

# Corporate Procurement Strategy



2007 - 2009

*the knot unites*



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## 1. Scope

### **Procurement is defined as**

‘The process spanning the whole life cycle from the initial concept and definition of business needs through to the end of the useful life of an asset or the end of services contracts.’

This strategy covers the Procurement of all goods, services, works and utilities on behalf of the Council by its members, staff, agents, and providers. No Procurement activity will be exempt, but it is recognised that different products and services, especially where the care and education of individuals is concerned, may require a different approach, and this will be reflected in the strategy.

**The policy and strategy for Sustainable Procurement forms an integral and indivisible part of this document.**

## 2. Vision for the future

***To obtain Value for Money through the planned and skilful management of procurement and supply chains***

*We will do this by achieving the following objectives:*

### **Objective 1**

Develop and embed a corporate approach to Value for Money Procurement (based on whole life costing) that is aligned with, and supports, the Councils Core Values and Business needs, and the National Procurement Strategy for Local Government, including the desire for partnership working at National, Regional, and sub-Regional level (including engagement with and support of Local Area Agreement’s). This approach encompasses all Providers, and includes the Council’s approach to reviewing its service delivery models

### **Objective 2**

Put in place a set of high quality processes and documentation that can be easily understood and which will structure the delivery of procurement activity in a consistent manner creating savings and adding value across the Council, irrespective of who leads the activity.



### **Objective 3**

Develop the knowledge and skills of those involved in the Procurement Process to enable the implementation and delivery of the processes set out in the Procurement Strategy.

### **Objective 4**

Ensure Staffordshire County Council is seen as a “Preferred Customer” by providers by putting in place a set of, policies, actions and measures that will

- i) ensure that the effort required by providers when bidding for business is commensurate with the risk/value involved.
- ii) create greater visibility of the Councils requirements for goods works, services, provider performance, and provider business conduct, and the type of “mixed economy” it wishes to procure from.
- iii) create effective trading relationships and/or partnerships with all key providers (public, private, in-house and voluntary).
- iv) encourage a diverse and competitive supply market, including small firms, social enterprises, ethnic minority businesses, and voluntary and community sector suppliers

### **Objective 5**

Commitment to, consistent application and enforcement of, and compliance with, the Procurement Policy and Strategy and Contract Standing Orders, procurement rules and instructions and UK and EU Public Procurement Legislation

### **Objective 6**

On-going measurement, review and development of the performance of the Procurement Process.



### 3. Objectives and Enablers

#### Objective 1

Develop and embed a corporate approach to Value for Money Procurement (based on whole life costing) that is aligned with, and supports, the Councils Core Values and Business needs, and the National Procurement Strategy for Local Government, including the desire for partnership working at National, Regional, and sub-Regional level (including engagement with and support of Local Area Agreement's). This approach encompasses all Providers, and includes the Council's approach to reviewing its service delivery models

**NOTE: The term "Providers" includes all sources of goods, works and services whether directly employed, third party, voluntary, or another public body.**

#### Key Elements:

Enabling actions to deliver the Objective	Measures	Milestones
<b>Revise develop implement and embed the Corporate Procurement Strategy</b>	Publish revised strategy Secure agreement from stakeholders  Secure required resources Communicate new strategy	Endorsement by Procurement Board April 2007 CMT September 2007 Cabinet October 2007
<b>Developing ways of Working in Partnerships</b>		
<b>Participation in West Midlands Centre of Excellence (CoE)</b>	Profile and reputational benefits to SCC. Input to strategic direction of CoE Enhanced participation with other authorities in the Region On-going monitoring that the benefits of participation are worth the return on resource investment.	On-going  Involvement annually reviewed  .
<b>Actively review the opportunities for partnership working at all other appropriate levels. and engage as appropriate e.g.</b> <ul style="list-style-type: none"> <li>• West Midlands Centre of Excellence</li> <li>• Midlands</li> </ul>	On-going monitoring that it is worth the return on investment. Identification of collaboration opportunities, and realisation of consequent benefits  Realising benefit to Staffordshire citizens from their government agencies working together to save money and increase value and service.	On-going involvement annually reviewed



Procurement Network <ul style="list-style-type: none"> <li>• Birmingham University Institute of Local Government Studies Project.</li> <li>• Staffordshire Probation Area</li> <li>• Other local authorities and organisations as appropriate</li> </ul>		
<b>Continue to hold an annual procurement conference for the public sector in Staffordshire to share knowledge and encourage collaborative working</b>	Attendance level and numbers Resulting projects and value created Networking and knowledge sharing Value as identified by participant feedback	Conference held each Spring/Summer Next one April 2008
<b>Early engagement with and on-going support for Directorates on projects and procurements following service reviews or organisational change</b>	Feedback from Procurement Board Evidence of early involvement Regular review of customer engagement	Monthly
<b>While ensuring that service delivery is not compromised, the procurement process must ensure that during option appraisal and tender evaluation appropriate consideration is given to the potential impact on the environment and the local economy.</b>	Increase in SME (Small and Medium Enterprise) engagement  Procurement Rules and Instructions completed and implemented and training delivered  Creation and implementation of the Sustainable Procurement Policy and Guide.  Process incorporated within Procurement Rules and Instructions  DDA training for Procurement staff	Commencing October 07  Autumn 2007  Document finalised April/May 2007  Implementation as set out in the policy  By end of 2007
<b>Review and where appropriate revise the Strategy on a regular basis</b>	Reviewed to time Aligned with Corporate needs and the Councils 2012 vision as measured by Procurement Board feedback.	Next Review by end of 2007



Enabling actions to deliver the Objective	Measures	Milestones
<p><b>In support of the Council's business continuity needs, Procurement, working with the Civil Contingencies Working Group, will structure arrangements with designated key providers, to help manage the risks associated with their ability to maintain supply of goods, works or services, to an acceptable level following a major disruption,.</b></p>	<p>Civil Contingencies Working Group to establish and provide to Procurement critical category definitions, and template/checklist guidance for tenderer's to complete as part of their tender submissions.</p> <p>Procurement to ensure all tender documentation, for these categories, includes a requirement for Business Continuity Planning as per guidance from Risk Management Team.</p> <p>Tender evaluation to include assessment of quality of plan – assessment to be undertaken by Risk Management Team.</p>	<p>By end 2007</p> <p>Summer 2008</p> <p>By end 2007</p>



## Objective 2

Put in place a set of high quality processes and documentation that can be easily understood and which will structure the delivery of procurement activity in a consistent manner creating savings and adding value across the Council, irrespective of who leads the activity.

### Key Elements are:

Enabling actions to deliver the Objective	Measures	Milestones
<p>Develop and embed a cross-functional strategic approach to the Procurement of high expenditure, high risk goods works or services that is aligned with the Corporate needs of Staffordshire County Council. This will be more than “Source Planning” it is about “Do Better” not just “Buy Better”.</p> <p>Budget will be made available to fund Project Manger (PM) resource for projects, but as a resourcing budget, not as a permanent appointment. Ideally Project Management “pools” within the organisation will be utilised with external expertise only sourced if there is no alternative.</p>	<p>Minimum of two significant Procurement Projects per annum</p> <p>Value/quality outcomes identified as well as savings.</p> <p>Projects run under a formal Project Management structure challenging need, looking for BPR and other value creating opportunities as well as better buying.</p> <p>Return on investment pays for the project management resource and the value created justifies the involvement of the project participants.</p>	<p>Annual report to Procurement Board</p> <p>On going</p> <p>Project by project</p> <p>Project by project</p>
<p><b>Ensure the Procurement skills, capabilities and resources are available to support the Procurement needs of the Council</b></p>	<p>Conduct gap analysis, followed by development of training plans for Procurement Staff</p>	<p>Commencing Winter 2007</p>



Enabling actions to deliver the Objective	Measures	Milestones
<p><b>Procurement in conjunction with the Service Review Board will construct a work programme with appropriate resources to support the review process.</b></p>	<p>Procurement's relationship with the Board and communication route agreed</p> <p>Workplan in place</p> <p>Feedback from Board on support from and performance of Procurement</p>	<p>By November 2007</p> <p>By March 2008</p> <p>Ad Hoc at Board meetings</p> <p>Formally – 6 monthly commencing March 2008</p>
<p><b>Create and embed a Corporate Supplier/Provider Relationship Management process that will facilitate developing, managing and measuring Providers through consistent application of, and compliance with, leading edge procurement processes.</b></p>	<p>Procurement Instructions to be expanded to contain supplier management models.</p> <p>For new contracts resulting from Procurement Projects: Contracts to contain kpi's (key performance indicators) and appropriate relationship management process.</p> <p>Portfolio analysis of expenditure to be undertaken.</p> <p>Programme of supplier review with the intention of establishing relationship management process for top 10 providers (where it is not already in place)</p> <p>Programme implemented</p> <p>Opportunity/benefits of establishing a relationship management forum for all Relationship Managers, led by Procurement, to be reviewed and implemented if appropriate.</p>	<p>By Spring 2008</p> <p>Immediate/on-going</p> <p>Spring 2008</p> <p>Summer 2008</p> <p>Summer/Autumn 2008/ on-going</p> <p>Summer/Autumn 2008</p>



Enabling actions to deliver the Objective	Measures	Milestones
<p><b>Ensure that Procurement Rules and Procurement Instructions for the quotation/tender process are embedded.</b> This is about more than compliance with Standing Orders, it is about protecting our legal position, ensuring that value created is delivered, and embedding best practice.</p>	<p>Training programme to be put in place</p> <p>Procurement &amp; Legal Services to deliver appropriate training roadshows.</p> <p>Investigate the options to include a measure about waivers and/or EU/CSO compliance.</p>	<p>On-going to be complete by September 2007</p> <p>Complete by end of December 2007</p> <p>Complete by end of March 2007</p>
<p><b>Crystal Mark Terms and Conditions of Contract and Model Contracts and as a minimum assess other documentation for the Plain English Campaign mark</b></p>	<p>Work complete and published.</p>	<p>Current Terms and Conditions and Model Contracts complete by end of December 2007.</p> <p>Then ongoing.</p>
<p><b>Develop/Procure the tools and expertise to regularly review spend data and pro-actively seek value creating opportunities</b></p>	<p>Access to accurate data readily available and routinely reviewed.</p> <p>Reporting mechanisms in place</p>	<p>Spring 2008</p>



<b>On-going Development of e-Procurement tools and techniques</b>	e-tendering procurement tool in place. Trial and if appropriate implement p-cards establish e-auctions and e-tenders as a routine tool for appropriate categories Establish appropriate pre-qualifiers with providers to facilitate e-trading eg -BACs as a pre-qualifier for new suppliers - target minimum 90% of all providers on BACs by 2009 - All suppliers to be capable of receiving SAP orders and remittance advice notes electronically.	Ongoing
<b>Enabling actions to deliver the Objective</b>	<b>Measures</b>	<b>Milestones</b>
<b>All Procurement Advisors to be made aware of the Gateway Process as part of the Procurement/Legal training package, with specific training undertaken with IDeA as appropriate.</b>	Procurement & Legal to deliver appropriate training roadshows.  Compliance with Contract Standing Orders that all purchases over £100k must be referred to the appropriate Procurement Advisor.  Gateway Pre-Assessment Spread Sheet (PASS) training complete for Procurement Advisors.	Autumn 2007
<b>Agree annual savings targets (cashable and non-cashable) as identified in the efficiency plan.</b>	Annual target setting  Monthly report to Procurement Board on status. Quarterly report to Board on anticipated outturns.	Prior to 1 <sup>st</sup> April each year  Monthly  Quarterly
<b>Roll-out the Corporate Savings Quantification Process - Including identification, sign-off, and budget impact</b> Moving from a purely procurement led recording approach to the wider environment will have training and	Step 1: Staffordshire Procurement, Corporate Procurement, ICT Procurement, Central Print & Design  Step 2 Commitment by Clients Procurement Corporate Finance and JFU's to action savings submissions (PSQDs) within 10 days of request.  Step 3 Property services,	Complete  Winter 2007  Winter 2007

development implications.	County Fleetcare  Step 4 wider rollout programme to be created based on learnings from Steps 1 to 3, with priority areas for roll out set by the Procurement Board	As defined in the roll out programme
Develop and implement Sustainable Procurement Policy and Guide	Produce policy  Implement policy	Launch April 2007  As per timetable in policy



### Objective 3

Develop the knowledge and skills of those involved in the Procurement Process to enable the implementation and delivery of the processes set out in the Procurement Strategy.

Key Elements are:

Enabling actions to deliver the Objective	Measures	Milestones
<b>On-going review and where necessary identification of capacity requirements and resource appropriately based on a sound business case.</b>	Routine workload/capacity review	On-going
<b>Include a Procurement module in the induction pack for all new starts. Review alternatives for delivery including e-learning tools.</b>	Module in place Increase in knowledge Compliance	Summer 2008
<b>Develop a standard approach to skill assessment and profiling for Procurement staff including the knowledge and use of tools such as: Category Strategies Business Requirements Analysis Purchase Price Analysis Portfolio analysis</b>	Development plans in place	Winter 2007, then following Personal Performance Review (PPR) timetable
<b>Procurement to give technical and strategic support to facilitate the delivery of the procurement process within the Council, and to pro-actively seek value creating opportunities.</b>	Amount of consultation Opportunities identified Value derived. Repeat "business" Feedback from post contract reviews or surveys	On-going



Enabling actions to deliver the Objective	Measures	Milestones
<b>Procurement to seek to give technical and strategic support to facilitate the delivery of the procurement process by other Partners when requested.</b>	Feedback from partners and potential partners Collaborative procurements undertaken	On-going
<b>Procurement to seek to support the development of Senior Managers Commercial skills and others as appropriate within the procurement process</b>	Step 1 Negotiating skills “taster” sessions  Step 2 Review with Corporate HR how this might jointly be taken forward  Step 3 implement	Already delivered  Spring 2008  As/if determined by step 2



## Objective 4

Ensure Staffordshire County Council is seen as a “Preferred Customer” by providers by putting in place a set of, policies, actions and measures that will

- i) ensure that the effort required by providers when bidding for business is commensurate with the risk/value involved.
- ii) create greater visibility of the Councils requirements for goods works, services, provider performance, and provider business conduct, and the type of “mixed economy” it wishes to procure from.
- iii) create effective trading relationships and/or partnerships with all key providers (public, private, in-house and voluntary).
- iv) encourage a diverse and competitive supply market, including small firms, social enterprises, ethnic minority businesses, and voluntary and community sector suppliers

### Key Elements are:

Enabling actions to deliver the Objective	Measures	Milestones
<b>Ensure visibility of our requirements by posting up to date contract and tender information on the web and using other appropriate means of communication (eg Official Journal of the European Communities, newspapers supply2gov etc) proportionate to the value/risk of the contract and our market strategy.</b>	Increase in visibility of our requirements Increase in SME engagement Feedback from local business organisations	New website launched in April 2008 On going thereafter
<b>Monitor/revise tender procedures ensuring they are appropriate to the value/risk.</b>	Increase in provider engagement Feedback from local business organisations, including use of tender questionnaires	On going
<b>Continue to Review update and extend the current “Selling to the Council” guide to cover all Procurement areas. Ensuring clear statement of what we buy, with timing, values the bidding process and standard contract conditions</b>	Quality of the Procurement website. Feedback from internal clients and providers. Feedback from Providers especially SME's and VSO's (Voluntary Sector Organisations) Contract database delivered and kept up to date.	New website launched in April 2007 On going thereafter
Enabling actions to deliver the Objective	Measures	Milestones
<b>Publish guidance of what we</b>	Positive impact assessment	New website



<b>expect from all Supplier/Providers in terms of commercial, ethical, equality and environmental conduct, and how, where and when this will influence the award of business</b>	statement	launched in April 2007 On going thereafter
<b>Use of standard terms and conditions and model contracts where practical</b>	Reduction in bespoke contracts Quicker turn around time for newly tendered contracts Support by legal services of standard contract documentation wherever appropriate.	On going
<b>Ensure that a relationship is established between the Corporate Procurement Policy, and the Council's Policy for Small and Medium Enterprises (SME's)</b>	Develop strategy following research and dialogue to establish and implement linkage	Complete April 2008
<b>Ensure that a relationship is established between the Corporate Procurement Policy, and the Council's Local Compact with the voluntary and community sector</b>	Develop strategy following research and dialogue to establish and implement linkage	Complete April 2008
<b>When selecting evaluation criteria review the opportunity afforded by the new consolidated Directive to allow political, economic, and social and environmental issues to be factored in to the evaluation criteria.</b>	Ensure this is captured in procurement rules and instructions	By December 2007



Enabling actions to deliver the Objective	Measures	Milestones
<b>Ensure that option appraisal forms part of any high value/high risk review and that the appraisal process specifically includes the options of partnering, collaboration (including purchasing consortia, joint procurement and commissioning and shared services), and the use of the new trading powers</b>	Embed in Procurement Instructions	On going
<b>Corporate Procurement to develop and monitor a Corporate Supplier performance database, and respond accordingly to support effective relationship building.</b>	Database utilising supplier management reports and kpi performance  Routine review and action planning then to be established	In place by December 2008  By Spring 2009 and then on-going
<b>Improve and develop Pre-qualification procedures to simplify and remove duplication wherever possible</b>	Amount of process simplification and ease of use by providers.	On-going use of national pre-qualification services such as Constructionline and National Pre-Qualification Service, and others as appropriate.



## Objective 5

**Commitment to, consistent application and enforcement of, and compliance with, the Procurement Policy and Strategy and Contract Standing Orders, procurement rules and instructions and UK and EU Public Procurement Legislation**

**Key Elements are:**

Enabling actions to deliver the Objective	Measures	Milestones
<p><b>Identify in one location all the information necessary to ensure compliance with the Strategy and to support the management of commercial risk for the Council.</b></p>	<p>Update by data owners of their contract lists and other data            Directorates and departments prepared to designate individuals, and to enforce it. Up to date:            Contract list            Contacts list            T&amp;C's            Strategy &amp; Policies            Quality of the Procurement website.            Feedback from internal clients and providers.            Implementation of the website project recommendations.</p>	<p>April 2007 – then ongoing</p>
<p><b>Monitor compliance with the Strategy through the Corporate Procurement KPI's, the contract register, and the IDeA Gateway process. Addressing non-compliance as appropriate to ensure Value for Money Procurement.</b></p>	<p>Routine review of off-contract and non-contract spend.            Procurement advisor signature/support required on all waiver requests above £100k.            Savings pipeline, in place and operating.            Feedback from Internal audit.</p>	<p>Ongoing</p>



## Objective 6

On-going measurement, review, and development of the performance of the Procurement Process.

Key Elements are:

Enabling actions to deliver the Objective	Measures	Milestones
<b>Develop a range of Procurement Key Performance Indicators which will measure Corporate performance, and act as a pointer for continuous improvement.</b>	Establish balanced scorecard for Procurement	April 2008
<b>Corporate Procurement to monitor performance against the Benchmarking process and develop and implement improvement plans as appropriate</b>	Output from KPI's	April 2008
<b>Monitor Customer/Staff feedback on how the strategy is working and implement improvement plans as appropriate</b>	Implement revised model Develop from the current Staffs Procurement model	April 2008



## 4. Governance and Organisation

The governance arrangements for procurement will be through a joint member/officer working party **the Corporate Procurement Board**, which will meet regularly and will receive reports from the Chief Procurement Officer and other colleagues indicating the progress made in delivering the Corporate Procurement Strategy. This joint member/officer working party will provide the sponsorship for projects carried out under the Corporate Procurement Strategy, or otherwise as appropriate.

The working party will include the Member Procurement Champion (currently the Leader of the Council), the Officer Procurement Champion (the Director of Finance) and the Chief Procurement Officer together with senior representatives of each directorate, the Head of Internal Audit, the Director of Law and Governance, and the Head of Staffordshire Procurement. This level of senior representation is integral to the successful working of the Board, and in particular the inclusion of members of both Cabinet and CMT plays a major role in the delivery of value from Procurement.

From the Board, reports may be sent to Cabinet, CMT or other bodies as appropriate.

Reports for CMT will be conveyed via the Director of Finance.

The members of the Board will have responsibility for ensuring that the Corporate Procurement Strategy is applied across the service directorates they represent and report to the Board on progress made against the Strategy.



## 5. Council Policy and Culture

As a consequence of delivering the Procurement Vision the Council will:

- Provide goods and services that achieve best value both through the direct employment of staff and by securing goods and services in partnership with, or by purchasing from, other organisations, where this can be shown to secure better standards, a better balanced range of provision or better value for money.
- Require all Directorates and encourage all schools to use its centrally negotiated continuous contracts/framework agreements where the required goods and / or services are contained therein.
- Require Corporate Directors to ensure that if the goods or works or services required can be provided internally within the County Council (for example through the use of an in-house service provider), are in fact obtained internally; or, if the Corporate Director wishes to seek tenders for those goods or works or services, all in-house services or facilities which may be able to provide them must be invited to tender or bid for this provision.
- Expect that, when it has determined that requirements will be sourced externally, these will be acquired through competition unless there are justifiable reasons to the contrary.
- Expect that procurement will be based upon a partnering approach in which both the Council and the supplier seek to gain maximum mutual advantage through successful relationships and continuous improvement.
- Expect that, and for all purchases in excess of £100,000 actual or potential, total contract value and other purchases as appropriate, advice will be sought in a timely manner from a suitably qualified and experienced commercial practitioner (a Procurement Advisor) duly authorized by the relevant Corporate Director.
- Consult with staff in accordance with established agreements and ensure that the views of staff are considered when making procurement decisions that affect them.
- Ensure that formal option appraisal is conducted where appropriate and that such appraisal always forms part of any high value/high risk review; and that the appraisal process specifically includes the options of partnering, collaboration (including purchasing consortia, joint procurement and commissioning and shared services), and the use of its trading powers. While ensuring that service delivery is not compromised, the procurement process must ensure that during option appraisal and tender evaluation appropriate consideration is given to the potential impact on the environment and the local economy.
- Where appropriate research the marketplace; use the Council's position and purchasing power to influence the development of markets.
- Where appropriate seek to work with other local and public bodies and through consortia (develop consortium purchasing arrangements with



other local or public bodies) in order to maximize purchasing power and to harness economies of scale.

- Where appropriate to develop partnership and other funding arrangements with the private sector through such initiatives as PFI Schemes.
- Seek to manage its existing provider base within its centrally negotiated contracts/framework agreements in order to harness economies of scale and promote the development of a partnering approach.
- Consider sustainability as an important criterion in any procurement; and
- Secure Equal Opportunities in the procurement process as an important part of the Procurement Policy

***Extract from Standing Orders Appendix 8 Procurement Policy and Strategy and Contract Standing Orders.***

