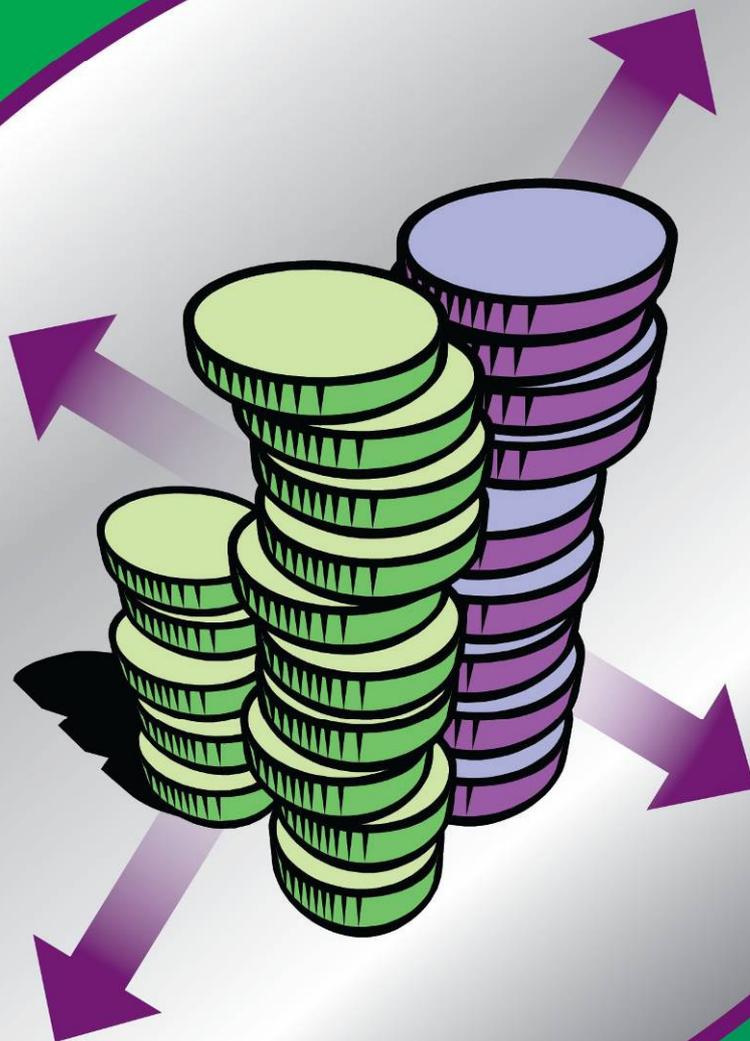




East  
Northamptonshire  
Council

# Procurement Strategy



How the Council aims to  
procure goods and services.

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## Document Version Control

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<b>Type of document</b>	Strategy
<b>Version Number</b>	2
<b>Document File Name</b>	Procurement Strategy
<b>Issue date</b>	18 July 2011
<b>Approval date and by who (CMT / committee)</b>	July 2011 by CMT and Policy & Resources Committee
<b>Document held by (name/section)</b>	Rosanne Fleming / Resources & OD
<b>For internal publication only or external also?</b>	internal and external
<b>Document stored on Council website or Eunice?</b>	Eunice & Website
<b>Next review date</b>	April 2014

## Change History

Issue	Date	Comments
0.2	25/2/11	
0.3	15/3/11	
0.4	27/4/11	
1.0	18/7/11	

*NB: Draft versions 0.1 - final published versions 1.0*

## Consultees

Internal	External
e.g. Individual(s) / Group / Section Members, CMT, Middle Managers	e.g. Stakeholders / Partners / Organisation(s)

## Distribution List

Internal	External
e.g. Individual(s) / Group / Section	e.g. Stakeholders / Partners / Organisation(s)

## Links to other documents

Document	Link
Procurement Procedures (section 4.6 of Council's Constitution)	#insert link
Procurement Toolkit	
Purchase order manual, Creditors Manual, Procurement Card notes	EUNICE

## Additional Comments to note

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## 1.0 Introduction

- 1.1 The purpose of the Procurement Strategy is to formally document how the Council aims to procure goods and services in the most efficient, effective and economic ways to deliver value for money for customers, and provide transparency and accountability throughout the process.
- 1.2 The strategy defines a corporate approach which recognises the risk appetite of the Council and supports the delivery of its corporate priorities as defined in the Corporate Plan.
- 1.3 The severe economic downturn combined with a number of national initiatives for continued efficiencies places a much greater emphasis and focus on all procurement operations. As such it is imperative to ensure that all procurement activity is cost effective and efficient in terms of process and practice, and succeeds in achieving maximum possible cost savings without compromising quality.
- 1.4 A key area within the National Procurement Strategy (2003) was a drive for collaborative working within the public sector both at a national as well as a local level. The Council embraced this recommendation by engaging the service of The Welland Procurement Unit which provides professional procurement advice to East Northamptonshire and five other local councils.
- 1.5 The Roots Review and the Operational Efficiency Programme reports in 2009 further endorsed the practice of collaborative procurement.
- 1.6 In November 2008 the HM Treasury sponsored Glover Review produced its report *Accelerating the SME Economic Engine; through transparent, simple and strategic procurement*. The report recommends ways of improving the accessibility of public contracts to small and medium sized enterprises for example by advertising all such contracts over £20,000 in value on a single electronic portal. The report also recommends that as from 2010 businesses should be able to tender electronically with no paper required and that by 2012 all tenders should be electronic. The council may consider how to develop this option in the future.
- 1.7 Procurement is defined as

*“ The process of acquiring goods and services covering both acquisitions from third parties and from in-house providers. The process spans the whole life cycle from identification of needs, through to the end of the service contract or the end of the useful life of an asset. It involves options appraisal and the critical ‘make or buy’ decision which may result in the provision of services in appropriate circumstances.”*
- 1.8 Getting procurement right is vital to delivering value for money for customers. The strategy and associated procurement rules and toolkit assist in ensuring that the goods, works and services across the whole council are sourced on terms that support the council’s corporate priorities and outcomes, and delivers efficiencies.

## 2.0 Scope

- 2.1 This document covers all purchases made on behalf of the council and applies to all officers involved in procuring those goods, works, and services.
- 2.2 The strategy is a statement of intent and is supported by the procurement procedures defined within section 4.6 of the Constitution of the council, and the procurement toolkit. It is **not** intended to be used as an operational manual.

## 3.0 Strategy outcomes

- 3.1 The outcomes to be delivered by this strategy are:

Procurement Strategy outcomes	Links to corporate outcomes
<ul style="list-style-type: none"><li>• Efficient, effective and economic procurement of goods and services to deliver value for money</li><li>• Transparent, fair and accountable procurement process that complies with relevant legislation and best practice</li></ul>	<ul style="list-style-type: none"><li>• Good quality of life: sustainable</li><li>• A good reputation with customers and regulators</li><li>• Council services which provide good value for money</li><li>• High quality service delivery</li><li>• Effective management</li></ul>

## 4.0 Procurement Strategy

### Context

- 4.1 In 2009/10 the council spent around £6.3 million on goods and services in the course of its day to day business. Around 6,000 invoices are processed for payment each year.
- 4.2 A number of large contracts exist for delivering services such as waste management, grounds maintenance, and leisure services.

### Roles and responsibilities for procurement

- 4.3 The Finance Manager is the corporate contact for procurement matters and provides expertise, advice and contacts for all officers of the council. The Welland Procurement Unit provides additional expertise and support with sourcing and negotiating with contractors.
- 4.4 Heads of Service are responsible for acting in the interest of the council in planning and implementing procurement. Any procurement exercise which results in a contractual relationship (formal or otherwise) will be managed and led by an appropriately skilled and experienced individual. Heads of service are responsible for ensuring that staff involved

in contract tendering and management have the right knowledge, skills and behaviours to fulfil their role. This can be identified through the appraisal process and appropriate training will be provided as required by the Finance Manager.

- 4.5 Members are responsible for maintaining oversight and monitoring of significant contracts. When significant contracts are being procured, (an) appropriate Member(s) will be appointed to engage in the procurement process, including the decision over tender route.
- 4.6 A significant contract will normally be a contract that exceeds £50,000 per annum.

## **Procurement processes**

- 4.7 The council takes a corporate approach to purchasing some supplies such as IT equipment, office equipment and stationery in order to maximise efficiencies and economies of scale.
- 4.8 The Purchasing Live system is available for all staff to capture all purchase orders. A 'no purchase order no pay' policy is proposed to ensure all expenditure for supplies, contracts and services is approved before it is committed in accordance with the processes described in the purchase order manual and creditors manual.
- 4.9 Authorisation limits are prescribed in accordance with operational need for each service or team and are fixed within the Purchasing Live system to maintain proper controls.
- 4.10 Procurement cards are issued to some members of the corporate management team and officers who regularly pay court fees as part of their duties. Procurement cards are used for purchasing low value, high frequency items. Separate guidance exists for procurement card users.
- 4.11 Payment of suppliers will be managed promptly in accordance with the council's payment policy. This includes effort to pay all suppliers within 30 days, and to pay local suppliers within 10 days of invoice receipt. Performance measures are in place to monitor prompt payment.
- 4.12 All purchases, tendering procedures and appointment of contractors will follow the procurement procedures (section 4.6. of the council's Constitution). Equal opportunity will be provided for all who meet the criteria to participate in the tender process. Appropriate balance between cost and quality will be included in the evaluation to ensure value for money is achieved.
- 4.13 The council will explore the benefits of electronic invoicing, e-auctions and e-tendering in line with the latest guidance and best practice.

## **Supplier relationship management**

- 4.14 As far as possible, expenditure will be through formal contracts using the council's standard terms and conditions as determined by the Solicitor to the council.
- 4.15 Every contract will have a named officer as the contract manager. High value strategic contracts will have more formal arrangements such as a contract board comprising appropriate senior representation from both the council and the contractor. The contract

board will be responsible for managing performance and risks relating to the contract. Appropriate performance indicators will be reported and poor performance will be challenged.

## **Collaboration**

- 4.16 A number of external and national reviews of procurement activity (see 1.5 and 1.6) concluded that fragmented spending inhibits the achievement of procurement efficiencies, and suggest that collaboration is an effective solution.
- 4.17 The Welland Procurement Unit is a shared resource and the council was a founding member in 2006. A number of major contracts have been negotiated with the assistance of the Welland Procurement Unit which have, or will, deliver significant savings to the council.
- 4.18 The council shares services with other councils for finance, internal audit, IT and administration of licences; it will continue to explore possibilities of shared working and shared purchasing wherever it is economically advantageous to do so.

## **Supporting local businesses and the third sector**

- 4.19 In line with the initiatives of the Glover Report, the council will promote the use of local suppliers and acknowledges that a decision to purchase locally can maximise the resource benefit, contribute to council objectives and have environmental benefits. In doing so, the council will however - through open and transparent processes - ensure that local suppliers are not given an unfair advantage.
- 4.20 Although the council may not routinely advertise contracts under £50,000, it will explore the opportunities to advertise these smaller contracts on a single portal to improve communication to suppliers of potential work available. Businesses will also be provided with a single point of contact to register what services they offer, although this will not form any type of approved list.
- 4.21 The council will consider the impact upon the market of packaging and presenting the council's requirements in a way that attracts competitive quotes. Where appropriate, the council will make use of competitive dialogue to meet the needs of the users in the most economically advantageous way.
- 4.22 The council will continue to share best practice procurement with the voluntary and community sector to improve accessibility and enable community groups to benefit from economies of scale wherever possible.

## **Framework agreements**

- 4.23 Framework agreements are agreements under which specific purchase (call-offs) can be made. The frameworks have usually been established under EU Procurement Rules. Examples include EMPA (East Midlands Property Alliance), ESPO (Eastern Shires Purchasing Organisation) and OGC (Office of Government Commerce).
- 4.24 Where the council has put in place or has access to regional or national framework agreements, goods or services will be ordered under these arrangements when they are considered appropriate, and deliver value for money.

## **Sustainability**

- 4.25 The Government (via DeFRA) published a document “Greening Government Commitments: Operations and Procurement” in February 2011. It includes the aim to: *‘ensure government buys more sustainable and efficient products and engages with its suppliers to understand and reduce the impact of its supply chain’*  
The document contains a number of targets for central government, and it is likely that delivery and reporting of similar targets will be expected from local councils in due course.
- 4.26 All major procurement shall consider the sustainable development goals of the council and ensure that decisions consider how to promote sustainability and biodiversity.
- 4.27 Environmental impacts of procurement decisions will be included in the evaluation for all strategic procurement activity when considering the whole life costs element of the contract.

## **Equality and diversity**

- 4.28 The council has a legal responsibility to ensure that the equality standards it has adopted internally are supported by all organisations that perform work on its behalf. The council also has to ensure that the services it provides meet the diverse needs of the residents and affords them equal access to the services provided.
- 4.29 Consideration of equality issues will be incorporated into the procurement process where relevant to the nature of the goods or services being procured.

## **Ethics and fraud prevention**

- 4.30 Procurement processes are required to be legal, transparent and not expose the council to undue risks. All procurement activities will be conducted in a manner that promotes fair, ethical and legal business practices.
- 4.31 The council has established standards for the conduct of Members and employees (parts 5.1 and 5.2 respectively of the Constitution). Those involved with the procurement process will act in accordance with those standards; with honest, integrity, impartiality and objectivity.
- 4.32 The Transparency Agenda introduced in 2010 in relation to council expenditure requires the publication of spending of over £500 by supplier. The council will also publish contract opportunities and tender documentation in accordance with guidance due to be published in 2011.

