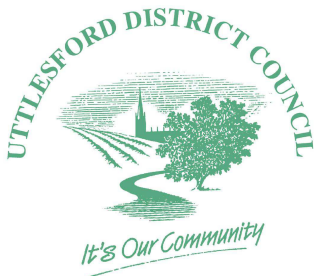


Uttlesford District Council
Corporate Procurement Strategy
2010/11



Strategy manager: Chief Finance Officer

Lead Committee: Finance & Administration Committee

Lead Officer: John Wickes, Essex Procurement Hub.

Introduction

The Council spends approximately £15 million per year on goods, works and services in both directly supporting the work of the Council and also in providing services to our residents, visitors and businesses. These budgets need to be spent in a way that is properly controlled and governed to ensure good value for money.

This volume of spend also gives the Council a significant economic influence in the area. This influence needs to be used wisely to promote both the Council's public duties for value for money, promoting equality and diversity and promoting environmentally sound and safe working practices.

The Procurement Strategy describes the contribution that procurement will make to the achievement of the Council's vision and corporate priorities.

Procurement is the process of acquiring goods, works and services, covering acquisitions from third parties, partnering and from in-house providers. The process spans the whole life cycle from identification of needs, through to the end of a services 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-house in appropriate circumstances.¹

How does this strategy support delivery of the Corporate Plan?

At a general level, procurement of goods and services assists in delivering the Council's strategic objectives and statutory responsibilities.

At a specific level, this procurement strategy is designed to support the Council's objectives/visions of:

- Finance – Effectively managing our Finances in economically challenging times and to achieve an Organisational Assessment score of '3' by 2012.
- Partnerships – Working to deliver effective and co-ordinated services with partners and others at reduced cost while helping those in hardship.
- People – Consulting and engaging fairly with staff and customers and helping those in hardship.
- Environment – Protecting and enhancing the Environment and keeping communities together.

¹ *National Procurement Strategy for Local Government issued by the Office of the Deputy Prime Minister in October 2003.*

What else has influenced the strategy?

The following have been taken into account in the preparation of this strategy:

- Delivering value for money as measured through the annual Use of Resources assessment by the Audit Commission that forms part of the assessment of Council performance and as measured through National Indicator 179;
- The UK Government Sustainable Procurement Action Plan prepared in response the Stern review on the economics of climate change;
- The public duty to promote equality of opportunity in the areas of Race, Disability and Gender
- The Medium Term Financial Strategy, which sets the framework for a balanced budget over the medium term (5 years) and short term (1 year). Delivering these forecasts requires the delivery of real efficiencies, including improved procurement.
- The Council's Sustainable Community Strategy, Climate Change Strategy, Travel Plan and Car Share Scheme, is directed towards reducing the Council's carbon footprint.
- Health and Safety policies.

Key Roles and Responsibilities

Finance and Administration Committee

The Committee is responsible for approving the Procurement Strategy and for monitoring its effectiveness.

The Chief Executive

The Chief Executive has overall accountability for assigning the allocation of responsibilities that comprise the system of control for the Council.

The Chief Finance Officer

The Chief Executive has delegated responsibilities for the creation and maintenance of this strategy and the supporting processes to the Chief Finance Officer as the strategy manager.

The Chief Finance Officer is responsible for ensuring:

- The strategy is in place, reviewed and updated on a regular basis;
- The strategy is communicated to relevant staff for implementation;
- The implementation of the strategy;
- The provision of an annual report on the effectiveness of the strategy, the performance during the year and any recommendations for improvement to the Finance and Administration Committee.

Chief Officers (COs) and Deputy Chief Officers (DCOs)

In this context COs are the Chief Executive and Chief Officers as defined by the Local Government & Housing Act 1989. In practice this means the Monitoring Officer, Section 151 Officer and Directors. DCOs are as defined in the LGHA 1989 and are those senior officers responsible for managing services and who report directly to a CO.

COs and DCOs are responsible for ensuring that the compliance requirements of the strategy are effectively communicated to their services, that the strategy is followed within their services and to participate fully in the development and execution of the strategy.

COs and DCOs are also responsible for ensuring that the provisions of the Financial regulations and Contract Standing Orders are effectively implemented and monitored within their services.

Essex Procurement Hub

Since September 2006, the Council has been an active member of the Essex Procurement Hub, which provides procurement expertise to six Essex district/borough councils.

The Hub provides consultancy and operational support to all procurement activities in accordance with a Service Level Agreement agreed with the Council.

What is the Strategy?

The Council will use best practice procurement approaches and processes to ensure that it delivers corporate priorities at good value for money.

The Council will promote long term sustainability and meet its public duties to promote equality of opportunity both within its own operations and through the impact of its buying decisions, using effective selection and management of its relationships with its partners and supply chain.

In more specific terms, the Council's procurement strategy is to:

- Achieve a reduction in the cost of the Council's purchased goods and services;
- Increase the proportion of expenditure on supplies & services placed through framework contracts;
- Reduce the carbon footprint of goods and services acquired by the Council;
- Maximise the number of contracted suppliers whose equal opportunities, social responsibility, health & safety and sustainability policies meet the Council's standards.

How will it be delivered?

One of the key elements to the National Procurement Strategy is working in partnership and collaborating on procurement. This method underpins the Council's approach to delivering our procurement service.

Partnership and Collaboration

The Corporate Plan recognises that we cannot deliver our objectives on our own and that we will work with other organisations to help us improve efficiency and to bring in other

expertise. This may include collaboration, partnering and/or the use of consortia arrangements.

One of the key themes of the National Procurement Strategy is partnership and collaboration. Regional Improvement and Efficiency Partnerships (RIEPs) are partnerships of councils and other local service providers working together to deliver excellent Local Area Agreement outcomes, achieve 3% cashable/efficiency savings and support economic growth and community empowerment. The foundations laid by the Regional Centres of Excellence, which preceded them, have helped councils deliver over £4bn in efficiencies, which are integral to the success of the partnerships.

We have embraced a number of opportunities for working in collaboration, such as management of our car parking function with Colchester and Braintree, and we will continue to do so where there are benefits to be gained.

Procurement of Services

The Council believes that in-house services do provide a high quality, flexible framework for developing and delivering services but acknowledges that this is not the only way to deliver services. The Council expects in-house providers to find an appropriate balance between being best on quality, equality, value for money, service and employment practices. The Council supports in-house providers where they deliver quality, value for money and operate in the best interest of service users. As a general rule, external procurement is only undertaken where no in-house capacity exists.

The Council is committed to setting rigorous quality standards and to operating robust procurement procedures to ensure the ongoing delivery of good value supplies, services and works from wherever they are sourced.

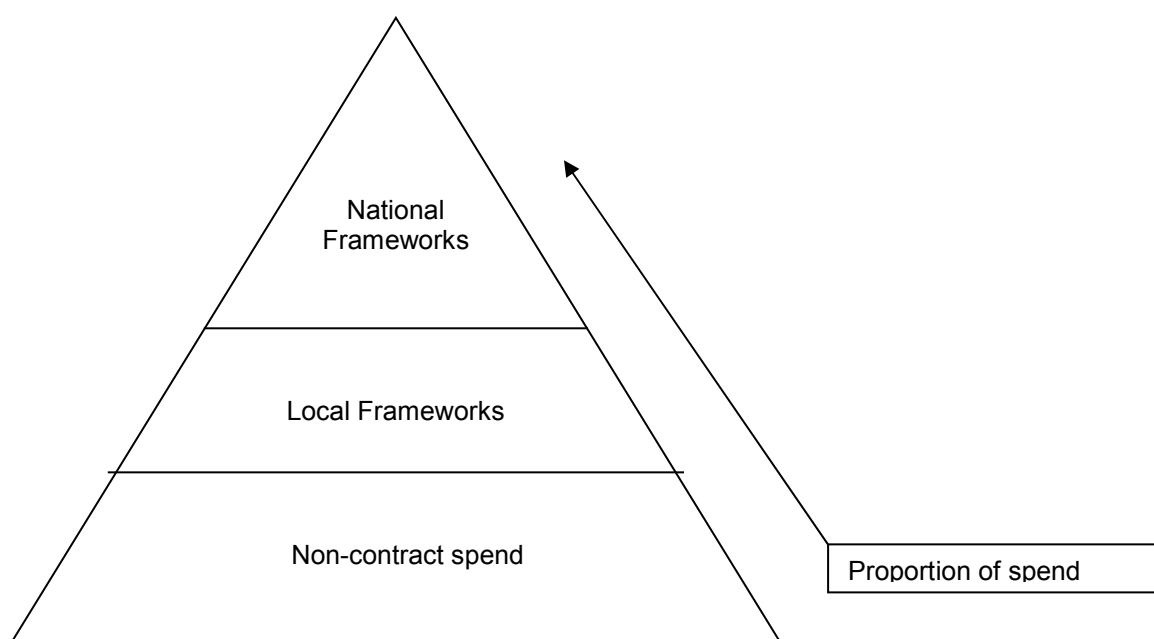
Through its procurement process, the Council will demonstrate:

- Health, safety & welfare.
- Commitment to and consultation with users of the services.
- Commitment to the corporate objectives.
- Value for money.
- Compliance with service aims and objectives.
- Commitment to continuous improvement.
- Commitment to quality and excellent customer service.
- Operational efficiency.
- Effective management, systems and procedures.
- Flexible working arrangements to meet user requirements.
- Commitments to the Council's policy objectives with particular regard to diversity and sustainability.

Use of Framework Contracts

The Council's strategy is to increase the proportion of its expenditure on supplies and services made via framework contracts. These are contracts typically negotiated by public sector buying organizations or consortia that are compliant with EC procurement rules. Use of such contracts reduces the need for local tendering activity and therefore can simplify the decision making process and make procurement more efficient. There will inevitably be circumstances when circumstances require use of non-framework contracted suppliers but the principle is that increased use of framework contracts should enable to the Council to better demonstrate the achievement of value for money.

The following diagram represents the strategic aim to make increased use of framework contracts:



Regulatory Framework

Procurement has to work within a number of controls including EU legislation and internal governance issues. In addition the Council has other policies which must be adhered to as part of any procurement activity.

The key control over procurement activities is the Council's Contract Standing Orders as set out in the Financial Regulations. These rules are set at levels to ensure value for money can be achieved and that decision-taking can be made at practical levels.

Our strategy is to ensure that our procedure rules remain relevant and ensure compliance with EU regulations.

Value for Money

A function of procurement is to achieve value for money. We will achieve this by:

- challenging the way things are done and the way services are provided
- by encouraging collaboration with other Essex Procurement Hub members and RIEPs to take advantage of increased purchasing power
- taking into account the potential impact of a sustainable approach and balancing price with quality (by using 'whole life costs' for example)

Health and Safety

The Council is committed to ensuring effective Health and Safety management and performance throughout all Council Services and undertakings, and require that Health and Safety matters be given appropriate consideration with equal status to all other demands.

The Council recognises its responsibilities for the health, safety and welfare at work of employees, and the Health and Safety of others who may be affected by the Council's work activities.

All goods and services should be procured with the health, safety and welfare of any staff, contractors' employees, clients, volunteers and members of the public who may be affected, in mind.

All procurement must ensure that Health and Safety impact is considered (risk assessment), that Health & Safety impact is minimised through buying products and services that reduce risks to the lowest level, and that as a minimum, goods and services provided meet legal requirements.

Councils expect their business partners to comply with all the relevant legislation, related Acts, regulations and orders within all its contracts. These include:

- Health and Safety at Work Act 1974
- COSHH Regulations 2002
- Noise at Work Regulations 1989
- Electricity at Work Regulations 1989
- Management of Health and Safety at Work Regulations 1999
- Workplace Health and Safety Regulations 1992
- Provision and Use of Work Equipment Regulations 1998
- The Personal Protective Equipment at Work Regulations 1992

We will take into account within its tender evaluation and contracting processes, a potential contractor's approach to Health and Safety in terms of its employment practices and service delivery, which will also be monitored and managed during the life of each contract.

A contractor's compliance with Health and Safety will be checked in two ways:

- **Prior to Contract Award** - by asking questions either prior to or during the tender process. If following evaluation the response does not satisfy the Council's criteria, the firm may not be shortlisted or awarded a contract.
- **After Contract Award** - by including contract conditions on Health & Safety in all Council contracts and by monitoring a contractor's performance and compliance with those conditions

Local Trade

In support of its strategic vision for Uttlesford to be "a place where people are consulted with and engaged with fairly", the Council recognises the important role it has in shaping the local area, encouraging the local economy and supporting local businesses. In so far as EU Directives, collaborative procurement and value for money allow, the Council will use local traders in its supply of goods, services and works.

Equality and Diversity

In support of its public duty to promote equality of opportunity, the Council aims to achieve a robust and consistent approach to equality in the delivery of services and will work with partners and suppliers to ensure that suppliers are, as a minimum, compliant with the relevant legislation, both at the inception of contracts and through their effective life. The council will proactively work with key suppliers to promote equality and positive practices in their operations and in the provision of services to customers on behalf of the Council.

Sustainability

In support of both its strategic objective to "Protect and enhance the Environment" and the priority action to reduce the Council's carbon footprint, the Council will use its procurement strategy to promote long-term sustainability in its own operations, reduce its own carbon footprint through its own services and its supply chain, consistent with meeting value for money criteria.

There are a series of actions to support this approach:

- Educate, train and encourage internal procurers and commissioners to review their consumption of goods/services, reduce usage and adopt more environmentally friendly alternative products
- Consider the costs and benefits of environmentally preferable goods/services as alternatives
- Investigate the impact of the Council's expenditure on goods and services, via purchase spend analysis, to identify potential environmental impacts
- Investigate opportunities for the recycling and re-use of materials where appropriate
- Assess the environmental and corporate risks to the organisation with a commitment to continually improving sustainable performance related to the supply chain
- Work in partnership with other organisations, such as buying consortia to improve sustainable procurement
- Ensure that, where appropriate, suppliers' environmental credentials are, as far as legally practicable, considered in the supplier evaluation process and that environmental and equality and diversity criteria are used in the award of contracts
- Ensure that consideration is given to inclusion, within all specifications, of a facility for suppliers to submit offers for environmentally friendly alternatives

- Specify, wherever possible and practicable, the use of environmentally friendly goods
- Aim to provide goods and services at best value to the Council
- Address barriers to entry in order that Small and Medium Sized Enterprises (SMEs), local suppliers and the voluntary sector are encouraged to bid for the Council's business
- Educate our suppliers regarding the Council's environmental, sustainability and equality and diversity objectives
- Encourage and persuade suppliers to adopt environmentally friendly processes and supply environmentally friendly goods/services
- Work with key suppliers to make changes and thereby extend sustainability improvements throughout the supply chain
- Comply with all relevant environmental, health & safety, equality and diversity, disability, race relations, social responsibility and employment legislation

Forward Planning

Forward Planning, particularly of major expenditure, is essential to maximise the potential savings through efficient and effective procurement. Planning annual procurement activity in advance will enable officers to undertake procurement in a more structured manner, identify options and prepare properly.

Specifications where possible should include measurable outputs or outcomes, performance standards or other appropriate measures by which the contract can be assessed.

The implementation and upkeep of a Central Contract register detailing all contracts in place and all future known procurements-both for renewal of existing period based contracts and for new future projects/requirements.

Performance Management

Effective procurement is measured by the outcomes and not by the completion of the process. Contracts must be managed throughout their life to ensure that the benefits identified in the business case are delivered. Regular review meetings with incumbent suppliers are crucial in ensuring that set Key Performance Indicators and Service Level Agreements are achieved and maintained.

The Council will expand the use of contract management and build on areas of current best practice.

Risk will be managed throughout the procurement cycle to ensure that risks are identified and managed by the most appropriate stakeholder. Risk registers shall be prepared for all procurement processes in accordance with the Risk Management Strategy and will be revisited at key milestones in the procurement process and throughout the life of the contract.

When suppliers and contractors handle information on behalf of Uttlesford District Council, then we will ensure where possible, that equivalent standards are applied or seek to influence our supplier's and contractor's standards.

eProcurement

To achieve efficiencies in the procure-to-pay cycle including reduction in cycle time and reduction in transaction costs. This will free resources that can be directed into front line services.

The Council uses an electronic marketplace (The Essex Marketplace) to place orders.

The Council will develop its website to make it easier for potential suppliers to register their interest in trading with the Council.

Action Plan

Each year an action plan for procurement is produced. This sets out the key work areas and provides a set of measurable targets for the coming year. Progress against those key work areas is monitored regularly through the Procurement Hub. The action plan for 2010/11 is attached at Appendix 2.

APPENDIX 1

Procurement Performance Indicators (PPIs)

Performance will be assessed annually and results reported to the Finance & Administration Committee. In most cases, these are new measures and data collection systems need to be put in place. The results of this measurement in 2010/11 will provide a baseline to inform target setting for subsequent years.

PPI-01 Audit Commission Use of Resources Assessment

Key Line of Enquiry 2.1 assesses procurement activity. The Council will aim to achieve level 2 (adequate) in the 2009/10 Assessment, and reach level 3 (good) by 2012/13.

PPI-02 Measurable procurement savings

The amount of savings directly attributable to procurement activity will be measured. The savings will be categorized into (a) Cashable bottom line base budget reductions (b) unbudgeted spend averted.

PPI-03 Use of framework contracts

The proportion of expenditure placed through framework contracts will be measured.

PPI-04 Compliance with Contract Standing Orders

Confirmation of whether Contract Standing Orders were followed will be provided, together with a statement of any challenges received from suppliers, and the outcome.

PPI-05 Proportion of spend with local suppliers

Although compliance with procurement rules and the duty to secure best value are overriding considerations, the Council will measure the level of spend placed with local suppliers. This will be categorized into (a) suppliers based in Uttlesford (b) suppliers based in Essex (c) suppliers based in the East of England.

PPI-06 Cost of Procurement

The average process cost per transaction will be measured.
Procurement function cost per £ of spend will also be measured.

PPI-07 Carbon Footprint

The carbon footprint of goods and services acquired by the Council will be measured.

PPI-08 Supplier Standards

The Council will quantify the proportion of its contracted suppliers whose equal opportunities, health & safety and sustainability policies meet the Council's standards.

APPENDIX 2

Action Plan 2010/11


	Action	Outcome	Lead Officer	Target Date
1	Relaunch procurement service and ensure there is clear direction to spending officers	Clarity about how the Procurement Hub can help spending officers Greater use of Marketplace system and framework contracts	Chief Finance Officer Senior Procurement Consultant (with support of SMB)	March 2010
2	Adopt new Contract Standing Orders	Contract Standing Orders reflect modern procurement methods and the current business needs of the Council	Chief Finance Officer Senior Procurement Consultant	March 2010
3	Conduct a spend analysis	Areas where contracts can be introduced are identified and action plan agreed to implement. Procurement savings target can be quantified Areas of 'maverick' spend identified and action taken via spending officers to address	Senior Procurement Consultant	March 2010
4	Compile contracts register	Improved forward planning of contracts renewal. Scope identified to make greater use of framework contracts and/or partnership working.	Senior Procurement Consultant	September 2010
5	Create procurement section on the Council's website	Upcoming contracts advertised on website Guide for suppliers on how to deal with the Council is published	Chief Finance Officer	July 2010





	Action	Outcome	Lead Officer	Target Date
6	Instigate half-yearly meeting for staff using the Marketplace ordering system.	Improved staff satisfaction with the ordering system	Senior Procurement Consultant	September 2010
7	Implement electronic invoice module within Marketplace	Efficiencies achieved. Reduction in paper invoices received by the Council.	Chief Finance Officer	April 2010
8	Implement interface between Marketplace and Finance General Ledger systems.	Efficiencies achieved. Improved performance in payment of invoices.	Chief Finance Officer	April 2010
9	Implement purchasing cards for lower value transactions	Faster payment of suppliers Reduced process costs	Chief Finance Officer	December 2010

APPENDIX 3

EQUALITIES IMPACT ASSESSMENT

General information			
1	Name of strategy.	Corporate Procurement Strategy	
2	What is the overall purpose of the strategy, policy, project, contract or decision?	To provide a framework and direction for procurement activity	
3	Who may be affected by the strategy?	Staff responsible for managing budgets and procurement activity will be required to implement the strategy. The Council's suppliers as they will be required to demonstrate consistency Council's expectations and value for money requirements. Increased use of framework contracts may result in changes to suppliers used.	
4	Responsible department and Head of Division.	Department: Finance Head of Division: Chief Finance Officer	
5	Are other departments or partners involved in delivery of the strategy, policy, project, contract or decision?	Essex Procurement Hub	
Gathering performance data			
6	Do you (or do you intend to) collect this monitoring data in relation to any of the following <u>diverse groups</u> ?	<input type="checkbox"/>	Age
		<input type="checkbox"/>	Gender/transgender
		<input type="checkbox"/>	Religion & belief
		<input type="checkbox"/>	Rural isolation
		<input type="checkbox"/>	Disability
		<input type="checkbox"/>	Race
		<input type="checkbox"/>	Sexual orientation
		<input type="checkbox"/>	Social Economic
		<input type="checkbox"/>	Other (please state)
		<input checked="" type="checkbox"/>	None

7	How do you (or how do you intend to) monitor the impact of the strategy, policy, project, contract or decision?	<input checked="" type="checkbox"/> Performance indicators or targets <input type="checkbox"/> User satisfaction <input type="checkbox"/> Uptake <input type="checkbox"/> Consultation or involvement <input type="checkbox"/> Workforce monitoring data <input type="checkbox"/> Complaints <input type="checkbox"/> External verification <input type="checkbox"/> Eligibility criteria <input type="checkbox"/> Other (please state): <input type="checkbox"/> None 
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Analysing performance data	
8	<p>Consider the impact the strategy, policy, project, contract or decision has already achieved, measured by the monitoring data you collect. Is the same impact being achieved for diverse groups as is being achieved across the population or workforce as a whole?</p>
	<p> <input checked="" type="checkbox"/> Yes * <input type="checkbox"/> No* <input type="checkbox"/> Insufficient  <input type="checkbox"/> Not applicable  </p> <p><i>*Please state your evidence for this, including full document titles and dates of publication for audit purposes. Where applicable please also state the nature of any issues identified:</i></p> <p>Procurement decisions will be based on objective criteria as set out in this Strategy and in Contract Standing Orders.</p>
9	<p>Is uptake of any services, benefits or opportunities associated with the strategy, policy, project, contract or decision generally representative of <u>diverse groups</u>?</p>
	<p> <input checked="" type="checkbox"/> Yes * <input type="checkbox"/> No* <input type="checkbox"/> Insufficient  <input type="checkbox"/> Not applicable  </p> <p><i>*Please state your evidence for this, including full document titles and dates of publication for audit purposes. Where applicable please also state the nature of any issues identified:</i></p> <p>Procurement decisions will be based on objective criteria as set out in this Strategy and in Contract Standing Orders.</p>

Checking delivery arrangements

10 You now need to check the accessibility of your delivery arrangements against the requirements below. Click on the hyperlinks for more detailed guidance about the minimum criteria you should meet.

If assessing a proposed strategy, policy, project, contract or decision, indicate 'Yes' if you anticipate compliance by launch of implementation.

Yes No  N/A

The premises for delivery are accessible to all.

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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Consultation mechanisms are inclusive of all.

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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Participation mechanisms are inclusive of all.

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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If you answered 'No' to any of the questions above please explain why giving details of any legal justification.

Checking information and communication arrangements

11 You now need to check the accessibility of your information and communication arrangements against the requirements below. Click on the hyperlinks for more detailed guidance about the minimum criteria you should meet.

If assessing a proposed strategy policy, project, contract or decision, indicate 'Yes' if you anticipate compliance by launch of implementation.

Yes No  N/A

Customer contact mechanisms are accessible to all.

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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Electronic, web-based and paper information is accessible to all.

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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Publicity campaigns are inclusive of all.

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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Images and text in documentation are representative and inclusive of all.

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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If you answered 'No' to any of the questions above please explain why, giving details of any legal justification.


Future Impact

12 Think about what your strategy, policy, project, contract or decision is aiming to achieve over the long term and the ways in which it will seek to do this. This is your opportunity to take a step back and consider the practical implementation of your strategy, policy, project, contract or decision in the future. As well as checking that people from diverse groups will not be inadvertently excluded from or disadvantaged by any proposed activities, it is also an opportunity to think about how you can maximize your impact, reach as many people as possible and really make a difference to the lives of everyone in Uttlesford regardless of their background or circumstances.

Is it likely to inadvertently exclude or disadvantage any diverse groups?

No

Yes * 


Insufficient evidence 

*Please state any potential issues identified.

Improvement actions

13 If your assessment has highlighted any potential issues or red flags, can these be easily addressed?

Yes

No* 

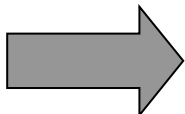
Not applicable

**If Yes, please describe your proposed action/s, intended impact, monitoring arrangements implementation date and lead officer:*

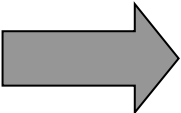
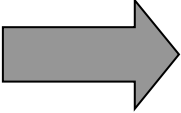
Making a judgement – conclusions and next steps

14 Following this fast-track assessment, please confirm the following:

There are no inequalities identified that cannot be easily addressed or legally justified



No further action required. Complete this form and implement any actions you identified in Q13 above

	<input type="checkbox"/> There is insufficient evidence to make a robust judgement.		Additional evidence gathering required (go to Q17 on Page 7 below).
	<input type="checkbox"/> Inequalities have been identified which cannot be easily addressed.		Action planning required (go to Q18 on Page 8 below).
15	If you have any additional comments to make, please include here.	<input type="checkbox"/> None	

Completion		
16	Name and job title (Assessment lead officer)	Stephen Joyce Chief Finance Officer
	Name/s of any assisting officers and people consulted during assessment: Date: Date of next review: <i>For new strategies, policies, projects, contracts or decisions this should be one year from implementation.</i>	 19 January 2010 January 2011
When completed, a copy of this form should be saved with the strategy, policy, project, contract or decision's file for audit purposes and in case it is requested under the Freedom of Information Act.		