

Stroud District Council

www.stroud.gov.uk

Procurement Strategy

Contents

1. Introduction – Background and Purpose of the Strategy
2. Strategic Framework
3. Objectives and Benefits
4. Managing Procurement
5. Procurement Links to other Key Strategies and Policies
6. Organisation of Procurement

1.0 Introduction

1.1 Background

1.1.1 Analysis of our expenditure with our top 50 suppliers shows that in 2002/03 Stroud District Council spent over £16 million on the procurement of goods, works, and services. £9million from HRA and £7million from the General Fund. With the government's agenda for Local Government, the continuing developments in Best Value, the Comprehensive Performance Assessment (CPA), local e-government and the National Strategy for Local Government Procurement' it is now clear that procurement is critical for Local Authorities.

1.1.2 Procurement is defined as the process of acquiring goods, works and services and this strategy outlines the approach to be taken by buyers within the council in order to obtain maximum value for money from everything we buy and all the services we provide to the community.

1.2 Purpose of the Strategy

1.2.1 This document aims to ensure that procurement planning reflects the Council's corporate aims and priorities.

1.2.2 This will provide an opportunity not only to co-ordinate current processes but also provide a clear pathway for identifying and acting on improvements to ensure that best value is being obtained consistently when goods and services are purchased.

1.2.3 It should be noted that this document is not a Procurement Manual. Once best practice procedures have been established, a manual/guidelines will be produced and linked to the Financial Standing Orders. Officers working to the Procurement Manual will be contributing to the strategic aims for procurement. The corporate procurement group involving key stakeholders across the authority will produce the procurement guidelines.

1.2.4 The strategy will be reviewed annually.

2.0 Strategic Framework

2.1 The Council's Aim and Priorities are set out in the Community Strategy; the Council's vision is 'to make Stroud District a better place to live, work and visit for everyone'.

2.2 The Council's Aims are: –

- To prevent and reduce crime and disorder.
- To maintain and improve the community's health.
- To create and expand recreational and cultural opportunities.
- To help those in particular need.
- To protect and improve the environment.
- To help build economic prosperity.
- To improve continuously the Council's performance by providing best value services.

2.3 The Council's Priorities are: -

- Community Safety.
- Regeneration.
- Citizen First.
- Environment.
- Housing.

3.0 Objectives and Benefits

3.1 The objectives are to outline the role that procurement will play in the delivery of the Council's Aim and Priorities and are as follows:

- 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.

3.2 In taking this strategy forward, the Council can expect to realise the following benefits:

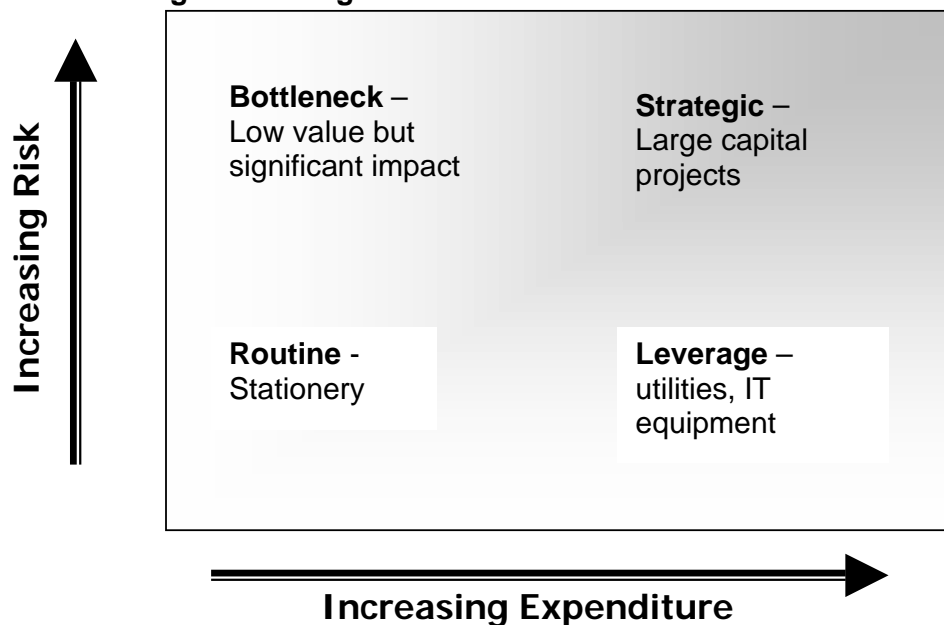
- Improved value for money.
- More efficient procurement procedures.
- Effective partnership to be developed with suppliers.
- Benefits for the local economy.
- Effective collaboration to be developed with other service providers.
- Better, risk management for strategic procurement.
- Better project planning.
- Integration with the Council's overall aims and priorities.

4.0 Managing Procurement

4.1 This strategy describes the way this spending will be managed by looking at the types of things we purchase. 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 or production of the annual Council tax booklet 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.

4.2 Most things we buy and services we deliver fit into one of the four categories in the risk/expenditure matrix and the Procurement Manual will be written so that for whatever the buyer is procuring there is a process to follow which ensures they are obtaining value for money for the Council.

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 Best Value

5.1.1 The Council is fully committed to improving the economy, efficiency, and effectiveness of all its activities. All procurement of goods, works and services will be based on best value principles, having due regard to propriety, regularity and the Council’s legal obligations.

- 5.1.2 The Council will take full account of the needs of customers, both in the community and within the authority in purchasing goods, works and services. (Consultation – Best Value)
- 5.1.3 The Council will consider all the procurement options as defined in the Local Government Act 1999, and any suitable hybrids/alternatives, to ensure best value is secured from all procurement of goods, works and services. (Challenge – Best Value)
- 5.1.4 The Council promotes economy, efficiency, and effectiveness in its expenditure and it will seek to ensure that competition supports this. Goods, works and services will be purchased in a mixed economy of suppliers from the public, private, voluntary and community sectors, according to which supplier offers best value. (Compete – Best Value)

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.

5.3 Diversity

- 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 diversity. Procurement practice will reflect this commitment by encouraging relationships with contractors and service providers who are as equally committed to diversity.

5.4 Community Strategy and Regeneration

- 5.4.1 By providing high quality information and advice (including information on the Council's website), and through capacity-building measures, the Council will assist local businesses (and small and medium-sized enterprises in particular) and voluntary and community organisations to build their capacity to encourage them to compete for public contracts.
- 5.4.2 All procurement processes will link to the regeneration strategy. Please click on this link to see the [Regeneration Strategy](#)

5.5 Sustainability

- 5.5.1 Criteria based upon the procurement of environmentally friendly goods, works, and services will be used in all purchasing decision making processes.

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 are being revised in conjunction with the production of a Procurement Manual supporting this strategy. Both of these documents will follow CIPFA (Chartered Institute of Public Finance Accountancy) guidelines and are intended to be complementary.
- 5.8.2 In order to make it easier for the buyer we will incorporate all relevant procurement information and guidance and put it into the Procurement Manual. However, there may be some occasions where further financial guidance is required and in these circumstances, the buyer should refer to the Financial Regulations.

6.0 Organisation for Procurement

- 6.1 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 Corporate Services.

Strategic Team member responsibility – Head of Accountancy and Audit

6.1.1 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.

6.1.2 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.

6.1.3 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.

6.1.4 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.