

CABINET

13 January 2010

PROCUREMENT POLICY 2010-2013

REPORT OF CORPORATE DIRECTOR (POLICY)

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RECENT REFERENCES:

[CAB1306 – Procurement Update - 26 July 2006](#)

EXECUTIVE SUMMARY:

Councils are encouraged to adopt procurement policies/strategies and the City Council has produced a series of three year strategies since the first in 2002.

Work has progressed in the latest version and it takes account of the need to ensure that the Council works ethically and in a sustainable way. The most recent iteration will need to reflect the significant changes being brought about by the adoption of a new financial management system, which will start to be rolled out later this year.

The new Policy is attached for Cabinet approval.

RECOMMENDATIONS:

That Cabinet adopts the revised Procurement Policy attached as Appendix A.

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PROCUREMENT POLICY 2010 - 2013

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DETAIL:

1 Introduction

- 1.1 The City Council adopted its first Procurement Strategy in 2002 and this was followed by an update in 2006. Since then a number of changes have been made to legislation as well as best practice which need to be formalised and incorporated in the Council's formal documents. Other matters, such as sustainable procurement, are becoming increasingly important as the Council seeks to reduce its carbon footprint and save money on energy and other bills. Our 'use of natural resources' will also be a key feature of the next Audit Commission Organisational Assessment. A replacement Procurement Policy is therefore proposed and a draft is attached at Appendix A.
- 1.2 This report though, still represents a piece of work in progress. More detailed work (including staff guidance) is required and details of this are set out in the Procurement Staff Action Plan which forms Appendix 1 to the Policy. However these particular aspects need to co-ordinate with the progress on the upgrade of the financial management IT system, 'Financials' and the procurement module which links in to the whole 'procure to pay' process. The relevant aspects of the Council's Constitution are being reviewed and it is planned to present proposed changes to members in April.

2 Background

- 2.1 In 2005, the City Council entered into what was then an innovative collaboration with Eastleigh Borough Council to share a professional Procurement Officer. Following the initial work on analysing the Council's external spend, work has concentrated on identifying the potential for better procurement practices to save money and the need to improve the quality of data available.
- 2.2 The work with consortia and incorporating framework agreements into our procurement, and more recently exploring the benefits of commissioning, has started to broaden the scope of the work. Sharing expertise with other councils across the County has also started to provide benefits and help make savings for the Council.

3 Current Activity

- 3.1 Part of the work undertaken this year in response to the recommendations of an Informal Scrutiny Group has been to compile a register of the Council's contracts. The work is being regularly updated and is intended that it be published via the Improvement and Efficiency South East procurement portal.
- 3.2 As work progresses on developing the Equalities policies a number of impact assessments are planned, one of which will be to evaluate the Procurement Policy. This will be one aspect of the Policy that might need to change to reflect the outcome of that assessment. An Impact Assessment matrix has been developed under the auspices of the Council's Equalities Group. This is shown at Appendix B and although it has more generic uses it will become part of the Policy.
- 3.3 Similarly, further work on the Financial Procedure and Contract Procedure rules will reflect changes to the Procurement Strategy and will come back to Cabinet for approval and recommendation to Council in April 2010. .

OTHER CONSIDERATIONS:

3 SUSTAINABLE COMMUNITY STRATEGY AND CORPORATE BUSINESS PLAN (RELEVANCE TO):

- 3.1 Effective procurement of goods and services will help the Council achieve its objectives to ensure its services are delivered efficiently, offering value for money and taking advantages of opportunities to secure improvement through partnership working.

4 RESOURCE IMPLICATIONS:

- 4.1 There are no direct resource costs related to this report but actions and activities coming out of the proposals should help improve the Council's effectiveness.

5 RISK MANAGEMENT ISSUES

- 5.1 Following procurement routes in keeping with the Procurement Policy will help reduce risks the Council faces in undertaking procurement activity. This is particularly so in the case of a number of the major contract replacement exercises that will be undertaken in the next two years.

BACKGROUND DOCUMENTS: None

APPENDICES:

Appendix A – Procurement Policy 2010-2013 (including Appendix 1 – Staff Procurement Action Plan)

Appendix B –Equalities Impact Screening Matrix

WINCHESTER CITY COUNCIL

PROCUREMENT POLICY

2010 – 2013

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1. Introduction

This policy seeks to ensure that best procurement practice is applied consistently throughout Winchester City Council and to its external expenditure of £25m. The document sets out:

- The policy framework
- The principles that underpin the Council's procurement activity
- The objectives for developing procurement within the Council
- An annual action plan to support the objectives

The policy takes account of the recommendations made by the Byatt report "Delivering better Services for Citizens", the issues raised in the National Procurement Strategy for Local Government, recommendations made in the Sustainable Procurement Task Force report "Procuring the Future" and guidance from Central Government on transacting with the Third Sector.

This policy should be read in conjunction with the accompanying Action Plan that identifies how the policy will be implemented.

1.1 What is meant by procurement?

Procurement has a broader meaning than that of simply purchasing. It is concerned with securing goods and services that best meet the needs of users and the local community in order to help achieve the Council's key priorities. The process covers the whole life cycle of a product or service, from identification of needs through to the end of the life of the asset or service.

1.2 What is the purpose of the Policy?

The purpose of this policy is to communicate clearly (to all staff, partners, suppliers and stakeholders) the principles and values which will inform our procurement of services, supplies and works.

The policy is not intended to be a procurement manual. Guidance on procedure and best practice will be provided on the Intranet and training will also be scheduled to enable staff to implement the new policy.

2. Policy Framework

Procurement should be seen in the context of the Sustainable Community Strategy and the Council's overall values.

It is important that procurement decisions are taken in light of broader outcomes that the council is seeking to achieve and not entirely focused on price alone. The Council's vision for the Winchester District is of '**diverse and dynamic communities, where people work together to ensure that everyone has the opportunity to lead a fulfilling life now and in the future**'.

The main outcomes we are seeking for the Winchester District are:

- Health & Wellbeing
- Safe & Strong Communities
- Economic Prosperity
- High Quality Environment
- Inclusive Society

The City Council recognises that the way we work and our values as an organisation determine the quality of services we provide. The Council strives to be an **efficient and effective** organisation that:

- Provides the highest standards of service to all our customers
- Adopts the highest standards of integrity, openness and honesty in all that we do
- Keeps sustainability principles at the heart of all we do
- Supports and develops our staff to meet the new challenges we face
- Promotes equality and inclusion in all we do

This vision and the outcomes we are seeking are the focus for all activities of the Council, and this policy is aligned with them.

Our procurement will work towards these outcomes and support achievement of the Council's targets.

3. Procurement Policy

3.1 Aims

The primary aim of this policy is to support the delivery of best value through planned, responsive, professional, well managed, sustainable procurement that contributes to achieving the Council's priorities and meets the needs of the community. To achieve this aim, the Council will ensure that procurement activity is organised in an effective way and is embedded in the corporate and service planning process.

The Council is committed to ensuring value for money across all services by meeting the needs of local people in cost effective and efficient ways.

The Council requires that all procurement procedures should be operated in a professional manner to ensure the highest standards of probity, openness and accountability.

The Council recognises that effective project management of contracts is essential to achieve the completion of service delivery on time, within budget and in accordance with the specification.

The Council recognises that different approaches to risk assessment and management need to be adopted for various types of procurement in line with the Council's Risk Strategy.

The Council will also comply with Part 2 of the Local Government Act 1988, which prohibits non-commercial considerations being taken into account when awarding contracts, but it will take into account the provisions of the Local Government Best Value (Exclusion of Non-commercial Considerations) Order 2001 (which permits certain matters relating to workforce issues to be taken into account in specified circumstances).

The Council believes that its employees are its most important asset and is committed to ensuring that it is an 'Employer of Choice'. Procurement of services will take into account any code of practice issued by the Government relating to the handling of workforce matters in local authority service contracts.

The Council will communicate this policy to all staff, suppliers and stakeholders.

3.2 Sustainability

The Council recognises it has a vital role in furthering sustainable development, through its procurement of buildings, goods, works and services. Procurement decisions have major social, economic and environmental implications, both locally and globally, now and for future generations.

In its procurement decisions, the Council will consider the impact on:

- Use of natural resources
- Carbon emissions
- Biodiversity
- Recycling, reduced usage and better packaging
- Small and local businesses

The Council will therefore:

- Comply with all legislation relevant to sustainability
- Promote and embed best practice for sustainable procurement, including the use of whole life costing where appropriate. We will consider the costs and benefits of environmentally preferable goods, suppliers and services.
- Encourage and persuade suppliers to adopt environmentally friendly processes and supply environmentally friendly goods and services
- Ensure that where appropriate and allowable, sustainability criteria are part of the supplier evaluation process and are used in the award of contracts. This includes requirements in line with nationally or regionally agreed minimum specifications in respect of environmental impact. Where such exact specification is not possible, offer a facility for suppliers to submit offers for more sustainable alternatives.
- Address barriers to the Council procuring from local small businesses and the voluntary sector, and fully support the Council's commitment to the Small Business Friendly Concordat and VCS (Voluntary and Community Sector) Compact.
- Collaborate with South East Region Councils in support of the common targets and work in partnership with them through Improvement & Efficiency South East to maximise sustainable procurement gains.
- Educate, train and encourage internal purchasers to review their consumption of goods and services, reduce usage and adopt more environmentally friendly alternative products

3.3 Equality & Inclusion.

Winchester City Council is committed to equality of opportunity for all people regardless of:

- Race and nationality,
- Disability (including physical impairment, mental health and long-term illness),
- Gender
- Gender re-assignment,

- Age,
- Sexual orientation (including heterosexual, lesbian, gay and bisexual),
- Religion and belief (including non-religious beliefs)
- Other differences including marriage & civil partnership and pregnancy & maternity.

We recognise and value the diversity of the local community and believe that equality is central to the provision of modern quality services.

Our aim is to develop an integrated approach that will ensure that equality is firmly embedded in the way in which we develop policy, run services and employ people. We are committed to measuring and monitoring progress using the Equality Framework for Local Government, which had identified the inclusion of equality objectives in the procurement process as a key mechanism for preventing unlawful discrimination, addressing disadvantage and promoting equality.

As a major purchaser of goods, services and works, the Council recognises the opportunity this provides to influence the equality agenda through procurement. We are committed to ensuring that our major suppliers and contractors share our equality and diversity vision and values, and work to implement these. It is the responsibility of staff involved in procurement activities to ensure that equality is embedded in contracts and service provision. To ensure this, the Council will:

- Ensure our appointed suppliers / contractors share and help deliver our equality objectives
- Provide training / guidance for those staff involved in procurement.

3.4 Children & Vulnerable Adults

Under the Children Act 2004, local authorities have a responsibility for making arrangements to ensure their normal functions are discharged having regard to safeguarding and promoting the welfare of children in their area. Therefore, procurement activities must take account of this where relevant.

In addition the new 'Vetting and Barring Scheme', involving the Independent Safeguarding Authority, will have a major impact on the recruitment and monitoring practices of people working or volunteering with children and vulnerable people. Procurement activities must also take account of this scheme where relevant.

3.5 Supplier Management

The Council aims to encourage a mixed range of suppliers to compete for contracts to help develop a varied and competitive market place. To facilitate this:

- The Council will ensure that there is an equal opportunity for all potential suppliers, who meet the stated criteria, to be aware of the Council's needs and express an interest.

- The Council will consider the impact on markets, including local suppliers and Small and Medium Sized Enterprises (SMEs), of the way the services are packaged and presented, in order to make these as attractive as possible and provide the highest quality of service to end users.
- Payment of suppliers will be managed within the Council's stated policy of payment 15 days from receipt of invoice.
- Procurement will seek to encourage contractors, service providers and suppliers (and their supply chains) to reduce cost and continuously improve performance. Appropriate standards and targets will be included in contracts.
- Procurement will actively seek to increase the amount of appropriate business undertaken with the third sector.
- For critical contracts the Council will dedicate resource and time into the process of ensuring that organisations working with the Council positively contribute to the achievement of the Community Strategy.
- Where contracts run for a number of years, the contract should be sufficiently flexible to provide for cost reduction and continuous improvement throughout the contract period.

3.6 Performance and Monitoring

All strategic and service reviews will include a robust and challenging option appraisal of service delivery options. This includes the option of partnering with other authorities for high value, high risk projects.

The Council will encourage the development of new and creative methods or approaches to procurement that will deliver contracts and services more efficiently, effectively and economically. This includes the use of contracts or framework agreements developed by other public sector buying organisations where these are considered beneficial.

The Council recognises that to achieve efficiencies in the procurement process and to reduce transaction costs it will need to implement an appropriate e-procurement solution.

The Council understands that effective delivery of procurement requires that Members and staff engaged in the process are suitably qualified and trained for the purpose.

The Council will give consideration to the development of a Procurement Board to oversee the effective implementation of this policy.

The Council will develop the use of performance measures of procurement. Delivery of this policy will be assessed against these measures and through the performance against the Action Plan.

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PROCUREMENT STAFF ACTION PLAN 2010 - 2013

Vision: To obtain best value through planned, responsive, professional, well-managed, sustainable procurement that contributes to achieving the Council's priorities and meets the needs of the community

Actions	Resource	Complete By	Responsibility
Objective 1: To achieve best value for money on all procured goods, works and services and reduce the cost of the procurement process and ensure continuous improvement.			
1.1 Provide advice and guidance to business units on the most effective procurement approach for contracts over £100k	Daily activity	On-going	Procurement Officer (PO)
1.2 Review the use of the Council's option appraisal process for appropriate procurement projects, including training for project managers	5 man days?	March 2010	Project Office, Training Manager
1.3 Undertake a spend analysis, producing a plan for further areas to be investigated		Bi-annual	PO, Finance, HIOWPP
1.4 Develop and maintain the Council's Central Contract Register and establish if the register could be effectively maintained in the new Finance system		Mar-Sep 2010	Head of Finance
Objective 2: To ensure all procurement activity has regard to the Council policies and strategies on sustainability, climate change, diversity and equality and workforce issues.			
2.1 Develop and update corporate guidance in line with procurement best practice and provide a 'process map' for officer guidance		Mar-Sep 2010	Heads of Finance / Legal, PO
2.2 Embed sustainable procurement as set out in the Procurement Policy (and aim to achieve national milestones over time).		June 2012	Heads of Division, PO
Objective 3: To ensure that procurement is undertaken in accordance with high professional standards and probity including the project management of contracts.			
3.1 Promote common template of documentation, where appropriate (Pre Qualification Questionnaire, Terms & Conditions, etc)		Sept 2010	PO, Heads of Legal / Finance
3.2 Establish a process of compliance assessment with Internal Audit			Internal Audit
3.3 Update and reissue contract Procedure Rules		April 2010	Head of Legal Services
Objective 4: To develop a mixed economy of suppliers and promote partnering arrangements.			
4.1 Supplier guidance – to continue to develop and update the 'Selling Guide' and launch next version at future 'Meet the Buyer' event.		March 2010	Economic Development
4.2 Proactively support the HIOW Procurement Partnership joint action plan	Daily activity	On-going	PO, Unit Heads

APPENDIX 1

Actions	Resource	Complete By	Responsibility
4.3 Shared Service – to be actively involved with the development of shared service proposals where opportunities arise		On-going	CMT
4.4 Consortia - Identify from Spend Analysis those goods, services and works where the Council may benefit from joining Consortia		June 2010	PO
Objective 5: To develop the scope for doing business electronically on a modular basis, to assist in driving down transaction costs.			
5.1 E-Procurement – ensure opportunities for electronic trading are developed in new Finance system		Apr-Dec 2010	Head of Finance
5.2 Business Portal - Embed the use of the South East Business Portal for advertising all opportunities			PO, Unit Heads, port administrator
5.3 Ensure that appropriate contracts are recorded on the IESE Business Portal and that this Portal reflects the Council's Contract Register			PO, portal administrator
5.4 Investigate e-tendering and Contracts Management solutions for the Council.		June 2011	PO
Objective 6: To ensure a structured approach to procurement training for Members and staff.			
6.1 Establish training for all staff involved in the Procurement Process, to include sustainability and equalities issues		Jun-Sep 2010	PO, Legal, HR, Finance
Objective 7: To ensure that all procurement activity is organised in an effective way and is embedded in the corporate planning process.			
7.1 Implement a Procurement Board structure with a view to establishing an officer / member Corporate Procurement Advisory Group			CMT
Objective 8: To develop management information and the use of performance measures of procurement.			
8.1 Establish a set of clear performance measures (including Audit Commission Use of Resources) covering strategic aims, equalities and sustainability and efficiency		March 2010	HIOWPP
8.2 Review and update the procurement policy and action plan		Annual	PO
8.3 Establish corporate procurement savings targets to support the achievement of the Medium Term Financial Strategy		March 2010	SMG / Finance

