

Stroud District Council

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Procurement Strategy

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1.0 Introduction

- 1.1 The aim of the strategy is to ensure our procurement activities are undertaken efficiently and economically whilst contributing to the realisation of the economic, social and environmental benefits as set out in the community strategy.
- 1.2 The strategy is accordingly aligned with the strategic aims and objectives of the sustainable community strategy, the Council's business plan and with other corporate and service strategies, plans, and procedures.
- 1.3 This strategy provides direction to strive for best practice in procurement and continually improving value for money and quality in the services and goods that are procured; and is based on the National Procurement Strategy for Local Government.
- 1.4 This strategy forms an essential part of the approach by the Council to improve the way it procures goods, works, and services. It should be read in conjunction with the Council's procedure rules relating to contracts that set out the regulations that must be followed by council employees when engaged in procurement activities on behalf of the council.

2.0 Objectives and Benefits

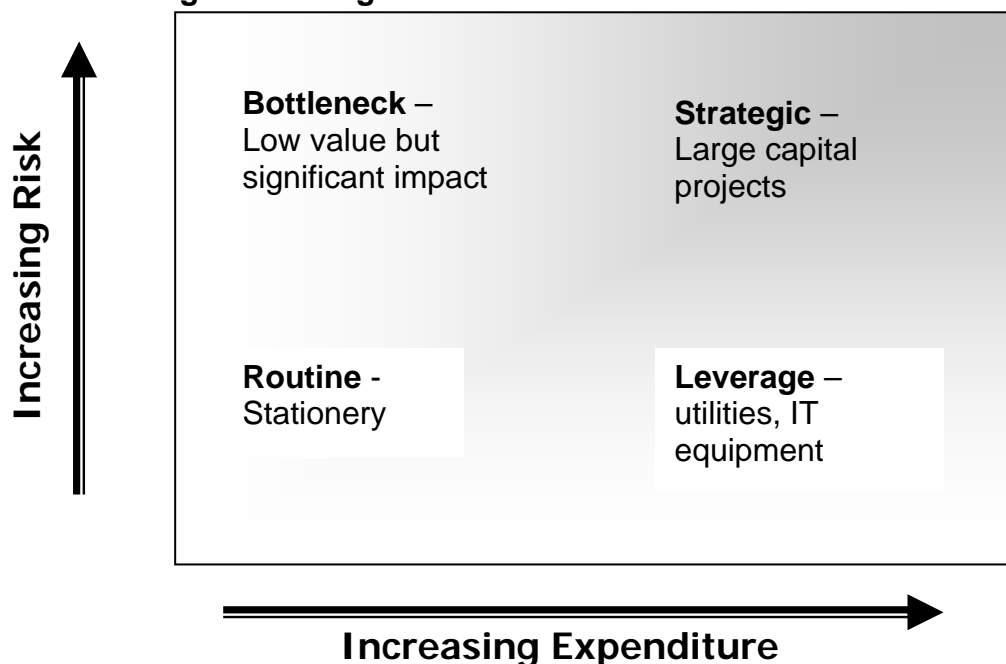
- 2.1 The objectives are to outline the role that procurement will play in the delivery of the Council's Aim and Priorities.
 - To evaluate and improve current procurement practices to achieve better value for money and to ensure customer/client needs are met.
 - To ensure good practice examples are identified and applied consistently across the organisation.
 - To align procurement activities with other strategies adopted and to ensure that corporate objectives are addressed.
 - To ensure that current and future procurement activities are planned, monitored, and reviewed effectively.
 - To identify opportunities for working with others, both public and private sector, in order to widen the scope for maximising purchasing power and identifying innovation.
- 2.2 In taking this strategy forward, the Council can expect to realise the following benefits:
 - Improved value for money.
 - More efficient procurement procedures.
 - Effective partnership to be developed with suppliers.
 - Benefits for the local economy.
 - Effective collaboration to be developed with other service providers.
 - Better, risk management for strategic procurement.
 - Better project planning.
 - Integration with the Council's overall aims and priorities.

3.0 Managing Procurement, Structure and Responsibility

3.1 This strategy describes the way this spending will be managed by looking at the types of things we purchase by carrying out a supplier analysis as detailed in the procurement action plan. The over-arching principal used in procurement procedures is that goods, works, and services will be categorised according to risk and a specific approach for each category will be adopted. This is called the portfolio approach.

Figure 1 shows how we will categorise goods and services.

Figure 1: Range of Risks



- Strategic** Items that are high cost and high risk if something goes wrong e.g. the outsourcing of a service, large capital projects, and large contracts.
- Bottleneck** Items that are of a low value such as chemicals for the swimming pool but could have significant implications if they were not available.
- Routine** Items that are bought on a day-to-day basis in small quantities and are readily available from a range of sources e.g. stationery.
- Leverage** Items that have a low value and low risk but through economies of scale they can be bought in large quantities at discounted prices e.g. IT equipment and electricity supplies.

3.2 Organisation for Procurement

3.2.1 Implementation of this strategy requires clear functional responsibility to be assigned for procurement at both member and staff level. An outline of the responsibilities of Members and staff is shown below.

Cabinet member responsibility – Portfolio holder of Finance and Business Support

Strategic Team member responsibility – Chief Executive

3.2.2 Members

Cabinet Member

- Adopting a Procurement Strategy ensuring it supports the achievement of the Council's Aim and Priorities.
- Overseeing procurement and contract management to ensure they are operating effectively.
- Making decisions in relation to value for money, risk management, and major contracts.
- Ensuring that Key Policies and Strategies are being considered during the procurement process;
- Monitoring the performance of the Procurement Action Plan and the impact on staff of any procurement decisions.

Scrutiny

- Challenging the progress of major procurement projects.
- Scrutinising strategic procurement contracts and reviewing their impact upon the community and staff.
- Ensuring that value for money is provided by all services and contracts.
- Advising Cabinet of the lessons that are learnt and improvements to be made to the procurement strategy/rules as a result.
- Ensuring that option appraisal is robust and challenging and takes into account all models of service delivery.

3.2.3 Strategic Team

- Capacity building to ensure that organisational arrangements are in place to deliver the Procurement Action Plan effectively.
- Making sure that the Members and officers involved with procurement have the right skills in place to be able to deliver it effectively (Capacity building).
- Ensuring that option appraisal is robust and challenging.
- Maintaining an overview of corporate arrangements for procurement and ensuring they are operating economically, efficiently and effectively.
- Timetabling strategic contracts and monitoring their performance against targets set for them.

3.2.4 Heads of Service

- Taking responsibility for procurement in their services, following the guidelines in this Strategy and the Procurement Manual.
- Ensuring that the relevant staff in their area have the right level of skills to deliver effective procurement.
- Monitoring of all procurement activity in their services.

- Project management and making sure an appropriate project plan is in place and resourced.

3.2.5 Budget Holders

Staff involved directly with the buying of goods, works, and services will be responsible for:

- Following procurement guidelines relevant to the level of risk associated to the goods, works, and services being purchased.
- Conducting relationships with suppliers and partners in an appropriate manner to promote the Council in a positive manner.

4.0 Procurement Action Plan

- 4.1 Procurement is the process of acquiring goods, works, and service, covering both acquisitions from third parties and from in-house providers. The process covers the whole cycle from identification of needs, through to the end of a service contract or the end of the useful life of an asset.
- 4.2 Current procurement processes within the Council are devolved to budget holders, with financial regulations, procedure rules relating to contracts, the procurement strategy and environmental policy controlling procurement. The recently produced project management guidelines will also provide direction for procurement activities, details available on the Hub.
- 4.3 The Procurement Action Plan included in the report to Cabinet in May 2009 details the work being carried out in relation to the Procurement Strategy and is based on the targets detail in the National Strategy.

5.0 Procurement Links to other Key Strategies and Policies

The Council already has policies and strategies in the following areas without specific reference to procurement. These need to be considered at the same time as referring to the Procurement Strategy to make sure that the strategic objectives for procurement are achieved.

5.1 Use of Resources

- 5.1.1 How the Council governs its business in relation to commissioning supplies and services forms part of the Use of Resources assessment with several keys lines of enquiry specifically relating to procurement.
- 5.1.2 The Council is fully committed to improving the economy, efficiency, and effectiveness of all its activities. All procurement of goods, works and services will have due regard to propriety, regularity and the Council's legal obligations.
- 5.1.3 There is a need for procurement to achieve value for money for the authority – finding the most economically advantageous option that fits the specification including required quality standards. Environmental and social impacts/benefits must form part of the decision making process
- 5.1.4 Value for money is defined as the optimum combination of whole life costs and quality to meet the users' requirement. This is not the lowest initial price option and requires assessing the ongoing revenue/resource costs as well as the initial capital investment. The Council's

requirement can include social, environmental and other strategic objectives and is defined at the earliest stage of the procurement process. This may require a balance to be achieved between adequately meeting needs and costs.

5.2 Risk Management

5.2.1 The Council's Risk Management has been developed to make sure that risk to the authority, and the community it serves is properly recognised and managed. In all its procurement dealings, the Council will identify risks, evaluate their potential consequences, consider possible opportunities, and manage those risks effectively, at every stage of the process.

5.2.2 Corporate Project Management guidelines have been produced and gives details on considering risks when carrying out procurement activities.

5.3 Equality Legislation

5.3.1 The Council is committed to review services and policies to remove any discrimination and to ensure that the Council fulfils its duties in relation to the Equalities Framework for Local Government. Procurement practice will reflect this commitment by encouraging relationships with contractors and service providers who are as equally committed to equalities.

5.3.2 The Council will require contractors and suppliers to demonstrate commitment to:

- Comply with the Equalities legislation
- Provide information to the Council to support the organisations compliance
- Ensure sub-contractors carrying out work on their behalf observe the principals of the Council's commitment to equalities

5.3.3 Wherever possible the Council will only use suppliers that can demonstrate fair-trade and ethical trading of their business. This means purchasing goods and services produced and delivered under conditions that do not involve abuse or exploitation and that have the least negative impact on the environment

5.4 Regeneration

5.4.1 The Council has a responsibility to the community within which it works; and if all other criteria are equal then the preference would be to use local suppliers where possible, and work with them to improve their ability to meet our requirements.

5.4.2 The Council is committed to supporting a thriving economy and improving the quality of life in Stroud

5.5 Sustainability

5.5.1 The national procurement strategy states that every council should build sustainability into its procurement strategy, processes and contracts.

5.5.2 The Council will ensure that environmental and social issues form part of the decision-making process in procurement as detailed in the Council's green procurement toolkit. This strategy supports the Council's objective of continuously improving the sustainability performance of its activities by contributing to local economic, social and environmental well-being, whilst minimising negative impacts both here and further afield.

5.5.3 The procurement of goods and services will comply with the Council's environmental strategy, policy and aims of both and EMAS requirements. Sustainability issues must be considered in all procurements and a needs analysis and impact assessment should form part we will procure from sustainable sources and where environmental damage can be minimised.

5.5.4 The Council will favour the award of contracts to those suppliers who can demonstrate that they have the ability to supply goods, works or services that have a clear environmental advantage, unless there are significant reasons for not doing so.

5.5.5 The Council will require its suppliers and its subcontractors to comply with Environmental Protection Act legislation including duty of care in all contract award criteria.

5.6 Employment

5.6.1 The Council is committed to being a good employer. It will ensure that staff are properly consulted on procurement matters which are likely to have implications for their terms and conditions of employment and that these conditions are protected in any transfer of services to other agencies.

5.7 Health & Safety

5.7.1 The Council recognises and accepts its responsibility as an employer for providing a safe and healthy work place and working environment for all its employees.

5.7.2 The 'Selection and Control of Contractors' section of the Council's Health and Safety at Work Policy outlines some of the health and safety issues to be considered when contracting in goods, works, and services.

5.8 Financial Regulations

5.8.1 The Financial Regulations have been revised and this document follows CIPFA (Chartered Institute of Public Finance Accountancy) guidelines.

6.0 Partnering and Collaboration

6.1 Partnering

Partnering means the creation of sustainable, collaborative relationships with suppliers in the public, private, social enterprise and voluntary sectors to deliver services; carry out major projects; or acquire supplies and equipment.

Partnerships can be beneficial and integrated in service delivery, but it needs to be recognised that this is not an easier contract style; indeed partnering agreements are likely to be more challenging than traditional contracts. Partnering is a form of formal agreement between organisations and will require careful preparation. In addition to the normal contractual considerations, some attention should be given to cultural issues, which if addressed correctly will make the co-ordination of activities easier.

Partnering should be considered when engaging in best value reviews of services as a potential alternative to established methods of service delivery.

6.2 Collaboration

The Gloucester Procurement Partnership (GPP) has embraced the concept of collaborative contracts and framework agreements.

Collaboration describes the various ways in which councils and other public bodies come together to combine their buying power, to procure or commission goods, works or services jointly or to create shared services. Collaboration is a form of public-public partnership. Its major benefits are economies of scale and accelerated learning.

The Local Strategic Partnership is a forum that can be used to promote collaboration at the local level and be a means through which procurement can help to deliver the community plan.

The Council will actively participate with other authorities and organisations where appropriate and feasible, to seek economies through joint procurement, joint commissioning, framework agreements and shared services.

The Council, through membership of consortia groups such as the:

- Gloucestershire Procurement Partnership
- South West Regional Improvement and Efficiency Partnership

The Council should seek to develop standardised procurement practices and documentation underpinned by the corporate social responsibility objectives.