

Corporate Procurement Strategy 2011/12

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About this plan

- We want to have a Procurement service that has a clear direction and set of priorities that is both proactive and responsive, supporting the front line services in meeting the needs of the people that live in, work in and visit the district of Uttlesford.
- To do this we need a clear strategy that pulls together our existing challenges and commitments, sets out our priorities and considers what has been achieved so far so that we are clear where we should be concentrating our efforts.
- This strategy is for our people who deliver services for the council, councillors, our partners, other council employees and for the citizens and businesses in the district. It illustrates the direction for the next twelve months and also includes an action plan with specific targets for what we want to achieve.
- This strategy flows from the Corporate Plan and is therefore based on the same priorities;

FINANCE

Effectively managing our finances in economically challenging times

PARTNERSHIPS

Working to deliver effective and co-ordinated services with partners and others at reduced cost

PEOPLE

Supporting our communities, consulting and engaging fairly with staff and customers,

ENVIRONMENT

Protecting and enhancing the environment and keeping communities together

- We've tried to set things out in an open and easy to read way. It's a major challenge to get a strategy to work for everyone, so we'd be pleased to hear how you think we've done and how we can do better next time.

If you have any comments, please contact

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Procurement and the Corporate Priorities

This section sets out the way in which Corporate Procurement contributed to achieving the corporate priorities in 2010/11

FINANCE

2010/11 Key Objectives:

- Continually improving financial management and ensuring the Council remains financially sound
- Delivering effective and sustainable procurement and asset management
- Increasing the emphasis on demonstrable value for money,

What Procurement achieved in 2010/11

- Published supplier payments > £500 in accordance with the Central Government Transparency Agenda, acknowledged by the DCLG for the prompt and comprehensive publication
- Compiled a Contracts Register to capture headline details of existing contracts, to provide information for use such as
 - statistical returns to central government and onward transmission to the European Commission where the contract is subject to the Public Contracts Regulations 2006 (as amended),
 - resource planning for successor contracts
- Introduced the use of an “Exception Action Request” to provide an auditable approval of procurements in accordance with Clause 17 of Contracts Procedure Rules
- Drafted Disposals Policy to provide a transparent and auditable process for the disposal of surplus or redundant assets, including sale or auction to maximise income potential.
- Tendered the Grounds Maintenance Contract in accordance with EU Legislation, recommending withdrawal of the tender when mandatory minimum standards were not met. The open transparent methodology used provided full de-briefing, avoiding resource intensive challenges from bidders.
- Used “Most Economically Advantageous” Award Criteria, for the evaluation of tenders giving rise to “best value” as opposed to cheapest price contracts.
- Withdrew membership of the Braintree Procurement Hub, facilitating hand-over of works in progress, and transfer of files
- Reviewed and updated both the intranet and external website, to remove references to out of date Financial Regulations, providing clear and up to date information to users.
- Reviewed, and recommended improvements to the Document Retention Schedule, to provide for the lawful retention of document in accordance with best practice and legal requirements.
- Established register of archived documents, ensuring correct retention and disposal in line with the Document Retention Schedule.

- Reviewed current ways of working within the Council and provided a business case to Senior Management Board for the implementation of e-procurement solutions.

PARTNERSHIPS

2010/11 Key Objectives:

- Implementing the partnerships and service devolutions set up and identified in 2009-2010. Continuing to seek further opportunities for delivering services in partnership, with or by third parties, and/or devolving service provision and developing shared service provision.
- Actively leading Uttlesford Futures, our local strategic partnership and contributing to the delivery of the local area agreement.
- Working in partnership to improve the prosperity, safety, health and well-being of our communities, particularly to meet the need of people affected by the current recession
- Improving access to affordable sport, leisure and cultural activities
- Encouraging business opportunities through the work of Uttlesford Futures.

What Procurement achieved in 2010/11

- Regularly attended Procurement Agency for Essex meetings, contributing to collaborative initiatives.
- Implemented introductory meetings with the Enterprise Agency, using the network to advertise new business opportunities.
- Met with the Tenants Forum
- Met with Uttlesford Futures Economic Development Group
- Joined a collaborative initiative with Buying Solutions for the appointment of a procurement card provider to 18 public sector bodies (including 2 police forces, 2 NHS Trusts, Crown Prosecution Service and Forestry Commission) gaining benefits from the economies of scale and streamlining the tender process.
- Invited representatives from Gt Dunmow Town Council and Epping Forest District Council to the evaluation panel for the award of a CCTV contract
- Continuing Professional Development for the Procurement Manager in respect of Shared Services (attending training workshops and keeping abreast of case law)

PEOPLE

2010/11 Key Objectives

- Encouraging community participation through effective consultation and engagement
- Improving access to services
- Maintaining a high level of corporate governance and standards

- Developing and maintaining a high performing workforce
- Further embedding the principles of equalities throughout the work of the Council
- Active engagement in good health and safety practice at work and with the community
- Supporting every child matters through the work of Uttlesford Futures
- Improving the health of our communities through the work of Uttlesford Futures

What Procurement achieved in 2010/11

- Appointment of a qualified and experienced Procurement Manager.
- Providing opportunities for Continued Professional Development, including training on the Equalities Act, and in-house courses for Customer Care.
- Involvement of the Procurement Manager with JOSHRAC (Joint Occupational Safety Health Risk Assessment Committee)
- Improved level of assurance, from “limited” in 2009/10 to “adequate” in the 2010/11 Internal Audit report.
- Reviewed the Equalities Impact Assessment attached to the 2010/11 Corporate Procurement Strategy (due January 2011) which identifies no changes to the conclusion “There are no inequalities identified that cannot be easily addressed or legally justified”

ENVIRONMENT

2010/11 Key Objectives

- Continuing to oppose further expansion of Stansted Airport while noting its role in the regional local economy
- Managing development and delivering affordable housing for local people
- Developing sustainable communities by protecting and encouraging local facilities
- Delivering on our energy efficiency policies to reduce our carbon foot print and assist with fighting fuel poverty, and widening their scope to include our use of nature resources overall
- Improving environment management and enforcement against environmental crime
- Minimising waste by promoting re-use and maximising recycling
- Protecting the environment through the work of Uttlesford Futures

What Procurement achieved in 2010/11

- Included within the draft Disposals Policy, options to recycle equipment, to donate equipment to charities, to dispose of as scrap, or, as last resort to dispose of as waste, in accordance with all relevant legislation, including the Waste Electronic and Electrical Equipment Regulations 2006.

Procurement Ambitions & Priorities for 2011/12

Corporate Procurement will focus on the following to enable the Council to fulfil its corporate priorities and statutory responsibilities: -

Finance

2011 -12 Key Objectives:

- Continually improving financial management and ensuring the Council remains financially sound
 - Delivering effective and sustainable procurement and asset management
 - Increasing the emphasis on demonstrable value for money,
-
- Contribute to the delivery of cashable savings by
 - challenging new procurement requirements,
 - tendering new business opportunities in a lawful and transparent manner
 - advising internal departments of collaborative opportunities, framework agreements and improving their access to information.
 - Contribute to the delivery of non-cashable savings by
 - Introducing new, more efficient ways of working, including the use of new technology that frees up staff time and reduces bureaucracy;
 - Reviewing and replacing expensive and inefficient staff intensive legacy and manual systems;
 - Releasing resources by standardisation, simplification and collaboration
 - Ensure new requirements for goods and services consider whole life costing and qualitative evaluations to achieve best value for the Council
 - Contribute to the control and audit of all procurement through the use of robust, lawfully compliant template documents (including pre-qualification questionnaires, invitations to tender, terms and conditions).
 - Enable client departments to carry out procurement within delegated powers by providing the right tools, information, and easy to use processes, embedding best practice and legal requirements

PARTNERSHIPS

2011/12 Key Objectives:

- Implementing the partnerships and service devolutions set up and identified in the Medium Term Financial Strategy. Continuing to seek further opportunities for delivering services in partnership, with or by third parties, and/or devolving service provision and developing shared service provision.
- Actively leading Uttlesford Futures, our local strategic partnership
- Working in partnership to improve the prosperity, safety, health and well-being of our communities
- Maintaining access to affordable sport, leisure and cultural activities
- Encouraging business opportunities through the work of Uttlesford Futures.
- Advise internal departments and use the tendering process to deliver contracts that encourage partnership working with key service providers, as opposed to traditional models.
- Continue to work with the Procurement Agency for Essex, Improvement East and other bodies to share best practice and identify collaborative opportunities.
- Work with Uttlesford Futures to inform suppliers and local businesses of opportunities to bid for goods and services required by the Council

PEOPLE

2011/12 Key Objectives

- Encouraging citizenship to develop further the Big Society in Uttlesford
- Encouraging community participation through effective consultation and engagement
- Improving access to services
- Maintaining a high level of corporate governance and standards
- Developing and maintaining a high performing workforce
- Further embedding the principles of equalities throughout the work of the Council and our community
- Active engagement in good health and safety practice at work and with the community
- Supporting every child matters through the work of Uttlesford Futures
- Improving the health of our communities through the work of Uttlesford Futures
- Train and develop staff across the Council involved in the procurement process
- Provide easy access for suppliers and local businesses to do business with the Council,
- Develop links with local business through bodies such as “Uttlesford Futures”, the local Chambers of Commerce and the Enterprise Agency

- Consult with the Tenants Forum as appropriate
- Embed Equalities and Diversity Impact Assessments, and appropriate terms and conditions when tendering requirements for goods and services/works.
- Undertake an annual review of the Procurement Strategy under an internal Equalities Impact Assessment.
- Ensure consideration is given to Health & Safety requirements (both statutory and best practice) when tendering requirements for goods and services.

ENVIRONMENT

2011/12 Key Objectives

- Working with the owners of Stansted Airport so as to ensure the greatest economic and social benefits commensurate with securing an overall environmental improvement.
 - Managing development and delivering affordable housing for local people
 - Developing sustainable communities by protecting and encouraging local facilities
 - Preparing for the enactment of the Localism Bill
 - Delivering on our energy efficiency policies to reduce our carbon foot print and assist with fighting fuel poverty, and widening their scope to include our use of nature resources overall
 - Improving environment management and enforcement against environmental crime
 - Minimising waste by promoting re-use and maximising recycling
 - Protecting the environment through the work of Uttlesford Futures
-
- Carry out Sustainability Impact Assessments, and appropriate terms and conditions when tendering requirements for goods and services.
 - Review Pre-Qualification Questionnaires to include assessments on potential suppliers contributions to environmental initiatives
 - Ensure specifications are reviewed to include for environmental benefits where appropriate.
 - Implement e-procurement initiatives, contributing to resource savings (paper, consumables, office space)

Procurement Performance Management

Performance will be assessed annually and results reported to the Cabinet

The Corporate Procurement Strategy 2010/11 introduced Performance Indicators for the first time in Uttlesford. These Performance Indicators are included here, along with reported achievements for 2010/11. Also included, are reviews proposed for 2011/12. Where possible, this includes an alignment of the Performance Indicator with those set out at National Level, in the publication “Modern Procurement Practice in Local Government – Local Performance Indicators for Procurement” issued jointly by the I&DeA and the Audit Commission.

| | |
|---|---|
| PPI-01 | Audit Commission Use of Resources Assessment |
| <p>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 2 (good) by 2012/13</p> | |
| <p>2010/11 Achievements</p> <p>The Audit Commission discontinued scored judgements for 2009/10. Informal feedback from auditors suggested a score of 2 would have been achieved. The VFM conclusion was not qualified in respect of Procurement for 2009/10.</p> | |
| <p>2011/12 Review of PPI-01</p> <p>As a result of central government changes affecting the work of the Audit Commission, this Performance Indicator will no longer be measured and shall be withdrawn.</p> | |

| | |
|--|---------------------------------------|
| PPI-02 | Measurable Procurement Savings |
| <p>The amount of savings directly attributable to procurement activity will be measured. The savings will be categorised into (a) cashable bottom line base budget reductions (b) unbudgeted spend averted</p> | |
| <p>2010/11 Achievements</p> <p>During the first part of the year, procurement was undertaken whilst a member of the Braintree Procurement Hub. Savings against a framework agreement let during this period predict annual savings of £20,000</p> | |

Since August, following the withdrawal from the Hub and the appointment of the Procurement Manager, only two large initiatives have been undertaken – Grounds Maintenance and CCTV. The Grounds Maintenance Contract was withdrawn and as a result brought back in-house where it will be undertaken more cost effectively than the tendered prices received. The tender for CCTV was also secured under budget.

2011/12 Review of PPI-02

Whilst the Performance Indicator for 2010/11 aims to identify and report the savings made, it omits to capture efficiency savings brought about by new ways of working. The involvement of Procurement expertise can act as a catalyst to identify such efficiencies which, when developed with staff and suppliers can bring non-cashable benefits (for example, procedures can be streamlined which will not bring about a budget reduction but can release staff time to carry out other duties)

For the 2011/12 performance, it is proposed that savings shall be reported as

- (a) Cashable: bottom line base budget reductions and
- (b) Non Cashable: generally efficiency savings that can be costed, but may not result in a bottom line base budget reduction. The scope will include unbudgeted spend averted and expand to include efficiency savings.

Methods to capture and report this information will be established during 2011/12, although no targets have been set. The Council's Medium Term Financial Strategy sets out targets to be achieved from 2012/13.

PPI-03

Use of framework contracts

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

2010/11 Achievements

A large percentage of supplier expenditure is placed either through specific contracts or framework contracts, housing and IT contributing to the high achievements.

Of the total corporate spend, 81% is placed against an existing contract or framework arrangement.

The remaining 19% is considered to be off-contract and dealt with as spot purchases.

2011/12 Review of PPI-03

It is proposed that this performance indicator be aligned to LIB/P4 & LIB/P5 set out in “Local performance indicators for procurement” published by the I&DeA and Audit Commission, namely:

LIB/P4 – Aggregation 1

Percentage of corporate spend aggregated through corporate framework agreements and corporate contracts

and

LIB/P5 – Aggregation 2

Percentage of corporate spend aggregated through collaboration with other public sector organisations.

During 2011/12 as working practices change, it is proposed that methods to readily capture and report this information will be introduced, which will enable us to differentiate between our own corporate arrangements, and those collaborative ones.

A composite target of 85% for the two indicators for 2011/12 is proposed

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.

2010/11 Achievements

During the 2010 calendar year, 6,770 payments were made to suppliers. These were categorised to fit with the Financial Thresholds quoted within the Contracts Procedure Rules:

- a) Up to £10,000 – at discretion of the DCO. It is advisable to obtain at least two comparable prices where possible (this may be done by phone)
- b) From £10,001 to £50,000 – a minimum of three written quotations to be obtained in consultation with the Council’s procurement advisers.
- c) From £50,001 to EU Threshold – competition procedure to be performed in conjunction with the Council’s procurement advisers.
- d) EU Threshold and above – EU tendering procedure to be coordinated by the Council’s procurement advisers.

| Value Band | Number of Payments | Value of Payments | Sample size | Compliant |
|------------------|--------------------|-------------------|---|-----------|
| Up to £10,000 | 6551 | £3,718,507 | N/a – Discretionary requirement for two prices. | 100% |
| £10,001 –£50,000 | 201 | £3,827,687 | 10% | 100% |
| £50,000 – EU | 16 | £1,567,102 | 50% | 100% |
| EU + | 2 | £669,858 | 100% | 100% |
| Totals | 6770 | £9,783,154 | | 100% |

2011/12 Review of PPI-04

It is proposed to amend PP-04 to read:

Confirmation of whether Section 20 of the Contracts Procedure Rules (in relation to the obtaining of quotations or tenders as set out in the Financial Thresholds) were followed will be provided, together with a statement of any legal challenges received from suppliers and the outcome.

A target of 100% for 2011/12 is proposed.

PPI-05

Proportion of corporate spend with Local suppliers

Although compliance with procurement rules and the duty to secure best practice are over-riding considerations, the Council will measure the level of corporate spend placed with local suppliers. This will be categorised into

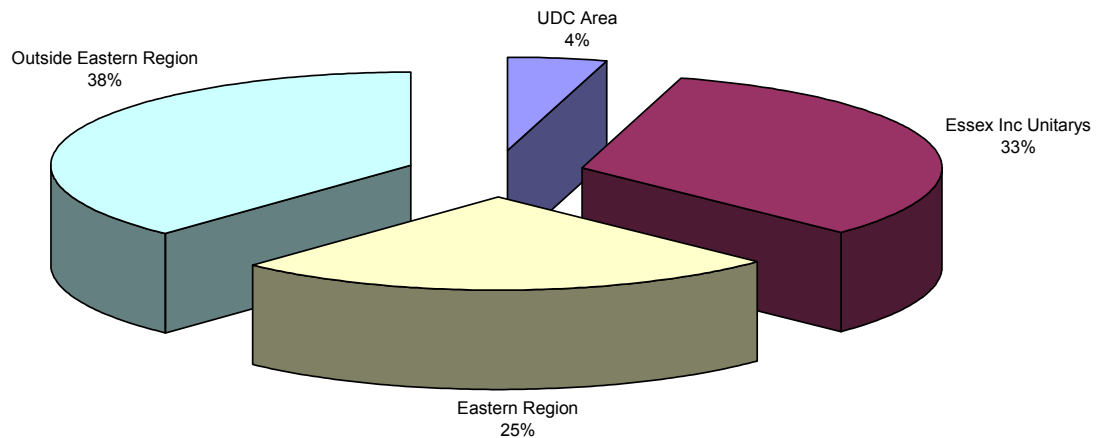
- (a) suppliers based in Uttlesford,
- (b) suppliers based in Essex,
- (c) suppliers based in the East of England.

2010/11 Achievements

During the 2010 calendar year, 6,770 payments were made to suppliers. Analysis of these payments was undertaken, using the postcode to which payments were sent to categorise payments in each of the areas.

This shows that 3% of corporate spend is currently being made within the Uttlesford

District Council boundaries, however if a manual adjustment is effected to include corporate spend with a known, local supplier, to use the Saffron Walden post code of the branch used, as opposed to the Head office, to which payments are made increases the UDC corporate spend by 1% to 4%.



2011/12 Review of PPI-05

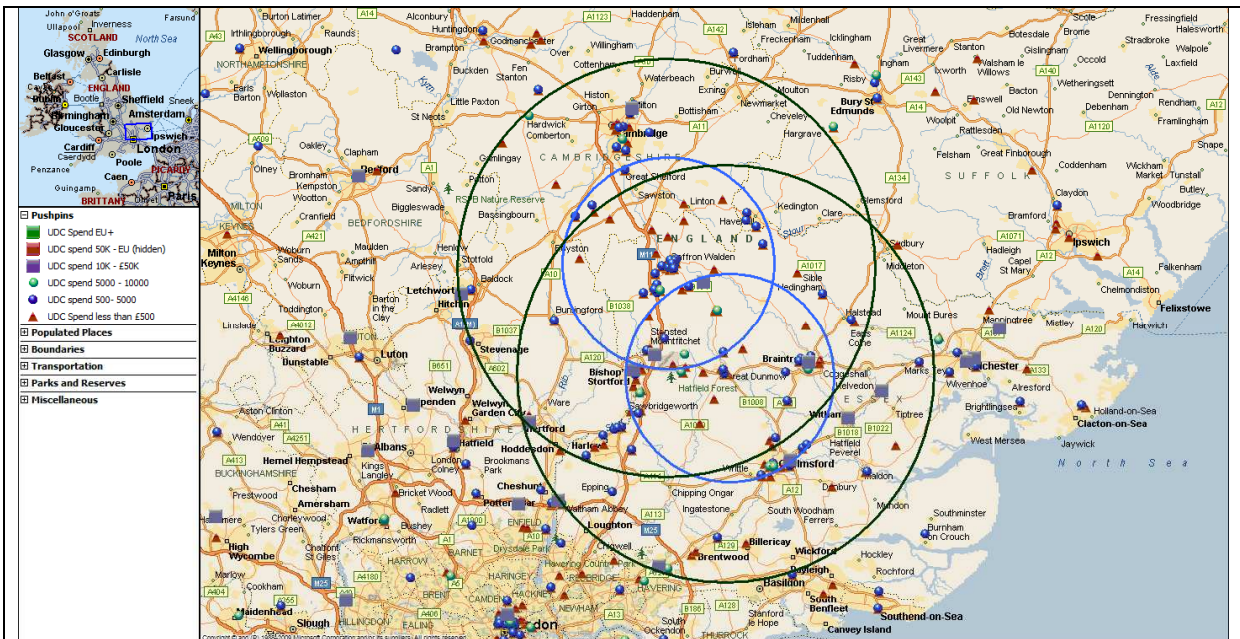
It is considered that, for the purposes of identifying corporate spend with “Local Suppliers”, the categories (definitions) used should be reviewed. Whilst spending with, for example, a supplier in Southend on Sea would be captured in category (b), the geography of the District means that spending within Cambridge or Bishops Stortford is more likely to contribute to the local economy.

Is it therefore proposed that PPI-05 be amended to read:

Although compliance with procurement rules and the duty to secure best practice are over-riding considerations, the Council will measure the level of corporate spend placed with local suppliers. This will be categorised by distance from the Saffron Walden or Gt Dunmow Base as follows

- a) suppliers based within 10 miles
- b) suppliers based within 20 miles

This will enable us to provide reports in the format shown overleaf:



Work will be undertaken to ascertain if geographical information can be obtained to identify where the transaction is undertaken in preference to where payment is made, which may be Head Office and take the corporate spend into a different category.

No target has been set for 2011/12. It is considered that such a target could be perceived to be anti-competitive and prejudicial to the outcome of procurement exercises. However, due regard to Contracts Procedure Rules, which state that

The advantages to the local economy of choosing local suppliers, which will ordinarily be the preferred outcome, subject to ...ensuring that the Council's duty to secure value for money and comply with Procurement Directives is fulfilled.

shall be made at all times.

| PPI-06 | Cost of Procurement |
|---|---------------------|
| <p>a) The average cost per transaction will be measured. b) Procurement function cost per £ spend will also be measured.</p> | |
| <p>2010/11 Achievements</p> <p>In order to ascertain the average cost per transaction, work must be undertaken to identify fixed overheads (accommodation, heating, lighting, staff time) and variable costs (stationery, telephone calls, machine processing/transaction time) etc.</p> <p>No work to ascertain these costs has been undertaken during the period under review.</p> | |

2011/12 Review of PPI-06

Whilst many organisations include this as a Procurement indicator, there is a question regarding the value of calculating it. It is acknowledged that the average costs could be driven down by increasing the number of transactions, which is not an efficient way of doing business, indeed there is a drive to aggregate corporate spend. Given the time taken to measure the indicator and the doubt regarding the value of doing so it is proposed to withdraw this indicator.

PPI-07

Carbon Footprint

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

2010/11 Achievements

No measurement in respect of this performance indicator has been undertaken during the period under review.

2011/12 Review of PPI-07

It is proposed this Performance Indicator be withdrawn in favour of the National Indicator NI185 which requires carbon calculations on energy and fuel used. This information is collected and reported at corporate level.

The ambition to consider environmental issues and sustainability policies in awarding contracts shall be addressed under PPI-08

| | |
|--|---------------------------|
| PPI-08 | Supplier Standards |
| <p>The Council will quantify the proportion of its contracted suppliers whose equal opportunities, health & safety and sustainability policies meet the Councils standards.</p> | |
| <p>2010/11 Achievements</p> <p>Included within Contracts let during the period under review, is a standard requirement to assess Supplier Standards in respect of equal opportunities, Health & Safety and sustainability policies. It should follow that 100% of Uttlesford District Councils contracted suppliers meet the standards. However this may not be the case where external framework arrangements have been used and a full audit has not been undertaken.</p> | |
| <p>2011/12 Review of PPI</p> <p>This performance indicator will be retained for 2011/12 but will be amended to read “The Council will quantify the proportion of its contracts let during the year to suppliers whose equal opportunities, health & safety and sustainability policies meet the Council’s standards”.</p> <p>A target of 100% is proposed.</p> | |

| | |
|---|--|
| PPI-09 | Percentage of Corporate Spend through Procurement Cards |
| <p>A new indicator for 2011/12</p> <p>Based on LIB/P30 set out at National Level, in the publication “Modern Procurement Practice in Local Government – Local Performance Indicators for Procurement” issued jointly by the I&DeA and the Audit Commission:</p> <p>“This indicator is directly related to Chapter 5 of the National Procurement Strategy for Local Government which is about achieving financial efficiencies through reductions in cycle times and transaction costs, freeing up resources that can be directed into frontline services”</p> <p>A target of 5% of corporate spend through procurement cards is proposed for 2011/12; subject to successful implementation, it is anticipated that this will increase to 10% in 2012/13 and 15% in 2013/14.</p> | |

Procurement Action Plan 2011/12

| | Action | Outcome | Target Date |
|---|---|---|--|
| 1 | Review and update Contracts Procedure Rules | To ensure the Rules are up to date, to reflect new organisational structure and new and efficient working practices | April 2011 <i>(ready for new Cabinet structure)</i> |
| 2 | Develop Procurement page on the Councils Intranet | To provide a central resource for internal departments to access information, including contract bulletins, template documents and external links to other useful information and networks. | May 2011 |
| 3 | Create Procurement page on the Councils Web site. | To provide a central link for suppliers and local business to understand how to do business with the Council, including links to the Supplier portal from which they may register their interest as a supplier | May 2011 |
| 4 | To implement e-sourcing software | To provide for the electronic submission of quotations and tenders, reducing resources and improving efficiencies. | July 2011 |
| 5 | To provide clear process charts and procedures for staff, along with training for staff involved in procurement | To provide accurate information to staff involved in procurement, ensuring adherence to Contracts Procedure Rules and all relevant legislation. | September 2011 |
| 6 | To develop and maintain the Contracts Register, complete with supporting contract documents. | To provide a central point of information for staff, for reporting to central government and to plan resources for successor contracts. To provide central location for the retention of contract documents To meet recommendation 3.2 of the 2010/11 Internal Audit of Contracts & Procurement | September 2011 |
| 7 | Implement use of Procurement Cards for transactions less than £500 | Reduction in the volume of invoice transactions. Improved prompt payment of suppliers | December 2011 |

| | Action | Outcome | Target Date |
|---|--|--|---------------|
| 8 | Implement use of Embedded Procurement Cards for major suppliers (subject to outcomes of pilot) | Reduction in the volume of invoice transactions. Improved prompt payment of suppliers | December 2011 |
| 9 | Provide assistance to staff involved in Contract Management | Ensure contractors comply with the provisions of contracts Work pro-actively with suppliers and contractors to improve performance Ensure up to date records are maintained To meet recommendation 3.3 of the 2010/11 Internal Audit of Contracts & Procurement | December 2011 |

Responsibility for completing the above actions will rest with the Assistant Chief Executive – Finance and the Procurement Manager.