



Rushcliffe Borough Council

**Rushcliffe Borough Council
Corporate Procurement Strategy**

2009 - 2012

CONTENTS

- 1 Executive Summary**
- 2 General Objectives**
 - 2.1 The Councils Objectives
 - 2.2 Best Value
 - 2.3 Government Influences
- 3 Procurement Policy**
 - 3.1 Leadership and Responsibility
 - 3.2 Rules and Best Practice
 - 3.3 Process Management
 - 3.4 Partnering and Collaboration
 - 3.5 Commissioning of Services
 - 3.6 Small Business Friendly Concordat
 - 3.7 Voluntary Sector Compact
 - 3.8 Ethics
 - 3.9 Communication
 - 3.10 Structure of Procurement
 - 3.11 Risk Management
- 4 Key Procurement Objectives**
 - 4.1 Controls and Standards
 - 4.2 Training and Development
 - 4.3 Electronic Procurement
 - 4.4 Procurement Management Information
 - 4.5 Organisation
 - 4.6 Equality and Diversity
 - 4.7 Sustainability
 - 4.8 Collaboration
 - 4.9 Strategic Procurement
 - 4.10 Public Sector Frameworks Agreements
- 5 Append**
 - 1.Role of the Procurement Officer
 - 2.Procurement Options Available

1 Executive Summary

Rushcliffe Borough Council has an annual expenditure in the region of £9 million. The manner in which the Council acquires and manages the resources it needs to undertake its many functions is critical to the success of the organisation. This Corporate Procurement Strategy provides a framework for the Council to obtain best value in all its procurement activities.

The Council's vision for the community of Rushcliffe is contained within the Corporate and Community Strategies. In broad terms this vision is concerned with enabling Rushcliffe to be an excellent place to live, work and visit. The Council strives to represent community interests by providing quality services consistent with the stated aim of being one of the top District Councils in the UK. As all services grow more dependent on external suppliers of goods, works and services, it is increasingly important for the Council to develop a clear policy for how these externally provided resources are selected, acquired and managed. Even where services are currently provided in-house, a range of goods, works and services are procured externally in order to support service provision. Finally, there needs to be routine consideration of all Council Services, whether they are provided in-house or through an external body to ensure that they are being provided efficiently and effectively.

This document sets out the Council's strategic approach to procurement. It is not intended to be a procurement manual, however, the principles contained within this strategy should be applied to all procurement activity. The Contract Standing Orders are intended to provide fuller details for officers to follow regarding procurement projects.

The Local Government Act 1999 places a duty of Best Value on all authorities to secure continuous improvement in the way that functions are carried out, having regard to a combination of efficiency, economy and effectiveness. Effective procurement is crucial in securing high quality, best value public services and the Government has highlighted that the development of a clear procurement strategy is a key step towards achieving Best Value and delivering demanding efficiency targets.

Best value and efficiency targets will not be achieved if the authority fails to approach competition positively, taking full account of the opportunities for innovation and genuine partnerships which are available from working with others in the public, private and voluntary sectors. Importantly, this strategy seeks to balance delivering efficiencies whilst improving quality with developing a collaborative approach to procurement with other authorities and organisations.

2 Objectives

2.1 The Council's Objectives

Rushcliffe Borough Council believes that services, supplies and works procured by the Council should be of a high quality, flexible and above all customer/user focused. The Council expects service providers to find an appropriate balance between being best on quality, value for money, equality, service and employment practices with the need to promote sustainable development.

Procurement aims to help the authority make informed decisions about how to deliver its corporate and service objectives most effectively and to support the Councils Corporate Strategy and Community Strategy. It is also a mechanism to assist the delivery of key policies such as those addressing diversity and sustainability.

This strategy is intended to ensure that Procurement:

- reflects the Council's core values and corporate objectives;
- reflects national objectives and best practice guidance;
- secures member and senior management commitment to effective procurement throughout the Council.

The strategy supports the Council's Corporate Strategy which seeks to:

- Deliver efficient and effective high quality services (managing our finances, securing real best value, fostering innovation in service delivery and making the best use of new technology)
- Facilitate a sustainable and growing economy for Rushcliffe (use of local suppliers and service providers)
- Help and deliver a sustainable environment

We can use procurement to help deliver some of our core policy objectives. In turn, this will enable the Council to build on partnerships already developed and emerging links with the business community. This requires that our procurement activities should contribute to the economic, social and environmental well being of the Borough.

2.2 Best Value

Best Value requires the Council to demonstrate economy, efficiency and effectiveness of service delivery. Procurement decisions such as whether to continue to provide the goods, services or works, and whether to provide them internally or externally are central to this requirement.

The Corporate Performance Plan is a statement of the overall performance and management of the Council's services, setting out how the Council intends to improve in the short to medium term. In order to secure continuous improvement, Best Value Procurement therefore will:

- be driven by desired outputs and results
- balance quality and cost
- consider the optimum combination of whole life costs and benefits to meet the customer's requirements

- respond promptly and effectively to service and residents requirements
- minimise administrative processes and unnecessary bureaucracy
- ensure routine transactions are carried out in the most efficient manner
- consider all options in obtaining the most appropriate solution
- value innovation and creativity
- use competition to obtain best value
- support the Council's policies and priorities
- comply with legislation
- be transparent and accountable.

In order to demonstrate Best Value and continuous improvement, the following will be built into procurement activity:

- Major procurement exercises will target a level of procurement savings as well as targets for quality.
- Procedures to manage contractual arrangements have been established with performance measured and reported, including benchmarking arrangements.
- Procurement procedures and processes will be regularly reviewed.
- The management of risk will be an integral part of the procurement process.
- The Council will review procurement training requirements to support the procurement process and subsequent contract management.

A key objective of this procurement strategy is to provide a means to improve quality and efficiency by harnessing competition. This will be achieved by:

- Heads of Service demonstrating to Senior Management Team that they have achieved Value for Money. Whilst remaining within the bounds of the Council Standing Orders and national and international legislation, Heads of Service shall not rule out any way of increasing Value for Money.
- Heads of Service committing to open and regular consultation with staff during procurements which could potentially involve a TUPE¹ transfer of staff.

2.3 Government Influences

The Government announcements following the latest Comprehensive Spending Review confirmed that procurement efficiencies remains key to delivering improvement in the quality and cost of public services. An expectation has been placed on Councils to focus on national and local priorities to achieve radical improvement in key areas and tackle difficult problems. This strategy encompasses the recommendations and ongoing requirements of the following external drivers:

- Sir Ian Byatt's report 'Delivering Better Services for Citizens';
- the Audit Commissions publication 'Competitive Procurement';
- the National Procurement Strategy, issued by the ODPM;
- the Improvement & Development Agency (I&DeA) publication 'Procurement Essentials';
- the National e-Procurement (NePP) Project.
- Audit Commission's Comprehensive Area Assessment ("CAA")
- The Gershon Review
- National Efficiency Agenda – reporting procedure NI179.

¹ Transfer of Undertakings (Protection of Employment)

3 Procurement Policy

3.1 Leadership and Responsibility

Subject to the matters of policy vested in the Council, the procurement of goods, services and works will be delegated to officers, having regard to the Best Value throughout.

Service Areas must act corporately in planning and implementing any procurement, drawing on existing experience and expertise, in consultation with the Procurement Officer and, where appropriate, with the in house legal team.

In the case of goods and services in common use, the Procurement Officer is authorised to act on behalf of the Council in the formulation of Corporate Contracts and should accordingly be consulted in the event of any intended procurement within the potential scope of this.

Every procurement exercise which results in a contractual relationship with a third party (whether formal or otherwise) will be managed and led by an appropriately skilled and trained Officer throughout the procurement process and during the life of the exercise. The resultant Contracts, agreements and other allied arrangements will be actively managed against clear performance targets.

3.2 Rules and Best Practice

The framework of rules for procurement will be those determined by EU and UK law and the Council's Contract Procedure Rules.

The Council has set and published standards for the conduct of employees and will require adherence to these at all times both generally and specifically in relation to Procurement. In all dealings those concerned with the suppliers of works, goods and services will ensure the highest standards of honesty, integrity, impartiality and objectivity.

In dealing with suppliers and providers the Council will ensure that there is an equal opportunity, for all who meet the stated criteria, to participate in tendering for any Council requirements. Whenever requested, unsuccessful applicants will be provided with the reasons why and unsuccessful tenderers will receive feedback.

In appointing contractors, the Council will appraise offers received on the basis of whole life costing and will seek an appropriate balance between cost and quality in any evaluation having regard to the Most Economically Advantageous Tender ("MEAT").

3.3 Process Management

Records and procedures shall be properly maintained, decisions recorded and clear audit trails produced in order to ensure openness, propriety, and probity. Procurement projects will be kept under Value for Money review, and the use of electronic and other means to reduce acquisition and transaction costs will be encouraged. The payment of suppliers will be within 30 days of receipt of invoice or according to the contract terms. Implicit within this is the need for continuous improvement of management and processing of invoices and the development of electronic trading where appropriate.

3.4 Partnering and collaboration

The Council's relationships with its providers will be based on openness and honesty. The Council will provide all relevant information to all its providers and regularly review its practices. Non-adversarial relationships will be adopted to engender a commitment to mutual continuous improvement and foster good relations.

3.5 Commissioning of Services

It is the responsibility of the Officers reviewing a Service to:

- Understand the market;
- To assess the Service systematically;
- Undertake an Option appraisal and present the recommendations to the Executive.

Any decisions and their rationale must be based on transparent and auditable supporting evidence, which must be adequately recorded by the Officer responsible. The choice between internal and external options is a fundamental one. All Council services must be periodically exposed to genuine competitive pressure unless there are compelling reasons to recommend a different course.

3.6 Small Business Friendly Concordat

The Council is one of the largest spending organisations in the district, and the more money that is spent locally, the greater the positive impact this will have on the local economy, particularly for small and medium sized businesses. Procurement legislation limits the Council's ability to favour local businesses, but there are numerous ways in which it can legitimately support local businesses, including:

- working pro-actively with the local businesses to explain how to do business with the Council
- providing information about future procurement activity
- packaging contracts in a manner, where possible, that does not preclude local, small or newly formed companies from tendering

The Council signed up to the national concordat for Small & Medium Enterprises (SME's) in November 2005. To support this, the Council uses Source Nottinghamshire and the Rushcliffe Borough Council website to advertise contracts so that they are accessible to SME's and voluntary organisations.

3.7 Voluntary Sector Compact

The Council recognizes the ability of Voluntary Community Organisations ("VCO's") to provide valuable and effective services and has concluded a compact with the voluntary sector. The Council signed the Nottinghamshire countywide Voluntary Sector Compact in 2005. Additionally, as part of the Council's procurement strategy, Rushcliffe will look for collaborations with VCO's that represent Best Value and will seek their involvement in projects. The Council will also endeavour to:

- Inform VCO's about other organizations that can help them
- Work to develop VCO's

- Encourage the early involvement of VCO's when planning new policies and programmes

3.8 Ethics

All procurement activity must be undertaken to the highest standards of ethics and probity. The Council insists on ethical standards from its suppliers, and in turn it must exhibit the highest ethical standards itself. Officers and members must not only be fair and above board in all business dealings, but should also avoid any conduct that is capable of having an adverse interpretation put on it.

3.9 Communication

In order to increase knowledge and understanding, this Procurement Strategy, together with the Constitution contains guidance on procurement i.e. the Constitution, and the Council's Procurement Strategy will be disseminated to all officers who have a responsibility for and/or undertake commissioning and procurement activity.

3.10 Structure of Procurement

The Chief Executive's Senior Management Team is responsible for owning, driving and challenging services to implement the Procurement Strategy and ensure its success. The Senior Management Team receives regular updates from the Heads of Service to ensure that services are running efficiently.

Elected Members should take a strategic role in securing quality outcomes. Rushcliffe have identified a cabinet member as a procurement champion. Members will scrutinise the procurement processes and monitor the outcomes of high value risk procurement projects, and use Gateway Reviews where appropriate. There is clear political responsibility for commissioning and procurement of services on behalf of residents of the Borough.

3.11 Risk Management

The choice of procurement method will be dependent on the strategic importance, the value of the goods, services or works, and the potential risk associated with each procurement option. Different procurement options will be suitable for different goods and services and will involve undertaking different practical steps to achieve the desired outcome. The Council will develop its overall management of procurement by modelling its requirement on a risk / value matrix, illustrated at Appendix 2 of the strategy. Equally, individual procurement decisions should also be considered on their own merits following an appraisal of the suitable procurement options. It is important that the option selected is the one most likely to deliver Best Value for the Council and its residents, and tenders should thus be evaluated using a balanced scorecard evaluation model. Risk management will also be considered in the form of supplier accreditation. Various methods shall be used to check supplier financial standing, track record, health and safety policies and record, equal opportunities policies and record and sustainability issues.

4 Key Procurement Objectives

4.1 Controls and Standards

Public Sector Procurement is subject to a number of requirements and constraints. Councils have a fiduciary duty to their taxpayers as well as there being a legal requirement to have Contract Procedure Rules. Councils can ensure value for money by the application of controls and consistent standards across the authority.

Key Objective

To ensure that procurement is appropriately managed in a legal, ethical and transparent manner, whilst embodying the Council's core values.

CURRENT POSITION

Procurement resource (shared 50/50 with Gedling BC) and Legal Department work actively in collaboration to ensure compliance with EU Directives, and the Council's Contract Procedure Rules.

KEY ISSUES

Future changes as a result of e-procurement and revised EU legislation affecting public sector came into effect from 31 January 2006.

Procurement resources within Services of the Council vary greatly depending on the scale, nature and complexity of procurement.

The Government's Modernising Agenda and the expectation that new methods of modern procurement are embraced and adopted within the Council.

ACTIONS

To ensure the Council is aware of any updated legislation and practices, amending any relevant documentation and advising service areas of any changes.

4.2 Training and Development

The delivery of effective public sector procurement requires people who are suitably trained and qualified according to the complexity and frequency of their procurement activities.

Key Objective

To facilitate a structured approach to procurement education, training and development for all officers across the Council with procurement responsibilities.

CURRENT POSITION

The procurement-related knowledge, skills and experience of officers with procurement responsibilities vary across the Council. The Procurement Officer is involved with all major procurement projects and provides advice and support to all the Council.

Procurement skills are a scarce resource within the Council.

Workshops for the Council's members and senior officers delivered by the IDeA and the 4Ps have provided training in the roles and responsibilities for Procurement.

KEY ISSUES

On going training requirement in particular for new employees and identified via appraisals for existing staff.

The recognition that Contract Management is a key element in service delivery and requires specific skills.

Opportunities exist for partnership working with other Councils and the Centre of Excellence to deliver certain areas of procurement training.

ACTIONS

To publicise and take advantage of the regular free training sessions offered by the Centre of Excellence.

To identify employee training requirements via the appraisal process.

To develop a structured approach to continuing development for staff involved in procurement within the Council.

Provide training to develop contract management skills.

4.3 Electronic Procurement

E-procurement is the phrase commonly applied to 'doing business' electronically, and opens up a wide range of possibility for working with suppliers to reduce costs.

<p><u>Key Objective</u></p>

<p>To promote the use of Information Technology, to reduce the cost, and improve the efficiency and effectiveness of all aspects of the procurement process for the Council and its suppliers.</p>
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CURRENT POSITION

80% of all creditors are paid on a regular basis via Bank Automated Clearing System (BACS) payments.

EU notices are all placed electronically via the European Union on-line system (“SIMAP”). Considering the use of electronic tenders. Buyers Profile set up on Council website.

KEY ISSUES

Local authorities are being urged by the Government to set themselves targets to increase the number of routine purchases carried out electronically and to increase the percentage of electronic interaction with suppliers and contractors.

There is a relatively slow take up among suppliers to sign up to conducting business electronically and therefore guidance is required to assist suppliers.

It is important to ensure security when using e-procurement and purchase cards.

ACTIONS

Encourage local suppliers and small, medium enterprises to become e-enabled, allowing them to access and receive information and documentation electronically.

To work closely with the Regional Improvement Efficiency Partnership (RIEP) and the Notts Procurement Forum (NPF) to identify e-procurement linked opportunities (frameworks, joint working, standardised supplier accreditation).

Make use of the spend analysis, identifying the possible areas that might benefit from an e-procurement approach.

4.4 Procurement Management Information

It is necessary to have available the relevant information that will enable strategic procurement decisions to be taken and which, in turn, will make Council procurement more efficient, effective and economic.

<u>Key Objective</u>

To improve the accuracy, availability, appropriateness and accessibility of procurement related management information.

CURRENT POSITION

Finance maintains a database of contracts and agreements with suppliers but the Council has no simple way of analysing management information and contract data.

The Council participates in bench marking exercises within the EMCE and NPF.

The Council monitors procurement through a set of performance indicators that cover the percentage of payments made by electronic means, level of electronic orders and the size of the supplier base.

KEY ISSUES

The Spikes Cavell Observatory software has been procured by EMCE for use by the Nottinghamshire districts. This software will improve the detail of procurement

management information. This will be viewable on a single council basis, sub-regionally and regionally.

Information systems will need to be developed and adapted in order to produce the required information for the performance indicators.

There are no nationally agreed performance indicators.

ACTIONS

Analyse external spend through the creditors systems.

The Council expects to procure a new finance system by 2010.

4.5 Organisation

Purchasing and procurement at Rushcliffe are managed in a number of ways across the authority. It is important that these are managed effectively and that there is a consistent corporate approach.

Key Objective

To ensure that procurement resources are deployed effectively and that systems are in place to deliver value for money.

CURRENT POSITION

The Procurement Officer provides a range of services from advice to undertaking the full procurement process to Departments requiring Goods and Services specific to their profession.

The Procurement Officer does not place orders directly with suppliers, a process that is undertaken by the user.

The Council is represented at meetings of the RIEP and the NPF and collaborative links have been made with a number of neighbouring Local Authorities.

KEY ISSUES

Consistency is required in terms of corporate standards and approach to procurement.

Procurement Officer resources are finite and cannot be involved in all contract evaluation and negotiations.

Cultural change issues with the use of Partnership type contracts.

The Council will continue to identify partnership working with other local authorities.

ACTIONS

Corporate Procurement to extend its influence to incorporate a greater percentage of the Council's spend with external suppliers.

Continue to develop collaborative working and our active involvement in the RIEP and NPF.

4.6 Equality and Diversity

The values of equality and diversity should be taken into account when assessing the suitability of suppliers.

Key Objective

The Council insists everyone working on its behalf to practice equal opportunities and be able to demonstrate that they take all reasonably practical steps to allow access and equal treatment in employment and service delivery for all.

CURRENT POSITION

Signatory to the SME supplier concordat.

“Selling to the Council” guide published on the website.

Buyer Profile established on the website.

The Council takes it’s duty seriously with respect to equality and diversity and insists that contractors follow the same lead.

Equality and diversity are evaluation criteria on appropriate contracts.

The Council requires pre-qualification of suppliers to ensure that they practice equal opportunities.

KEY ISSUES

Difficulties in valuing equality and diversity issues in tender evaluation.

SME often do not understand the public sector system or documents.

ACTIONS

Produce standard tender documents and contract terms and conditions which consider equality and diversity issues where appropriate.

Monitor the use of local suppliers. Consider the use of equality and diversity award criteria where appropriate.

The Council insists those organisations and individuals with which it does business observe and adhere to the principles contained within the Council’s Equality policy.

Monitor the adherence of suppliers to the Council’s standards

4.7 Sustainability

The Council, along with its partners, is committed to ensuring that goods, services and works are delivered in a way that helps to protect the quality of the environment and minimizes any adverse impact on community wellbeing.

Key Objective

To protect the quality of the environment through any procurement actions

CURRENT POSITION

Procurement documentation and award criteria includes sustainability conditions.

The authority already uses green energy, recycled paper and is currently trialling remanufactured toner cartridges.

KEY ISSUES

Difficulty in valuing sustainability issues.

The Government advocates conflicting agendas, i.e. cost savings, but sustainable products.

ACTIONS

Use environmental award criteria where appropriate.

Ensure that all specifications include environmentally friendly variants.

The Council will encourage those organisations and individuals with which it does business to observe and adhere to the principles contained within the Council's sustainability policy.

4.8 Collaboration

The Government is encouraging collaboration, joint working, consortia and the sharing of services between local authorities, and the wider public sector as a way of providing more flexible and cost-effective services.

Key Objective

To develop further collaborative arrangements with other public bodies.

CURRENT POSITION

The Council is currently engaged in collaborative working with other Nottinghamshire Councils and the Regional Improvement Efficiency Partnership (RIEP).

The Council is an active participant on Eastern Shires Purchasing Organisation (ESPO), Yorkshire Purchasing Organisation (YPO) and Office of Government Commerce (OGC) frameworks.

The Council has established joint working with Gedling Borough Council, to provide a shared procurement resource and potentially develop joint contracts.

KEY ISSUES

Difficulty in agreeing standard specification amongst Consortium participants.
Joint Working with other District Councils is time consuming and requires positive action on both sides to make it work.

ACTIONS

Explore and develop opportunities for joint working with other District Councils.
Increase the amount of joint ESPO/OGC goods and services procured.

4.9 Strategic Procurement

The cost of goods, services and works includes the supplier selection, acquisition, contract management and all life cycle costs. By reviewing strategic procurement the Council will be in a position of greater strength and reduce process costs.

Key Objective

To reduce the cost of the procurement process and obtain Best Value on all procured goods, works and services.

CURRENT POSITION

The Council has appointed a strategic partner to manage the leisure facilities.

The Council operates a number of shared contracts with other local authorities.

KEY ISSUES

The Council must consider how best to rationalise suppliers and therefore reduce processing costs.

Central corporate contracts should offer a variety of strategic benefits, but must be managed carefully.

ACTIONS

To take advantage of Council purchasing leverage and improve 'on-contract' spend.
To implement further corporate contracts.

Procure a new financial system by 2010 which will allow the Council to be proactive rather than reactive.

4.10 Public Sector Framework Agreements

The Department for Communities and Local Government (DCLG) is encouraging Local Authorities to make use of public sector framework agreements and also to engage in tender exercises as part of a Local Authority partnership.

Key Objective

To explore the wider use of public sector framework agreements.

CURRENT POSITION

The council has a number of framework agreements in place e.g., Stationery contract, mobile phones etc.,

The Council recognises the value of public sector frameworks and uses them.

A business case is considered at the start of the procurement process, and framework agreements are explored amongst the other models of partnership.

KEY ISSUES

There are a number of key cultural issues surrounding the capacity and understanding of partnerships that need to be overcome before they can begin to work on a wide scale.

How does the Council know whether framework agreements exist?

How does the Council know when to use framework agreements?

It is recognised that the Council may on occasions undertake procurement activity on behalf of partnerships, often as the Accountable Body.

ACTIONS

To further consider models of partnering, including framework agreements and the use of consortia in all future procurement reviews and contracts.

To enable other public authorities to use any frameworks that the Council has established.

Procurement Officer to keep up to date with framework opportunities and advise on their use.

5.0 Role of the Procurement Officer

The Council will manage corporate procurement through its Procurement Officer. The service will not be a central buying unit. It will be a corporate resource which leads on letting corporate contracts and supporting projects, whilst allowing departmental purchasing officers (who have best knowledge of local requirements) to procure locally within a clear corporate framework. It will provide support wherever required to departmental purchasing officers, and monitor procurement activity across the council. The activity of the service will be focused on maximising benefits for all departments.

The objectives of the Procurement Officer will be to:

- Develop Corporate Procurement policies and procedures;
- Instigate the aggregation of goods and services in common use across the Council, undertake the procurement process, develop agreements and contract manages such contracts for the benefit of all departments;
- Provide a range of services, from advice to undertaking the full procurement process for departments on specific procurement projects;
- Become involved in Service delivery options reviews
- Liaise with Consortia (i.e. ESPO, YPO);
- Maintain a register of agreements with suppliers, identifies areas of spend and plans the tendering processes;
- Develop and promotes appropriate contracting strategies relevant to the goods, services or works required;
- Develop, in association with the Legal Department, various document templates for use in the tender/contracting process.
- The Procurement Officer ensures that procurement issues link directly into the drive for greater efficiency.
- The Procurement Officer represents the Council on the Nottinghamshire Procurement Forum and the RIEP.

Procurement Options Available

