



Procurement Strategy

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David Johnson
Corporate Strategy
01483 743060

Procurement Strategy

The aim of this strategy is to set out a clear corporate framework to achieve the most effective method of procuring outcomes in line with the Council's business objectives and best value principles.

The term procurement, in this strategy, has the widest meaning covering all aspects of securing services or products, whether through external means or internally through the Council's own resources. The principles will also apply where the Council is party to the provision of a service to the community but may not have initiated the process or be the main body recognised as accountable for the provision of the service or activity.

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Section 6	Action Plan	Detailed Action Plan to be established on SHIKARI in support of this Strategy and the procurement modernisation programme.

1. Introduction

- 1.1. The 'Byatt Report' – Procurement in Local Government – emphasised the pivotal role that procurement has in achieving Best Value and recommended that authorities should have a clear policy which sets out how procurement is to be managed at a corporate level. This recommendation is given further weight in the revised Best Value Statutory Guidance – ODPM Circular 03/2003.
- 1.2. Procurement of services, goods and assets, in the Council, are regulated by Financial Regulations and Contract Standing Orders within the Rules of Procedure section in the Council's Constitution (May 2007). Appropriate reference is made to other regulations governing local government procurement, for example European Union directives, and guidance, for example, the Chartered Institute of Public Finance (CIPFA) Code of Practice.
- 1.3. Whilst these 'rules' are essential in ensuring proper and ethical behaviour in spending public money they are, principally, about purchasing and do not constitute a policy framework for maximising the potential benefits of the wider procurement activity, as envisaged in the Byatt Report.
- 1.4. This document sets out an over-arching framework identifying the Council's overall objectives of and approach to 'procurement'.
- 1.5. Procurement is more than the activity of 'purchasing' and covers both internal and external provision and can be defined as:-

The whole process of acquisition of goods, services and construction projects spanning the whole life cycle from the initial concept and definition of business needs through to the end of the useful life of an asset, services contract or need for the activity.

Byatt Report

- 1.6. Procurement is at the heart of the council's ability to obtain the goods and services that best meet its overall strategic and service aims at the best price, quality and responsiveness it can achieve.

In essence, the Council procures or perhaps, more appropriately, commissions all of the services or functions that it is responsible for, whether those activities are through local choice or prescribed by central government, through statute.

In its community leadership role the Council may also enable, encourage or facilitate others to carry out activities that benefit the community in some way.

- 1.7. The Council makes decisions about balancing a range of choices and determining how the goods or services should be obtained; through direct employment of staff, straightforward contracting with suppliers and service providers or entering into more modern partnership approaches with the private, public or voluntary sectors.
- 1.8. This strategy sets out a framework for enabling that decision making process to be transparent, fair, robust and, importantly, accountable and evidence based.
- 1.9. The strategy and development of the key objectives will be supported by a detailed Action/Improvement Plan on Shikari (the Council's improvement planning and tracking application).

2. Objectives

- 2.1. Procurement must be seen in the context of the Council's overall objectives. To some extent, the driving force in the past has been focussed on economy, e.g. under the previous Compulsory Competitive Tendering regime. Whilst this remains an essential ingredient of Best Value, it is important that procurement decisions are taken in the light of the broader objectives which the Council is seeking to achieve and these are set out in the Vision and Values, overleaf.
- 2.2. The Council also recognises it has a vital role in furthering sustainable development and addressing the issue of climate change, through its procurement of buildings, goods, works and services. Procurement decisions have a major socio-economic and environmental implication, both locally and globally, now and for future generations.
- 2.3. To further its sustainability objectives the Council will strive to:
 - § Educate, train and encourage internal purchasers to review their consumption of goods and services, reduce usage and adopt more environmentally friendly alternative products
 - § Communicate the sustainable procurement policy to all staff, suppliers and stakeholders
 - § Promote and embed best practice for sustainable procurement
 - § Work in partnership with other South East Region councils and the South East Centre of Excellence (SECE) to maximise sustainable procurement gains
- 2.4. Other, specific sustainability objectives are included in the relevant Policy Objectives (Section 3).

OUR VISION: Towards Tomorrow Today

**OUR VALUES: We are one organisation
We are in the public service
We care about people and the Borough**

We are committed to:

Serving the public Our customers and community are the focus of what we do

Being fair We will treat everyone with fairness and dignity, respecting people's differences and needs and behave openly and consistently

Communicating well We will be approachable and regularly inform people about what is going on, we will listen to people's views and take them into account when making decisions

Delivering Quality We will embrace the highest standards, strive for excellence, foster partnership working and focus on sustainable outcomes

Managing ourselves We will be a good employer, use our resources cost effectively, manage change positively, explore new ways of working, empower people and value their achievements

Thinking innovatively We will be an outward looking and forward thinking authority, looking for opportunities and taking the lead in developing new ideas

Learning & Developing We will learn from the good practice of others and from our own experience

Celebrating success We will celebrate our successes

Agreed by Council 16/4/2003

2.5. Effective procurement makes a significant contribution to delivering efficient and effective services at an appropriate cost, through having a clear and agreed policy in relation to the way the Council goes about procuring works, goods and services which will:

- § Produce better value (quality and costs)
- § Provide a consistent and overall approach to commissioning and purchasing
- § Enable more effective monitoring of procurement and outcomes
- § Enable processes and activities to be more joined up
- § Enable 'cross-cutting' issues to be better addressed / incorporated
- § Make a more effective contribution to the social, environmental and economic well-being of the Borough

2.6. The adoption and implementation of the strategy and the associated action plan (Shikari) for achieving it, will address the following **key issues** for the Council:-

- § value for money and contributions to the Council's savings targets
- § sustainable and ethical purchasing issues, including climate change
- § equality and fairness
- § competition drivers and regulations (e.g. European Directives, Standing Orders, etc.)
- § risk management
- § contribute to the Community Strategy and embrace community engagement
- § be customer driven/focussed

3. Policy

- 3.1. In making decisions about procurement/commissioning of all activities and carrying out its procurement functions at all levels, the Council will:

3.1.1. Apply the principles of best value to all procurement

so as to achieve efficiency, effectiveness and value for money and continuously challenge current provision arrangements by comparison with best practice.

The following key actions will contribute to this policy objective and are expanded/clarified in the Shikari based Procurement Strategy Action Plan:-

- § Identify resources in Corporate Strategy to lead a cross-service procurement function, to provide on-going support, oversee and monitor procurement activities across the Council and link with programme / project and contract management.
- § Work with neighbouring local authorities and in partnership with the private sector for the provision of specific procurement expertise, where appropriate.
- § Review procurement procedures to develop consistency with other local authorities and enhance opportunities for collaborative working e.g. through shared suppliers/ supplier rationalisation.
- § Implement contract and supplier relationship management systems.

3.1.2. Strive for continuous improvement

in quality, price and processes by researching and developing a detailed understanding of potential products and providers.

The following key actions will contribute to this policy objective and are expanded/clarified in the Shikari based Procurement Strategy Action Plan:-

- § Map all current and identified future (external) procurement activities, indicating value and apply low/high risk (impact) and low/high value matrices. To identify where procurement resources should be directed and any skills gaps identified.
- § Complete the development of electronic purchase to pay (PtP) process, including how the use of the Purchase Card (P-Card) contributes to 'e-procurement'.
- § Complete SECE Sustainable Procurement Project to develop agreed policy and improvement plans.
- § Identify and deliver improvement through work with relevant networks, e.g. Surrey Procurement Network, South East Centre of Excellence, SOPO, OGC, NEPP, other networks / initiatives.

§ Attain Level 1 of the Sustainable Procurement Flexible Framework (Local Government Sustainable Procurement Strategy) by 2008 and target achievement of Flexible Framework Level 3 by 2010.

3.1.3. Take a long term strategic view of procurement

including market development, the potential for innovative funding, the opportunities of cross service/agency working and e-commerce.

The following key actions will contribute to this policy objective and are expanded/clarified in the Shikari based Procurement Strategy Action Plan:-

§ Investigate, with neighbouring local authorities and other agencies, opportunities for joint working / initiatives / contracts to provide economies of scale and improved market responses.

§ Undertake market analysis prior to procurement exercises valued in excess of £100,000.

§ Continue to develop relevant e-procurement and E-commerce activities and systems through involvement with t-government agenda.

§ Initiate targeted supply chain assessments of major procurement / contracts with value in excess of £150,000.

3.1.4. Operate legally and to the highest ethical standards

having regard to European Union and United Kingdom law and the Council's standing orders, financial regulations and professional codes of conduct.

The following key actions will contribute to this policy objective and are expanded/clarified in the Shikari based Procurement Strategy Action Plan:-

§ Identify a Member Procurement Champion/Portfolio Holder.

§ Seek appropriate external verification of Procurement Processes from relevant bodies? (E.g. IDEA procurement fitness check).

§ Initiate a Statement of Ethical/Professional Standards required of officers to undertake procurement and incorporate into procurement element of the general skills framework.

3.1.5. Actively pursue and demonstrate fair and open competition

particularly where goods or services are to be sourced externally and that we will develop intelligent and mutually beneficial long term relationships with providers, where this is appropriate.

The following key actions will contribute to this policy objective and are expanded/clarified in the Shikari based Procurement Strategy Action Plan:-

- § Provide guidance to officers involved in procurement, to set out standards for fair procurement processes.
- § Review processes for advertising work opportunities and make comprehensive use of the SECE Supplier Portal, to ensure maximum accessibility to all potential suppliers.
- § Encourage mutually beneficial partnership arrangements in external tendering exercises, where both parties benefit from realisation of good outcomes.

3.1.6. Test our effectiveness

by monitoring 'whole life' outcomes of the procurement process and benchmarking performance against other authorities and private sector providers.

The following key actions will contribute to this policy objective and are expanded/clarified in the Shikari based Procurement Strategy Action Plan:-

- § Develop guidance/training regarding evaluation of whole life costs associated with procurement.
- § Review approach to stakeholder consultation and engagement in procurement issues and develop a Supplier Engagement Plan.
- § Benchmark procurement outcomes with other Local Authorities through SECE.

3.1.7. Achieve a reputation for fairness

In the decision making processes, commissioning and award of contracts and by honouring responsibilities to providers and suppliers.

The following key actions will contribute to this policy objective and are expanded/clarified in the Shikari based Procurement Strategy Action Plan:-

- § Review current tender evaluation methodology to align with procurement policy objectives.
- § Evaluate the impact of the Council's procurement activity on equality/ equal opportunities and provide guidance on WBC equalities policies for organisations wishing to do business with the Council.
- § Review 'Selling to the Council' web pages and links with the SECE Supplier Portal.

§ Ensure all requests for quotations, tenders, etc. result from a sound business case through the project management methodology.

3.1.8. Encourage environmentally advantageous products and services

by, where appropriate, working with providers to minimise the environmental and social impacts associated with products and services, with reference to the Council's environmental and sustainability objectives (e.g. the Climate Change Strategy).

The following key actions will contribute to this policy objective and are expanded/clarified in the Shikari based Procurement Strategy Action Plan:-

- § In all procurement decisions appropriate consideration is given to the costs and benefits of environmentally preferable goods, suppliers and services and wherever possible and practicable, requirements, in line with nationally or regionally agreed minimum specifications, are specified.
- § In construction procurement set targets ensure targets are set for carbon management, Building Research Establishment Environmental Assessment Method (BREEAM) and sustainable construction, refurbishment and maintenance.
- § Fulfil obligations under the Biodiversity duty as part of Sustainable Development plans.
- § Ensure that where appropriate and allowable, Sustainability Criteria are part of the supplier evaluation process and are used in the award of contracts and encourage suppliers to adopt environmentally friendly processes and supply environmentally friendly goods and services as part of their Corporate Social Responsibility.
- § Complete Product Reviews for the 'environmental quick win' product areas identified by the SECE Sustainable Procurement Project.
- § Provision of training and guidance for officers regarding green purchasing.
- § Continue to reduce the need for paper records and systems through development of e-procurement solutions.
- § Work with principal suppliers to communicate the Council's climate change objectives and get 'buy-in'.

3.1.9. Support local business and economy

by, where possible and appropriate, encouraging a strong and diverse local economy to promote employment and life long learning opportunities

The following key actions will contribute to this policy objective and are expanded/clarified in the Shikari based Procurement Strategy Action Plan:-

- § Investigate partnership working with Woking Chamber of Commerce, to develop relationships between the Council and local businesses to facilitate joint procurement and establish local suppliers/contracts.
- § Fully support the Council's commitment to the Small Business Friendly Concordat and VCS (Voluntary and Community Sector) Compact
- § Identify and address barriers to the Council doing business with Small Business & Voluntary sectors
- § Complete the process to implement the good practice guidance for commissioning with the voluntary and community sector published by the Home Office and Office of Government Commerce 'think smart... think voluntary sector'
- § Investigate partnership working with Woking Chamber of Commerce, to develop relationships between the Council and local businesses to facilitate joint procurement and establish local suppliers/contracts.
- § Develop the ability of local businesses to compete for Council contracts through approved lists and e-procurement. Increase the level of spend with local/regional suppliers by x%?

3.1.10. Develop procedures

which guide the procurement; and provide transparency of decision making and involve users in the process of identifying and realising their procurement needs

The following key actions will contribute to this policy objective and are expanded/clarified in the Shikari based Procurement Strategy Action Plan:-

- § Develop and integrate procedures for project-based procurement and supplier sourcing arrangements within the Work.Together environment
- § Continue to integrate procurement, project management, contract management and risk management procedures, systems and skills.
- § Further develop guidance online to support all officers with involvement in Procurement Activity.

- § Produce an 'easy to read' summary of the Procurement strategy for dissemination within the Council and with relevant external stakeholders.

3.1.11. Develop procurement competencies

by providing training and professional support to all people with responsibility for making procurement decisions and/or purchasing goods and services.

The following key actions will contribute to this policy objective and are expanded/clarified in the Shikari based Procurement Strategy Action Plan:-

- § Investigate opportunities (internal and external) to provide training and development programmes / opportunities to officers with involvement in procurement. Undertake skills audit and training needs analysis, to ensure that officers have the necessary knowledge.
- § Provide an Intranet resource to enable Council Officers to ask questions and share experiences with regard to procurement, also to provide signposting to advice and information, and to include case studies of good practice in procurement from within the Council and from external organisations.
- § Develop and maintain criteria for procurement competencies within the Behaviour and Skills Framework, ensuring individual role maps reflect procurement competency and skills requirements.

4. Guidance and Procedures

- 4.1. Procurement should be considered as a cyclical process and the following diagrams illustrate the process application for a number of different scenarios.
- 4.2. The Procurement Modernisation Board will continue to provide overarching strategic direction and monitor the implementation of this Strategy – *membership of the Board to be reviewed in light of the organisation changes currently taking place.*
- 4.3. The Corporate Strategy Business Area will provide general procedure and systems support and advice.

Figure 1

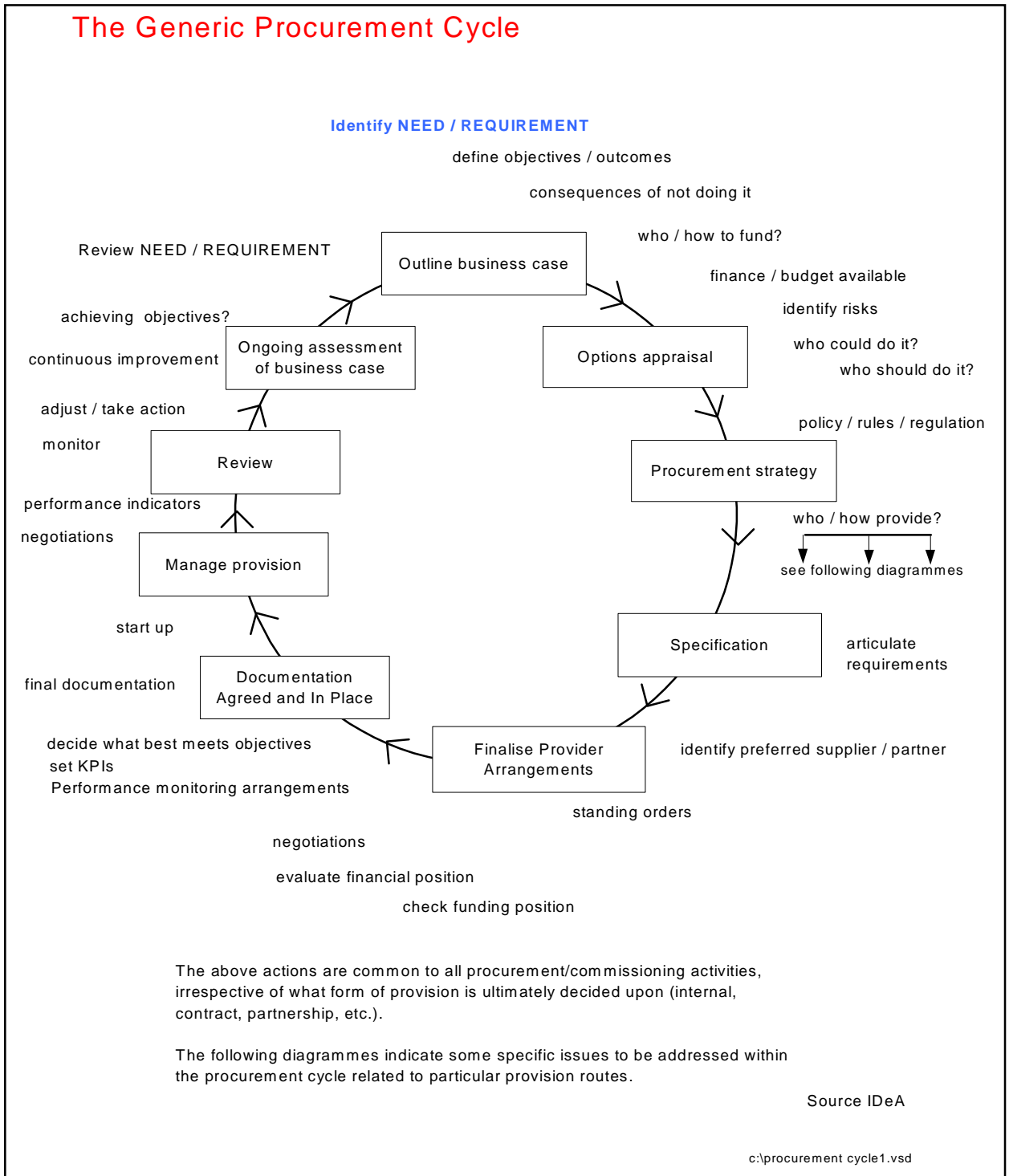


Figure 2

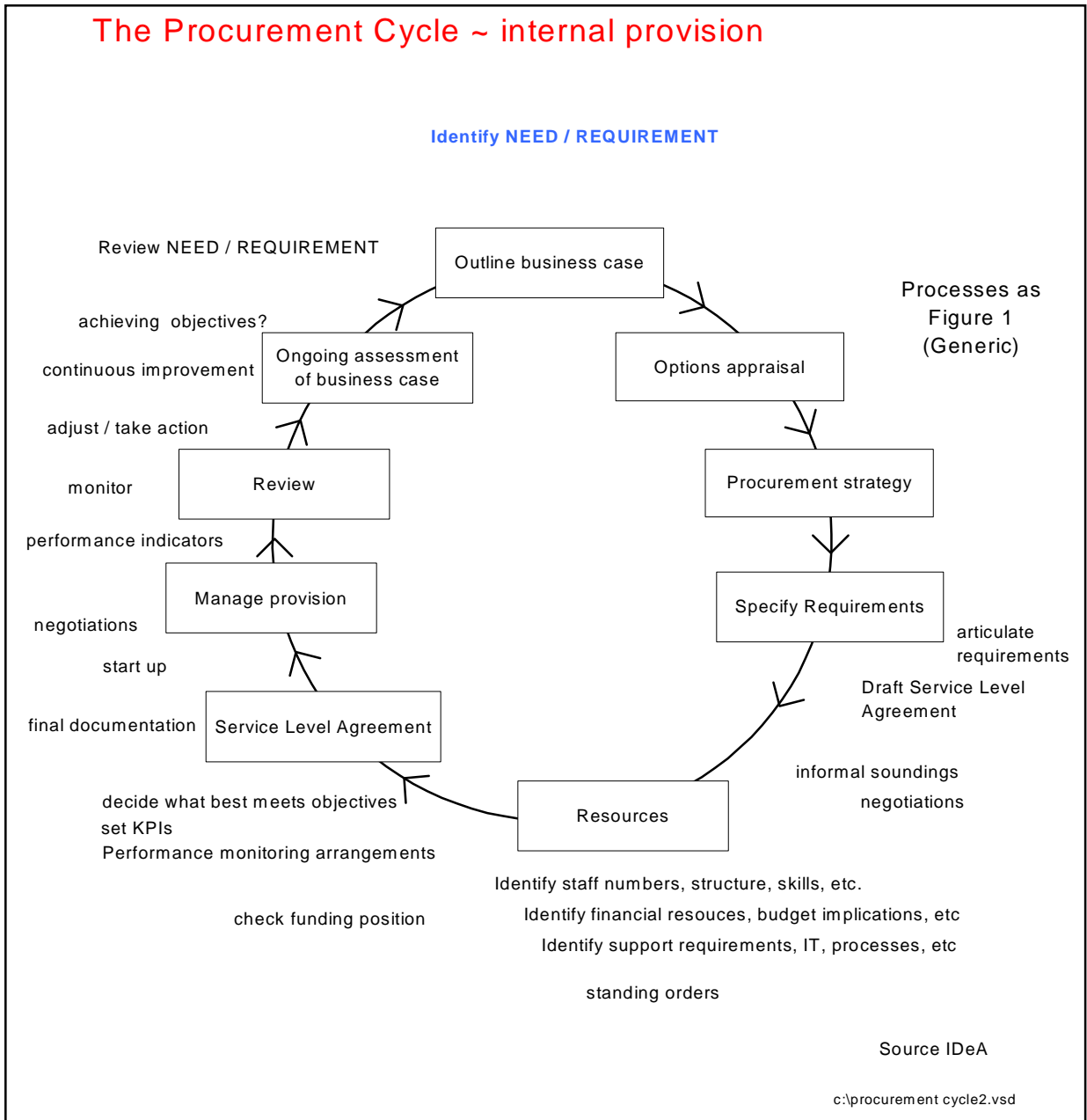


Figure 3

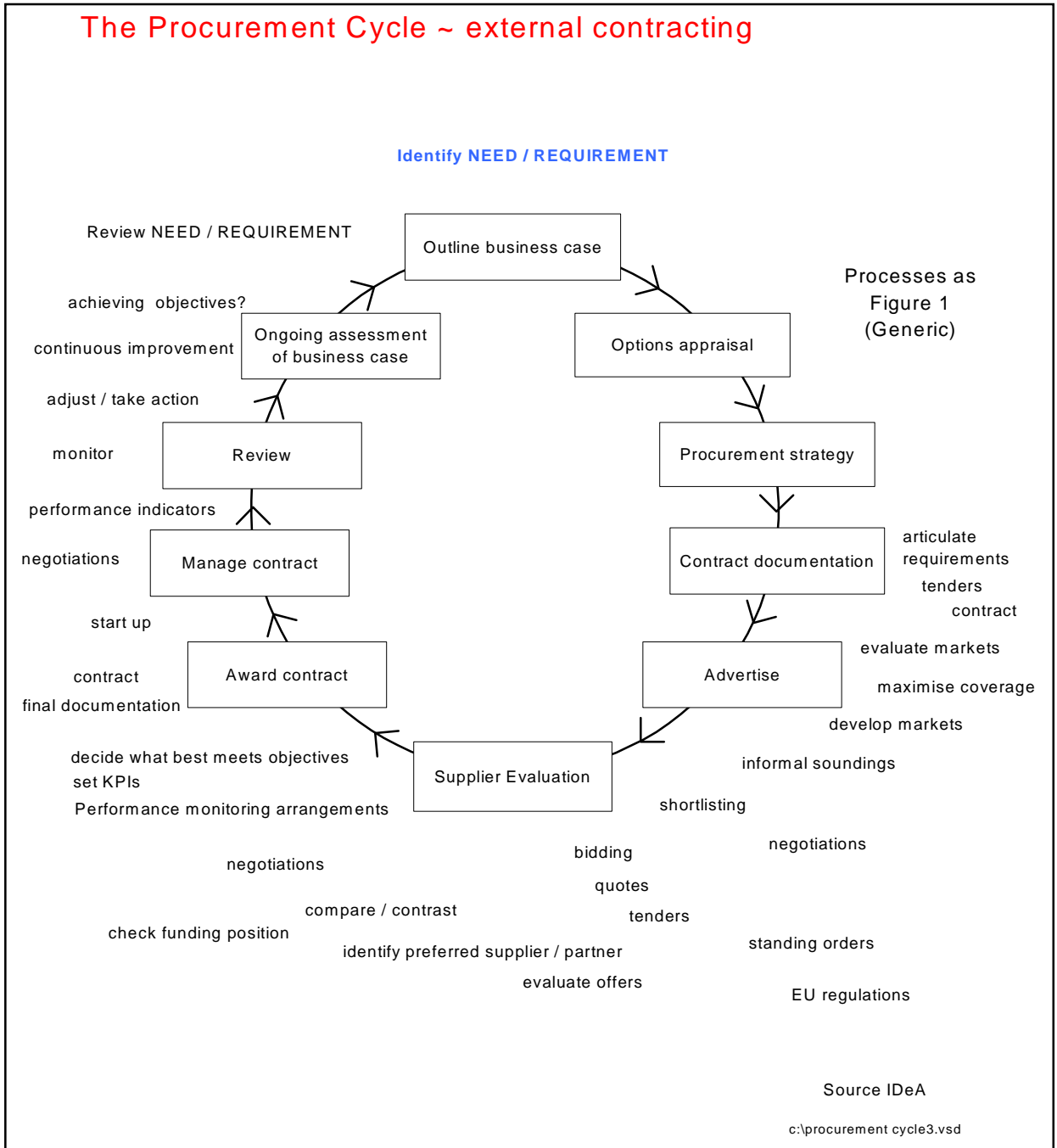
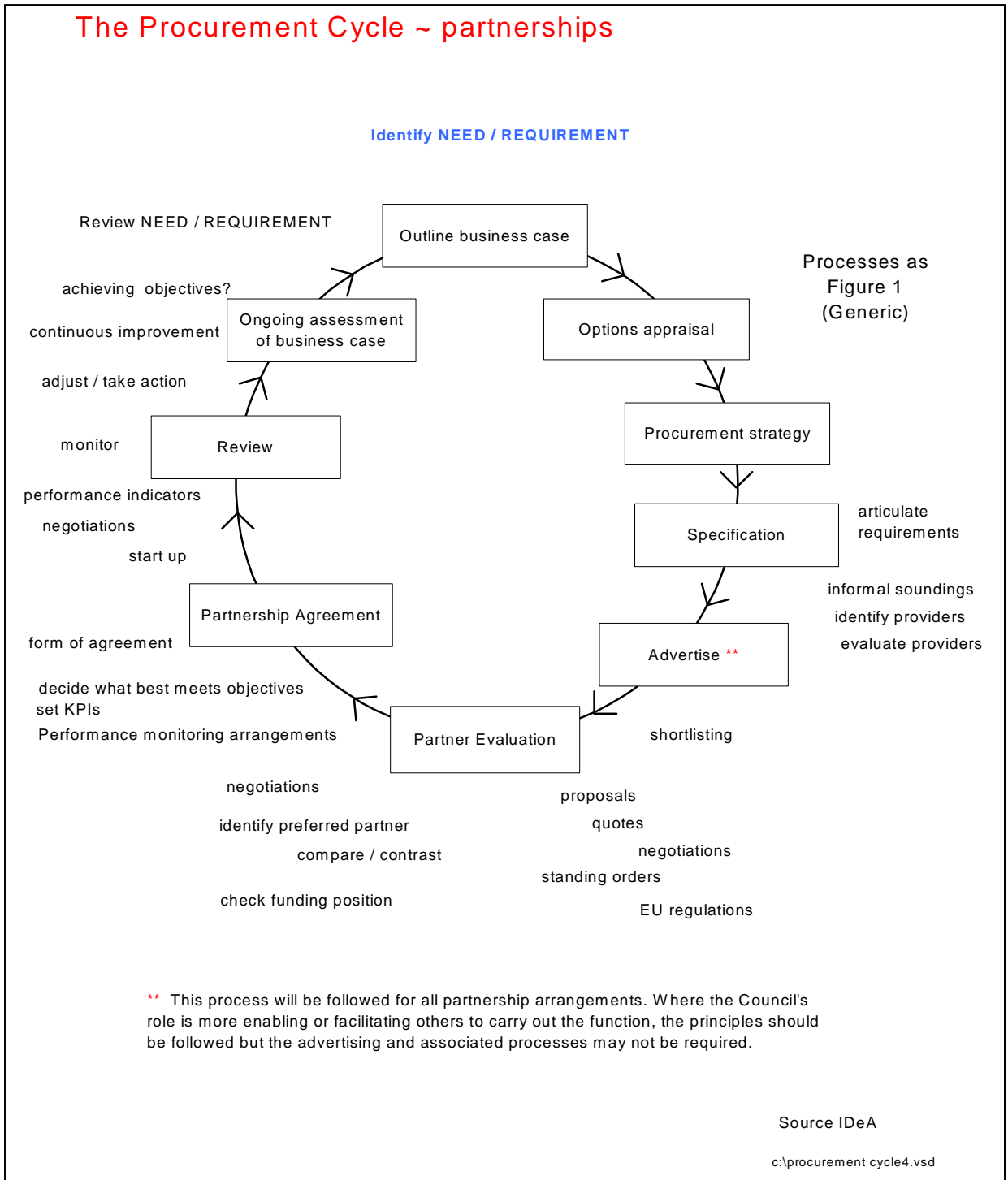


Figure 4



5. Reference Documents

The following reference documents form part of the full Procurement Strategy but are not reproduced here and can be accessed through e-wok procurement pages

CIPFA CODE OF PRACTICE - COMMISSIONING LOCAL AUTHORITY WORK AND SERVICES

BYATT REPORT

RELEVANT STANDING ORDERS AND FINANCIAL REGULATIONS

APPROPRIATE SECTION OF ODPM CIRCULAR 03/2003

NATIONAL PROCUREMENT STRATEGY FOR LOCAL GOVERNMENT

6. Action Plan

On SHIKARI