

Appendix A



**Draft Procurement Strategy
2012/13**

To be approved by the Finance & Staffing Portfolio Holder, March 2012

Table of contents

Ref	Subject	Page
1	Introduction	1
2	Guiding principles	3
3	Corporate aims and objectives	4
4	Procurement process	5
5	Providing leadership and building capacity	11
6	Partnering and collaboration	14
7	Risk management in procurement	15
8	Intelligent procurement	15
9	Performance management of the procurement strategy and function	16
10	Safeguarding Children and Vulnerable Adults	17
 Annex		
A	Procurement performance indicators and other measures	18

1 Introduction

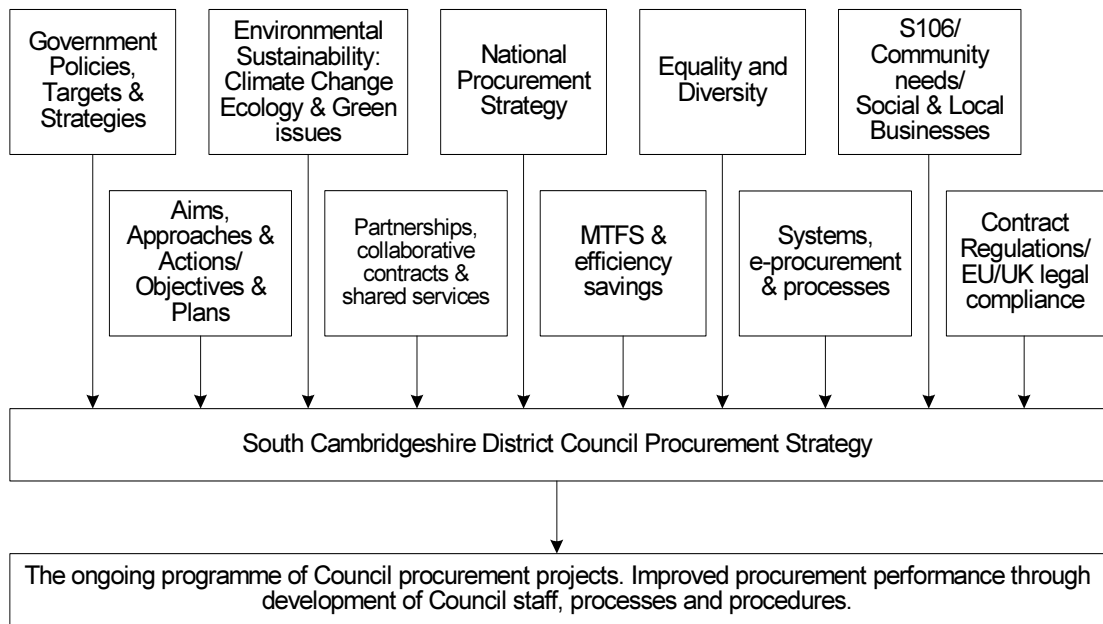
1.1 Procurement is the process of acquiring goods and services, covering both acquisitions from third parties and in-house providers. The process must incorporate a 'lifetime' view: from recognised requirement, through options appraisal, selection of procurement route, procurement brief, tender/quotation, 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

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 Context

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



1.3.2 Excluding salary related costs, in 2010/11 the Council spent approximately £16million with third party suppliers and contractors. Procurement therefore has a significant role in ensuring that the Council obtains best value for money from its expenditure.

1.4 The Government's strong stable economy measures

1.4.1 The Government has underlined the need for value for money procurement with its measures to create a strong stable economy through rebalancing public expenditure. It is important therefore for the Council to find continuous savings each year to offset any funding shortfall.

1.5 Strategy Statement

1.5.1 The Council wishes to provide high performing quality services that deliver excellent customer service, while demonstrating efficiency, sustainability and value for money. The Council believes that the most effective overall approach to achieve this is a “mixed economy” of services with some being provided directly by the Council and others by partnership or other arrangements with external contractors or suppliers. Procurement decisions must focus on obtaining the best outcomes for the services that the Council provides; however, different procurement models and approaches may be needed to facilitate this - the strategy is designed to allow 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:

- Analysis of Council expenditure to identify and investigate opportunities to make savings, rationalise suppliers, increase competition, contract jointly with other public bodies, make use of collaborative contracts or otherwise contract more effectively
- Review of the Central Contracts Archive to identify contracts due for renewal;
- Forward planning and earlier involvement of the Procurement Officer in procurement projects, by managers/officers;
- Continuous training and development of Council staff in relevant procurement concepts, Contract Regulations and EU / UK law relating to procurement;
- Making sure that templates and standardised contract information are available for managers/officers to use;
- Ensuring that managers/officers complete contract award / exemption forms and forward these to the Procurement Officer so that the Central Contracts Archive is maintained and up to date.

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 and EU Remedies Directive);
- 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 aims and objectives;
 - Procurement process;
 - Providing leadership and building capacity;
 - Partnering and collaboration;
 - Risk management in procurement;
 - Intelligent procurement;
 - Procurement performance measurement

2 Guiding principles

- 2.1 Apply the principles of fairness, openness and transparency to procurement activities, ensuring that the procurement activity itself is pursued efficiently and consistently.
- 2.2 Operate within the framework determined by EU and UK law and those outlined within the Council's own Financial Regulations and Contract Regulations.
- 2.3 Consider the potential for innovation, the management and balance of risk, and the opportunity for new or alternative methods of service delivery.
- 2.4 Ensure that procurement activity is service driven, including internal consultation and involvement to support service objectives and external consultation with service users (e.g. residents, customers, etc) to understand their needs and design the services to be procured to meet them.
- 2.5 Use the Central Contracts Archive (contracts database) to publish a list of the Council's existing contracts that can be utilised for procuring goods and services.
- 2.6 Actively work together on joint contracts both within the organisation and with other Councils and organisations, exploring partnership working or joint commissioning in procuring goods and services wherever possible.
- 2.7 Work with others including strategic partners, public sector agencies and consortia to maximise purchasing power and harness knowledge and the economies of scale.
- 2.8 Use procurement to deliver economic, effective, efficient and environmentally sustainable services and to improve the quality of services at a reasonable cost.
- 2.9 Incorporate sustainability and the climate change agenda, equality and diversity, quality, social responsibility and safety as important criteria in the provision of goods and services procured.
- 2.10 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.
- 2.11 Improve procurement systems, procedures and processing throughout the supply chain in order to reduce costs, resources and waste, by applying appropriate

technology and best practice (including e-technology and e-procurement).

- 2.12 Adopt value for money by assessing quality, suitability, fitness for purpose, equalities, environmental impact and lifetime costs.

3 Corporate aims and objectives

3.1 The Council's Aims, Approaches and Actions

- 3.1.1 The Council has approved Aims, Approaches and Actions, which form the framework for service planning, service priorities and budget setting from 2012/13 onwards, together with new Council Actions for 2012/13.

- 3.1.2 The Council will look for opportunities to conduct procurement exercises in strategic ways to meet its Aims.

- 3.1.3 Managers responsible for leading procurement exercises will consider at the outset of the process, the Aims to which the procurement exercises will contribute (see paragraphs 3.1.8 and 4.2.2 below).

- 3.1.4 Particular Aims, Approaches and Actions that relate to procurement are:

- We will listen to and engage with residents, parishes and businesses to ensure that we deliver first class services and value for money:
 - Achieving improved satisfaction with our services;
 - Delivering value for money and sound management of resources;
 - Strengthening partnership working:
 - A1 Strengthen working with key partners, including the County Council;
 - A3 Develop new shared services to achieve strengthened resilience and improved customer service;
 - A8 Develop and promote self-service through the implementation of the new interactive website and customer contact arrangements.
- We will work with partners to create and sustain opportunities for employment, enterprise and world-leading innovation:
 - Encouraging entrepreneurship, innovation and aspiration:
 - B2 Identify ways to support existing, developing and new businesses.
- We will make sure that South Cambridgeshire continues to offer outstanding and sustainable quality of life for our residents:
 - Encouraging low carbon and sustainable living:
 - C8 Work with local communities and businesses to develop and deliver actions on climate change that make a difference.

- 3.1.5 In keeping with the Council's service planning arrangements, procurement actions to support these Aims, Approaches and Actions are included in the Accountancy section of the Corporate Services service plan rather than within this strategy, although indicative actions include ongoing support to cost centre managers:

- on compliance with EU and other legislative requirements, Contract Regulations, etc;
- with procurement generally; and
- with achievement of further efficiencies/ savings by, for example, collaborative contracts and e-auctions.

- 3.1.6 Other Aims, Approaches and/or Actions may have procurement implications/ applications. The service managers leading on those will involve the Procurement Officer as necessary in procurement exercises to support their delivery.
- 3.1.7 Council cross-cutting themes, such as value for money, equalities and sustainability, are covered later in this strategy (sections 4.5, 4.6, and 4.7 and 4.8, respectively).
- 3.1.8 Contract Regulations and procurement processes also support the Council's aims and objectives regarding procurement. Procurement documentation will require procuring officers to state which Council Aims, Approaches and/or Actions a particular procurement exercise will support.

4 Procurement process

4.1 Organisation and positioning of procurement

- 4.1.1 The Finance & Staffing Portfolio Holder is the lead Member for procurement and efficiency.
- 4.1.2 The Executive Director - Corporate Services is the senior manager responsible for procurement.
- 4.1.3 The Procurement Officer reports to the Principal Accountant (General Fund and Projects) who in turn reports through the Head of Accountancy to the Executive Director - Corporate Services. The Procurement Officer is involved in identifying areas where procurement savings may be obtained and in providing general procurement support and advice.
- 4.1.4 Service managers and officers across the authority will lead on or be involved in procuring goods and services (including day-to-day purchases, quotations and tenders), with the advice, assistance and support of the Procurement Officer.

4.2 Initiation of the procurement process

- 4.2.1 The procurement 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;
 - From identification of new opportunities for service provision or development;
 - As a matter of urgency if a service or contract is failing.
- 4.2.2 The first step in any procurement process is for the responsible manager to provide an outline specification that clearly details the Council's requirements from the procurement exercise. The outline specification will include objectives to be covered by the procurement arrangements:
- The Council's Aims, Approaches and Actions and/or the service objectives to which the procurement exercise will contribute, together with expectations about how it will achieve this;
 - Standards of excellent customer service, together with arrangements for the collection and use of customer satisfaction information;
 - National and local performance indicators;
 - Efficiency and value for money;

- Expectations of and arrangements for continuous service development and improvement, and cost reduction
 - Relevant factors likely to affect development or demand - such as legislation; technology; environmental issues; changes in user demand, etc;
- 4.2.3 The responsible manager will prepare these objectives in consultation with service users, other stakeholders, the relevant portfolio holder/s and staff, as appropriate.
- 4.3 Procurement options appraisal
- 4.3.1 In evaluating the full range of possible alternatives for the procurement, the Council will consider the following options:
- An assessment of whether there is still a requirement for all or part of the provision to continue;
 - 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 the council operating alone;
 - Partnership contract with external suppliers in a way which places greater emphasis on shared objectives;
 - Possible sharing of 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.
- 4.3.2 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.
- 4.3.3 The Council may choose to develop more than one option for the delivery of a service or for different parts of a service.
- 4.3.4 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, as appropriate, together with advice from procurement and legal colleagues.
- 4.4 Medium Term Financial Strategy
- 4.4.1 The Council's Medium Term Financial Strategy (MTFS) sets out the Council's financial position over the period to 2015/16:
- The Council's financial position is dependent on low inflation, the period and severity of the economic downturn and the achievement of savings;

- The medium term position of an estimated £0.6million deficit in 2014/15 and £1.5million deficit in 2015/2016 on the General Fund indicates the on-going need to search for savings.

4.4.2 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;
- Be advised of new contracts that need to be developed;
- Be aware of market conditions and take advantage of optimum times to place or renew contracts;
- Investigate opportunities to benefit from collaborative contracts (such as EU compliant framework contracts) and e-auctions.

4.5 Value for money

4.5.1 The Council will analyse its expenditure ("spend analysis") and review its Central Contracts Archive, to identify opportunities to rationalise suppliers, save money, increase competition, contract jointly with other public bodies, make use of collaborative contracts or otherwise contract more effectively.

4.5.2 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 cases, the Council will seek the 'most economically advantageous contract' and make a balanced judgment between price and quality.

4.5.3 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;
- Customer-centric – understanding who the service users are, learning their needs and incorporating these into service specifications;
- Equality and diversity – allowing access for the whole business community and making appropriate provision for special needs (see section 4.6 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 4.7 and 4.8 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);
- E-procurement – incorporating electronic systems wherever applicable and appropriate, as a means of reducing costs and modernising services (see section 8.2 below);

- Social – including efforts to stimulate local economic activity and engage with local businesses and the third sector (see sections 4.10 and 4.11 below).
- 4.5.4 The Council’s drive for value for money is also linked to the Government’s **strong stable economy measures** and the Council’s MTFS. These require on-going savings that are achieved in part through better procurement decisions leading to total cost savings.
- 4.6 Equality and diversity
- 4.6.1 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 contractors’ and suppliers’ equality and diversity practices on an ongoing basis when appointing them to contracts above Level 2 where equality and diversity are particularly relevant. Such organisations must be able to prove that they have effective equality and diversity practices.
- 4.6.2 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. Contractors or suppliers 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.
- 4.6.3 The Council expects contractors and suppliers to meet the Council’s standards and requirements on equality. This will be tested by questions in tender and quotation documents about the elimination of unlawful discrimination and harassment and promotion of equality of opportunity on the grounds of gender, race, disability, age, sexual orientation, religion or faith. The questions will cover policies, practices, treatment, pay and conditions.
- 4.6.4 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.
- 4.7 Environmentally sustainable procurement
- 4.7.1 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 Brundtland¹ 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.
- 4.7.2 Sustainable procurement means considering the purchase of goods or services from their extraction, through manufacture, processing, provision, consumption and re-

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

use, to recycling and disposal.

4.7.3 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.

4.7.4 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.

4.7.5 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.

4.8 Climate change

4.8.1 The Council recognises that environmental sustainability is dominated by the issue of climate change.

4.8.2 The Council's life-cycle assessments of goods and services must take specific account of the need to reduce greenhouse gas emissions (increasingly expressed as carbon emissions) and adapt to the level of climate change that is already inevitable.

4.8.3 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.

4.8.4 As a signatory to the Nottingham Declaration, the Council is also committed to reducing carbon emissions and adapting to climate change.

4.8.5 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.
- 4.8.6 As part of the Council's Climate Change Action Plan 2011-13 the Council is committed to reducing its own carbon footprint and procurement can play a part in achieving this aim. 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.
- 4.8.7 Similarly, all procurement activity should seek to ensure that an appropriate level of adaptation to climate change is reflected within life cycle assessments.
- 4.8.8 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.
- 4.8.9 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. This includes the use of life cycle assessments, eco-labels (e.g. energy star) and sustainability criteria in tender documentation.
- 4.9 Agreements under Section 106 of the Town and Country Planning Act 1990 (Section 106 agreements)
- 4.9.1 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.
- 4.9.2 The Council needs to have a robust mechanism in place to ensure that all contracts let in relation to Section 106 agreements are compliant with the EU Regulations. This includes undertaking a full EU Procurement Procedure where required.
- 4.9.3 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.
- 4.10 The local economy
- 4.10.1 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.
- 4.10.2 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 a suitable Government portal or the 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.

4.11 Third Sector Commissioning

4.11.1 Procuring with the voluntary sector is often referred to as Third Sector Commissioning.

4.11.2 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.

4.11.3 The Council will ensure that it advertises contracts on either the Official Journal of the European Union or a suitable Government portal 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.

4.12 Contract Regulations and Financial Regulations.

4.12.1 The Council has Financial Regulations and Contract Regulations, including 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.

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

4.12.3 Contracts above Level 1 will be advertised on a suitable Government portal or Official Journal of the European Union website as well as its own website ensuring openness and transparency.

5 Providing leadership and building capacity

5.1 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.

5.2 The role of the Executive Member responsible for procurement:

- Approval of the procurement strategy;
- Consider and comment on the annual procurement priorities.

5.3 Executive Members' role generally:

- Monitor progress on major procurement exercises within their portfolios;

- Set priorities for the Medium Term Financial Strategy.
- 5.4 Overview and Scrutiny Committee role:
- Monitor and review the Council's approach to procurement.
- 5.5 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 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.
- 5.6 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 purchases over Level 1;
 - Comply with Contract Regulations, Financial Regulations, advice and guidance provided by the Procurement Officer.
- 5.7 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.

5.8 Valuing the workforce

- 5.8.1 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;
 - Safeguarding Children Policy;
 - Whistleblowing 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.

5.9 Competencies and development

- 5.9.1 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.

5.10 Integrity

- 5.10.1 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.

5.11 Capacity building

5.11.1 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.

6 Partnering and collaboration

6.1 Partnering

6.1.1 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.

6.1.2 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.

6.2 Collaboration, networks and links with other Local Authorities

- 6.2.1 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.

7 Risk management in procurement

- 7.1 It is essential that risks associated with a procurement exercise are properly identified, recorded, assessed and managed. This is particularly important when changing suppliers or service providers and needs to be considered in respect of both initial and ongoing costs and service provision and levels.
- 7.2 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.
- 7.3 A key way of minimising risk with regard to procurement exercises and contracts is to follow the requirements of Contract Regulations.

8 Intelligent procurement

8.1 Intelligent procurement is the combined systems, procedures, strategy and operational plans that generate improvements in procurement across the Council.

8.2 Electronic procurement (e-procurement)

8.2.1 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.

8.2.2 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).

8.2.3 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.

8.2.4 All electronic procurement will comply with existing Council Contract Regulations, Financial Regulations and EU law.

8.3 Central Contracts Archive

8.3.1 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 and will enable the Council to consolidate contracts, pursue opportunities for cost savings and reduce risks by capturing contracts created by employees and carrying out checks to ensure they are compliant.

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

8.4 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.

9 Performance management of the procurement strategy and function

- 9.1 Performance management is key to understanding progress against objectives. The achievements and effectiveness of the Council's Procurement Strategy and the procurement function will be measured and monitored through the use of performance indicators, reporting arrangements and review.
- 9.2 The performance indicators and other measures of success that the Council will use regarding the Procurement Strategy and the procurement function are given in Annex A. They will be incorporated in the Corporate Services service plan and thus the portfolio holder responsible for procurement will be able to monitor procurement performance.
- 9.3 Reporting arrangements will also include an annual report to the responsible portfolio holder regarding procurement activity, savings achieved and other performance indicators, and incorporating a review of the Procurement Strategy.

10 Safeguarding Children and Vulnerable Adults

- 10.1 The Council needs to safeguard the welfare of children and vulnerable adults. Therefore Contract Regulations will ensure that where procurement involves contractors coming into contact with children or vulnerable adults, the service will include criteria in the specification relating to the conduct of employees, health & safety, Safeguarding Children and Vulnerable Adult terms and put suitable reporting processes in place to mirror the Council's internal procedures.

Annex A

Procurement performance indicators and other measures

Performance indicator/ SMART measure	Target	Review period
Savings target achieved.	£tba	Quarterly
Award/Exemption Notices exist for contracts over Level 2.	All	Annually
Breaches of procurement legislation.	None	Annually
Assist relevant service managers to (a) implement appropriate Cambridgeshire Procurement Group initiatives; (b) join appropriate framework contracts; (c) engage in appropriate joint procurement projects.	N/a	Annually
Report procurement savings to Finance & Staffing Portfolio Holder	July 2012	Annually
(a) Review the Procurement Strategy, Contract Regulations and procurement processes annually.	March 2013	Annually
----- (b) Implement new procedures resulting, including templates, guidance notes and training.	April 2013 and ongoing	Quarterly
(a) Review the contracts register to identify contracts due for renewal in year; prioritise these.	April 2012	Quarterly
----- (b) Work proactively with relevant service managers to procure new contracts as necessary.	Throughout the year, as necessary	Quarterly

SMART = Specific, measurable, achievable, relevant and timed.