4 The manager responsible for the procurement project will carry out the options appraisal in consultation with service users, other stakeholders, the relevant portfolio holder/s and staff, with advice from procurement and legal colleagues, as appropriate.
- 3.7 Medium Term Financial Strategy
- 3.7.1 The Council's Medium Term Financial Strategy (MTFS) sets out the Council's financial position over the period to 2013/14:
- The Council's financial position is dependent on low inflation, the period and severity of the economic downturn, the achievement of efficiency and other savings and an increase in Formula Grant that is higher than those in the current three year settlement;
  - The medium term position of an estimated £1.2 million deficit on the General Fund from 2012/13 onwards indicates the ongoing need to obtain savings and efficiencies;
  - The MTFS assumes ongoing cashable efficiency and other savings of £325,000 in 2009/10, which, while they may not all be realised in 2009/10, must be identified in 2009/10 so that the full year effect of the savings is achieved in 2010/11 and later years.
- 3.7.2 Effective procurement has an obvious role in delivering savings and efficiencies. The Council's procurement function needs to continue to identify areas in which savings can be achieved and to advise the most appropriate routes for the procurement of goods and services, in particular:
- Identify contracts coming up for renewal and new contracts being developed;
  - Be aware of market conditions and take advantage of optimum times to place or renew contracts;
  - Investigate opportunities to benefit from e-auctions and collaborative contracts.
- 3.8 Value for money
- 3.8.1 The Council will analyse its expenditure (by spend analysis and reviewing its Central Contracts Archive) to identify opportunities to rationalise suppliers, save money, increase competition, joint contract with other authorities, make use of government contracts or contract more effectively.
- 3.8.2 The procurement of goods and services is about making choices and obtaining value for money. The value will include running costs, maintenance and eventual costs of termination or disposal. It spans the 'whole life cycle' from the inception of the project to the end of the contract or useful life of the asset. In order to obtain value for money there needs to be a balance between whole life costs and meeting customer requirements. In most instances, the Council will seek the 'most



economically advantageous contract' and make a balanced judgement between price and quality.

3.8.3 In assessing value for money in procurement, the Council will take into account the following criteria of sound management (balancing immediate need against whole life costs and quality), environmental responsibility and the promotion of sustainable communities. A summary of considerations will be:

- Economy – providing value for money, balancing cost and quality – through minimising waste and maximising shared opportunities for joint working;
- Efficiency – maximising the resources available to the Council by using them in the best possible way;
- Effectiveness – delivering responsive customer services that achieve their objectives;
- Equality and diversity – allowing access for the whole business community and making appropriate provision for special needs (see section 3.9 below);
- Environment - integrating sustainable procurement into all aspects of the purchasing process wherever possible, including the use of renewable resources and recyclable products; seeking to promote the transition to a 'low carbon' economy (see sections 3.10 and 3.11 below);
- Health and safety – promoting safer, healthier communities; ensuring that appropriate health and safety procedures are incorporated in the contract (Contract Regulations provide for this);
- Incorporating electronic systems (including e-procurement), wherever applicable and appropriate, as a means of reducing costs and modernising services (see section 7.2 below);
- Social - include efforts to stimulate local economic activity and engage with local businesses and the third sector (see sections 3.13 and 3.14 below).

3.8.4 The Council's drive for value for money is also linked to the Government's efficiency agenda and the Council's Medium Term Financial Strategy. These call for on-going cashable savings that are achieved in part through better procurement decisions leading to total cost savings.

### 3.9 Equality and diversity

3.9.1 In 2001, the Race Relations Act was amended to give public authorities a new statutory duty to promote race equality. As part of this duty, the Council will issue an equalities questionnaire as part of the pre-qualification process for all contracts above Level 1 and will monitor on an ongoing basis suppliers' equality and diversity practices when appointing them to contracts above Level 2 where equality and diversity are particularly relevant. Organisations trading with the Council must be able to prove that they have effective equality and diversity practices.

3.9.2 The Council is committed to promoting equality of access. The Council will treat all people equally including those contracting to supply goods and services. It will not discriminate on the grounds of age, race, disability, offending past, religious belief, gender, transgender and transsexual people and sexual orientation or on any other unjustifiable grounds. Suppliers or contractors appointed for the provision of goods and services will have to comply with these criteria themselves, as well as applying these requirements to all sub-contractors employed by the contractor/supplier.

3.9.3 The responsible manager will complete an assessment of the impact on equality when undertaking a procurement exercise. Where relevant terms and conditions relating to equality and diversity will be inserted into pre-qualification questionnaires

and contracts. Suppliers for all procurement activities over Level 1 will be expected to complete an equality questionnaire.

### 3.10 Environmentally sustainable procurement

3.10.1 Responsible and sustainable sourcing of materials, products and services should be based on the fundamental principle of life-cycle stewardship. This principle lies at the heart of the Brundtland<sup>1</sup> definition of sustainable development as “development which meets the needs of the present without compromising the ability of future generations to meet their own needs”. Delivering this depends upon economic, social and political drivers preventing us, globally and locally, from undermining the environment in which we live. This means not overexploiting natural resources nor despoiling ecological systems to the point where future well-being is threatened.

3.10.2 Sustainable procurement means considering the purchase of goods or services from their extraction through manufacture, processing, provision, consumption, re-use and recycling and disposal.

3.10.3 The Council will therefore seek to embrace responsible sourcing of goods and services by taking all reasonable and practical steps to minimise life-cycle impacts.

3.10.4 An assessment of life-cycle impacts and consequences should incorporate the following criteria:

- Fitness for purpose and value for money;
- Efficiency of energy and resource utilisation in its production;
- Minimise greenhouse gas emissions;
- Adaptation to climate change;
- Ethical considerations;
- Consumption;
- Pollution arising from production and use;
- Durability and capacity for repair and upgrading;
- Amount and type of packaging materials;
- Reuse and recycling potential;
- Waste disposal implications and biodegradability;
- Location of production;
- Type, sustainability and source of raw materials;
- Transport of product and raw materials;
- Environmental credentials, policies and performance of supplier and producer;
- Awards or certificates that demonstrate compliance to an environmental standard.

3.10.5 The responsible manager will complete an assessment of sustainable procurement when undertaking a procurement exercise. (Guidance is available from sustainability and procurement colleagues and in the Procurement area on In-Site.) Where relevant, terms and conditions relating to sustainable procurement will be inserted into pre-qualification questionnaires and contracts.

### 3.11 Climate change

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<sup>1</sup> Brundtland G.H., 1987, *Our Common Future: The United Nations Commission on Environment and Development*

- 3.11.1 The Council recognises that environmental sustainability is dominated by the issue of climate change.
- 3.11.2 The Council's life-cycle assessments of goods and services must take specific account of the pressing need to reduce greenhouse gas emissions (increasingly expressed as carbon emissions) and adapt to the level of climate change that is already inevitable.
- 3.11.3 This position responds to the needs of the Sustainable Community Strategy and the forthcoming Climate Change Action Plan by:
- Taking account of climate change in all the services that we deliver;
  - Promoting low carbon living and delivering low carbon growth.
- 3.11.4 As a signatory to the Nottingham Declaration, the Council is also committed to reducing carbon emissions and adapting to climate change.
- 3.11.5 Additionally the new performance framework for local authorities has introduced three new key national indicators which should be actively supported by the Council's procurement activity:
- NI 185 CO2 reduction from Local Authority operations;
  - NI 186 Per capita reduction in CO2 emissions in the LA area;
  - NI 188 Adapting to climate change.
- 3.11.6 The Council will therefore place significant weight upon seeking to ensure that the level of life-cycle carbon emissions associated with the materials, products, services and utilities that it procures are in line with its carbon reduction commitments.
- 3.11.7 Similarly, all procurement activity should seek to ensure that an appropriate level of adaptation to climate change is reflected within life cycle assessments.
- 3.11.8 Assessing the procurement of goods and services against full life-cycle costs (especially in the specific context of climate change) is an important new component of the Council's Procurement Strategy. The Council has, however, already taken significant environmentally sustainable steps for example recycling printing cartridges/toners, using recycled copier paper and making use of multi-functional devices that reduce the consumption of these materials.
- 3.11.9 The strategy is concerned with adopting a consistent approach for assessing the environmental impact of procurement activity within all the Council's service areas. To this end technical guidance, support documents and training sessions will be made available to all relevant staff.
- 3.12 Section 106 agreements
- 3.12.1 The European Union (EU) has underlined that any procurement carried out for the public good is subject to the EU Procurement Regulations. This includes Section 106 agreements.
- 3.12.2 The Council needs to have a robust mechanism in place to ensure that all contracts let relating to Section 106 are compliant with the EU Regulations. This includes undertaking a full EU Procurement Procedure where required.

- 3.12.3 This will involve project management of the Section 106 process, training and development of staff involved, creation of terms and conditions to limit the risk and liability to the Council and liaison with developers.
- 3.13 The local economy
- 3.13.1 The Council's portfolio of contracts for goods and services covers a wide range of requirements. The Council recognises its responsibilities to local communities and the opportunities afforded through procurement to help deliver corporate objectives, including the economic, social and environmental objectives set out in the Council's Aims, Approaches and Actions.
- 3.13.2 Local business should be able to compete for work alongside contractors from outside the area and the Council will encourage them to do this by:
- Ensuring procurement documentation and the procurement process, including electronic, do not disadvantage local businesses;
  - Publishing details of forthcoming bidding opportunities and contact details for each contract on the Council's website;
  - Advertising contracts on the DTI's Supply2Gov web site or Official Journal of the European Union website;
  - Publishing on the Council's website a 'Selling to the Council' guide to communicate how the Council lets contracts;
  - Providing advice and guidance for suppliers on where tender opportunities exist, responding to tenders, completing tender documentation, key policies that the Council looks for when evaluating (e.g. equalities, health and safety);
  - Increasing the level of contact with local business by participating in 'meet the buyer' events;
  - Encouraging suppliers to consider forming partnerships or co-operate with other companies to jointly bid for Council contracts.
- 3.13.3 These actions are included in the Finance and Support Services service plan.
- 3.14 Third Sector Commissioning
- 3.14.1 Procuring with the voluntary sector is often referred to as Third Sector Commissioning.
- 3.14.2 Working with the Third Sector can benefit both organisations by providing income to the Third Sector whilst providing potential cost savings to the Council as well as the benefits of dealing with an organisation that is focussed at providing some social benefit rather than just profitability.
- 3.14.3 The Council will ensure that it advertises contracts on either the Official Journal of the European Union or the DTI's Supply2Gov website as well as its own web site as a minimum, thus allowing the Third Sector to be made aware of any contracts that it may bid for.
- 3.15 Contract Regulations and Financial Regulations.
- 3.15.1 The Council has Financial Regulations and adopted Contract Regulations as a replacement to the previous Contract Standing Orders. Contract Regulations updated procurement practices such as equalities, health & safety, consultants, collaborative contracts and exemptions. Staff have been trained and guides produced using diagrams to demonstrate the procurement procedures of the

Council.

3.15.2 These regulations will be maintained to ensure that they are up to date, easy to follow and understandable by staff ensuring compliance.

3.15.3 Contracts above Level 1 will be advertised on the DTI's Supply2Gov web site or Official Journal of the European Union website as well as its own website ensuring openness and transparency.

#### **4 Providing leadership and building capacity**

4.1 While procurement is seen as a set of procedures with specific guidance, it is crucial that all Council staff play an active role in maintaining, adhering to and disseminating procurement policies. Staff actions will be fully supported by procurement training and development.

4.2 Cabinet Members' role:

- Approval of the procurement strategy;
- Consider and comment on the annual procurement priorities;
- Monitor progress on major procurement exercises within their portfolios;
- Set priorities for the Medium Term Financial Strategy.

4.3 Overview and Scrutiny Committee role:

- Monitor and review the Council's approach to procurement.

4.4 Managers' role:

- Understand where to find information about the Council's procurement priorities and procedures, in particular Contract Regulations;
- Contribute to the strategic planning of procurement as part of the annual strategic planning cycles by undertaking an assessment of what contracts will be let;
- Know what to do about routine purchasing and when to invoke other procedures;
- Investigate opportunities to co-ordinate contracts with other teams or other Councils to eliminate duplication and reduce costs;
- Plan and manage major procurement exercises using project management methodology where appropriate;
- Provide details to the Procurement Officer of 'live' and forthcoming contracts;
- Notify the Procurement Officer of all procurement exercises where expenditure is likely to exceed Level 1, the purchasing threshold to obtain at least three quotations;
- Complete the award and exemption documentation for all purchases over Level 1;
- Seek procurement and purchasing advice or guidance where necessary, from the Council's Procurement Officer;
- Ensure that they and their staff comply with procurement procedures contained within Contract Regulations, Financial Regulations, advice or guidance provided by the Procurement Officer.

4.5 Officers' role:

- Know what to do about routine purchasing and when to invoke other procedures;
- Know where to find guidance on all procurement issues;

- Know where they can find specialist advice and expertise on procurement issues;
- Know where to find information about the Council's spending plans;
- Deal with all routine procurement;
- Reduce time spent sourcing goods and services;
- Plan and manage all non-routine procurements effectively;
- Notify the Procurement Team at the start of all procurement exercises where expenditure is likely to exceed Level 1; the purchasing threshold to obtain at least three quotations;
- Complete the award and exemption documentation for all purchases over Level 1;
- Comply with Contract Regulations, Financial Regulations, advice and guidance provided by the Procurement Officer.

#### 4.6 Procurement's role:

- Investigate, research, evaluate and report on areas for potential cost or efficiency savings;
- Support colleagues by providing advice, training and guidance on procurement, EU Law and Contract Regulations;
- Design, create and implement the procurement strategy;
- Report statistics to the Government on EU purchases;
- Investigate procurement options;
- Assist in procurement projects;
- Recommend procurement actions.

#### 4.7 Valuing the workforce

##### 4.7.1 The Council recognises that a well-motivated and skilled workforce is essential to deliver quality services. This applies equally whether services are provided internally, externally or in partnership. The Council will:

- Consult with employees and recognised trade unions throughout reviews and any subsequent procurement process;
- Abide by legislation, regulation and codified guidance including currently:
  - Local Government Act 2003;
  - Cabinet Office Statement of Practice on staff transfers in the Public Sector;
  - The Code of Practice on workforce matters in Local Government Service Contracts;
- Abide by current internal policies and guidance:
  - Equalities and diversity;
  - Sustainability;
  - Code of Conduct;
  - Anti-theft, Fraud and Corruption Policy;
  - CRB Disclosure Policy and Procedure;
  - Disciplinary policy and procedure;
  - Health and Safety Policy;
  - Redundancy and Re-organisation Policy & Procedure;
  - Safety of Children Policy;
  - Whistle-blowing policy;
  - Contract Regulations and Financial Regulations;
- Examine as appropriate potential partners' past records in respect of the treatment of transferred staff such as:
  - Employment practices;
  - Equalities and social inclusion issues;

- Health and safety;
- Training and development of staff;
- Request any recognised trade unions to provide any evidence they have in relation to these and any other relevant workforce matters.

#### 4.8 Competencies and development

4.8.1 The Council is committed to the training and development of all staff involved in procurement. A training programme will be prepared and delivered to support the modernisation and development of procurement methods. Training delivery will be via internal or external providers, as appropriate, either as identified by the Procurement Officer or as requested by an individual or their line manager.

#### 4.9 Integrity

4.9.1 Controls within the procurement and financial processes exist to promote good practice and not only help the prevention of fraud but also protect the individuals concerned against allegations of fraud. Compliance with appropriate legal requirements and the internal controls set out in the Financial Regulations and Contract Regulations is essential. Involvement in procurement requires consideration of the following:

- There is a duty on every employee of the Council to behave honestly and in a trustworthy manner maintaining standards that the public is entitled to expect;
- All staff have a fiduciary responsibility which means they are individually and collectively responsible for safe and proper arrangements relating to public spending, including fairness in public contracting;
- All managers have a responsibility to ensure that systems and training are in place to prevent fraud.

#### 4.10 Capacity building

4.10.1 The Cambridgeshire Procurement Group is a countywide procurement group that looks at shared knowledge, contracts and efficiency savings. This expertise is a valuable resource and can add capacity without additional costs.

### 5 Partnering and collaboration

5.1.1 Partnering may be identified through a service review to provide opportunities for improved delivery of a major project or service. This would necessitate the creation of a sustainable relationship with suppliers in the public, private, social enterprise or voluntary sectors to deliver services, carry out major projects or acquire supplies and equipment. Benefits could include:

- Better designed solutions;
- Integration of services for customers;
- Access to new and scarce skills;
- Economies of scale and scope;
- Investment;
- Community benefits (including jobs and local economic effects);
- The sharing of risk and reward.

5.1.2 The Council acknowledges the importance and relevance of partnerships in delivering value for money and would seek to test this option by:

- Carrying out a challenging option appraisal;
- Examining partnering models, including:

- Public Sector consortium;
- Non-profit distributing organisation;
- Voluntary and Community sector provision;
- Partnering contract;
- Local Authority Company (Local Government Act 2003);
- Joint Venture Company;
- Framework Agreement;  
(The preferred model should be identified through a business case before procurement commences.)
- Investigate opportunities to collaboratively procure partnerships with public bodies;
- Establishing high standards when procuring services through partnership:
  - Build continuous improvement into contracts;
  - Ensure the project has clear leadership and top down commitment;
  - Plan communications and consultation;
  - Complete a formal service assessment and development process;
  - Development of skills of staff involved;
  - Undertake a formal review process of each stage of the project;
  - Consider obtaining additional resources to stimulate effective partnership working;
  - Construct suitable governance and scrutiny arrangements;
  - Collect market intelligence and gather experience;
  - Use formal project management and risk management methodology;
  - Not underestimating the challenges of working across multiple partners;
  - Test if incremental strategic partnering is possible rather than complete delivery;
  - Remove any internal/external barriers and restrictions in order to minimise bidding or process costs and streamline processes to make partnership projects easier;
  - Consider using the skills of the voluntary, community and social enterprise sectors.

## 5.2 Collaboration, networks and links with other Local Authorities

5.2.1 These contacts can provide benefits to the Council. Collaboration between the Council, other councils and public bodies to combine buying power, to procure or commission goods and services jointly or to create shared services is seen as advantageous. This form of public-public partnership should, in appropriate circumstances, be regarded as an option capable of delivering economies of scale and accelerated learning. The Council will seek, for example, to extend existing activities, including:

- The use of 'open' framework agreements to enable use within the local or regional public sector community;
- Contractual arrangements available via the Office of Government Commerce, where there is a potential to increase usage;
- Eastern Shires Purchasing Organisation (ESPO), now merged with four other purchasing organisations and called Pro5, has been an historic source of purchasing;
- Ensuring that all tender documentation/contracts carry a statement allowing other public bodies to take advantage of the contracted goods and services;
- Work with the Cambridgeshire Procurement Group to create joint contracts and opportunities for savings.



## **6 Risk management in procurement**

- 6.1 It is essential that risks associated with a procurement exercise are properly identified, recorded, assessed and managed. This is particularly important when changing suppliers and service providers and needs to be considered in respect of both initial and ongoing costs and service provision and levels.
- 6.2 The Council's overall risk management principles and processes are set out in its Risk Management Strategy. The Council's Project Management Toolkit includes a section on risk management. Officers should use the Council's Project Management Toolkit to manage high value or high profile procurement projects, including risk logs to identify and mitigate risks.
- 6.3 A key way of minimising risk with regard to procurement exercises and contracts is to follow the requirements of Contract Regulations.

## **7 Intelligent procurement**

- 7.1 Intelligent procurement is the combined systems, procedures, strategy and operational plans that generate improvements in procurement across the Council.
- 7.2 Electronic procurement (e-procurement)
- 7.2.1 Electronic procurement relates to the electronic systems, procedures and processes for electronic trading between the Council and its suppliers. The Council will consider an e-procurement strategy for sourcing, tendering and purchase to pay activities.
- 7.2.2 Primary responsibility for the Council's procure to pay system strategy (including the extension and growth of electronic payment to suppliers) is with Accountancy based upon the Council's Financial Management System (FMS).
- 7.2.3 Other development considerations for the Council's e-procurement strategy may contain:
- Software modules or web based system(s) designed to facilitate innovative sourcing options such as e-tendering, e-Auctions, e-Marketplaces with online catalogues, and requests for quotations;
  - Card systems for ordering and payment;
  - New technologies that may provide alternative process improvements in any aspect of procurement;
  - Other information and communication technology that could reduce the cost, and improve the efficiency and effectiveness, of all aspects of the procurement process for the Council and its suppliers and contractors.
- 7.2.4 All electronic procurement will comply with existing Council Contract Regulations, Financial Regulations and EU law.
- 7.3 Central Contracts Archive
- 7.3.1 The Council has created and populated an electronic contracts database (the Central Contracts Archive) using the Council's Document Management System (Anite). The Central Contracts Archive will store all relevant details of each contract above Level 1. The Central Contracts Archive will enable the Council to consolidate contracts, pursue opportunities for cost savings and reduce risks to the Council by

capturing contracts created by employees and carrying out checks to ensure they are compliant.

7.3.2 The Central Contracts Archive will also store electronic copies of each contract against each record creating an accurate journal of the Council's contractual agreements.

7.4 Contract Regulations have been designed to build in quality into the procurement process:

- Diagrams and flowcharts are used extensively to clearly demonstrate procedures to ensure compliance and avoid confusion;
- Rather than catch all exemptions there are limited options for exemptions and a procedure to record these decisions;
- Templates are used to ensure consistency and to standardise on terms, conditions and special considerations such as environmental and equality criteria. There are also checklists and guidance on procuring consultancy;
- Extensive training has taken place to underpin the new regulations and to eliminate misunderstanding and non-compliance.