



Procurement Strategy 2010-2013

Introduction

Purpose of the Strategy

This Procurement Strategy sets out the framework and guiding principles to be followed by all staff involved in procurement of goods, services and works. It should be read in conjunction with the Council's Constitution and departmental service plan targets and supports the council's vision: Historic St Albans District: a premier community

The Strategy is also in keeping with the Council's Aim:

'To build a community that is open, fair and inclusive.'

And our Corporate Priority:

Achieving value for money quality services, efficiencies and below Retail Price Index (RPI) Council Tax rises

The Strategy applies across the full range of procurement from complete service areas through to works contracts, goods and services and will assist the Council to gain maximum value from its expenditure of around £39 million of its total gross annual budget.

Influences

Together with the Council's Corporate Plan, this Strategy is influenced by the policies and projects of other agencies. This includes the Herts Procurement Forum, the European Union Procurement Directives, the Sustainable Community Strategy plus any future public sector initiatives and the needs of Third Sector organisations.

Objectives of the Strategy

- To deliver Value for Money and Best Value.
- To make it easy for suppliers of goods and services to do business with the Council and so promote equality of access.
- To provide clear manageable procurement processes and lines of responsibility to promote consistency, Best Practice and quality across all Council services.
- To contribute to the achievement of the Governments' efficiency saving targets and beyond.
- To develop the use of technology to streamline services and so achieve savings.
- To use the principles of commissioning to meet the needs of the local people when re-tendering the Council's large service contracts.
- To include the requirements of the Sustainable Procurement Policy in the specification of all new contracts.

To deliver Value for Money and Best Value in procurement

The Council aims to deliver value for money and Best Value in procurement by:

- Exploring innovative approaches to contracts and allowing flexibility in developing these arrangements.
- Ensuring whole life costs evaluation is carried out especially for long-term maintenance of buildings, by recognising that buying good quality materials can lead to lower life cycle costs and be more sustainable
- Ensuring that specifications for contracts focus on the desired outcomes and outputs of a contract rather than inputs.
- Encouraging competition from suppliers to achieve Value for Money.
- Considering sustainability and environmental issues as relevant criteria in any procurement contract, to ensure that all procurement complies with the Council's Sustainable Procurement Policy.
- When reviewing contracts officers must challenge how the contract could be provided, compare by benchmarking with others, tender contracts competitively according to rules and legislation, and consult with stakeholders.
- Use the principles of commissioning to focus needs of local people
- Learning from the experience and best practice of other Local Authorities.
- Delivering Services at an appropriate level by the most effective method.

Making it easy for suppliers of goods and services to do business with the Council and so promote equality of access.

The Council will maintain a list of its large contracts on its web-site with details of the contract start and finish dates and the contact name and number of the officer in charge of that contract.

The Council will advertise its tender contracts (except when using framework or consortia contracts) on its web-site as well as in a relevant journal or website. The council is working together with the other councils of Hertfordshire to develop a 'Hertfordshire Supply' website where suppliers will be able to view all Councils tender opportunities in the county.

The Council will seek to make tender documents transparent and tender paperwork, which must be written in plain and clear language, to ensure that potential contractors and suppliers are not discouraged by unnecessarily complicated tender documentation. which is disproportionate to the value of the contract. Whenever requested unsuccessful tender applicants will be provided with feedback including the reasons why their tender was not successful.

In any procurement the Council will consider the impact upon the market of particular ways of packaging and presenting the tender documentation, specifications and schedule of requirement, so that the Council's requirements are clear and logical and relate sensibly to the target marketplace while still meeting the needs of users. Where the market is restricted the Council will encourage the market by holding discussions with selected private and voluntary sector providers.

Records and procedures set out in the Constitution of the Council will be properly maintained, decisions recorded and clear audit trails established in order to ensure openness, propriety, and probity.

The payment of suppliers will be managed promptly applying the Council's standard terms which are usually 30 days (7 days for local small and medium sized businesses) unless otherwise agreed. Implicit within this is the need to continuously improve in the management and processing of invoices and to develop electronic trading.

To provide clear manageable procurement processes and lines of responsibility to promote consistency, best practice and quality across all the Council services.

The role of procurement is considered to be a key function which can significantly affect the value for money for purchases on behalf of the Council. All officers involved in purchasing goods and/or services must both ensure they have complied with the Contract Procedure Rules, the Council's Procurement Best Practice Guide and be able to demonstrate that they are obtaining 'Best Value'. If in doubt officers should seek advice from the Principal Procurement Officer. The Principal Procurement Officer will seek to identify areas where procurement practice in the Council can be improved and enforced. The Heads of Service will act in association with the Principal Procurement Officer and the Procurement Group (and its terms of reference) in rigorously enforcing the Procurement Strategy, the Constitution and procurement best practice guidelines and Internal Audit will monitor and advise on this process.

The responsibility for procurement of goods, services and works will lie with the appropriate Heads of Service, who will in turn consult with and appraise the relevant Cabinet portfolio holders, where so required by the Contract Procedure Rules contained in the Constitution of the Council, and obtain the relevant portfolio/cabinet /Council approval as appropriate. Where the purchase of goods/services has an impact on another department/service, then the Head of Service must discuss this with the departments who are potentially affected.

Heads of Service and their delegated officers must be conscious of the expertise of the Principal Procurement Officer, act corporately in planning and carrying out procurement, drawing on existing experience and expertise and corporate advice where available. In the case of goods and services in common use, the Principal Procurement Officer is authorised to act on behalf of the Council in formulating corporate contracts and departments are required without exception to comply with these contracts and not seek to obtain supplies from other sources.

Performance management is key to achieving best value and continuously improved performance. Where appropriate, performance measures should allow flexibility in reviewing performance, and the measures used, to allow for innovation and/or cost and efficiency savings in partnership with the contractor. Contracts containing clear performance targets will be actively and carefully managed by or on behalf of Heads of Service to ensure that the performance targets are met. Statistics will be made available to the relevant Portfolio Holders and members of the Overview and Scrutiny Committee as required to enable them to review the adequacy and effectiveness of these contracts.

The Council must also include the requirements identified as a result of the Equality Impact Assessment in the contract specification

Every procurement which results in a legally binding agreement will be managed and led by a suitably qualified and experienced person throughout the procurement process and during the life of the arrangement

Training

The Council recognises that all officers responsible for procurement and contract management will require training in the principles of good procurement to ensure familiarity with Constitutional rules, legislation and best practice.

Ensuring that procurement is undertaken in accordance with Council policy

The Council will:

- Carry out a review of the Procurement Strategy at least every 3 years.
- Publish procurement guidance on the Intranet
- Ensure that compliance is reviewed through audits of contracts and the procurement performance indicators.
- Ensure that procurement is undertaken in accordance with Council Policies: suppliers must comply with all Council policies and guidelines issued in relation to equalities, health & safety, Freedom of Information and Data protection.

To contribute to the achievement of the Government efficiency savings targets and beyond:

By Forging Partnerships and Collaboration with other public bodies.

The Council will seek advice from suppliers and potential suppliers concerning funding, capacity method and innovation and use its position and purchasing power to benefit from the development of competitive markets.

There will be collaboration with Hertfordshire County Council and the District Councils of Hertfordshire (jointly known as the Hertfordshire Procurement Forum) in the establishment of a virtual procurement hub and consortia (such as the Central Buying Consortium) or other public bodies (such as Buying Solutions) in the procurement process to widen experience, increase purchasing power and harness economies of scale.

A long term strategic view of the procurement process will be taken including the potential for innovative funding, the management and balance of risk and the opportunity for cross service and/or cross-agency/cross-authority collaborative working (including Parish councils where relevant). Where appropriate the Council will explore joint venture partnerships and Public Private Partnerships (PPP) for meeting efficient procurement and best value requirements.

Partnership working with the voluntary and non-profit making sector can deliver specific services and will be considered when looking at service contracts/arrangements, particularly those that can meet objectives contained in the Community Strategy. The Council will comply with the Local Compact in any work with the voluntary and community sector whenever possible and practicable.

The Council has a significant impact on the local economy as a result of it being a major employer and purchaser of goods and services. Effective partnership working is important to promote opportunities for local suppliers, including Small & Medium Enterprises (SME's), Ethnic Minority Businesses (EMB's), the voluntary sector and social enterprises to enable them to have access to the market to supply local authorities either directly or through sub contracting. The Council proposes to continue to work with the Local Strategic Partnership and the St Albans Chamber of Commerce and a range of other public and private sector bodies to promote these opportunities.

The Council will seek to work in partnership with suppliers of all types, large companies, Small & Medium Enterprises (SME's) Micro Businesses, Social Enterprises and Voluntary Bodies.

Community Strategy

When tendering service contracts the Council will consider in its evaluation and award criteria any additional community benefits, that meet the priorities contained in the District's Community Strategy, which the contractor can offer as part of their tender bid.

To develop the use of technology to streamline services and so achieve savings.

The Council aims to ensure that all procurement transactions where possible are undertaken by electronic means (e.g. e-procurement) and online trading with suppliers who are able to trade electronically are encouraged.

The payments to suppliers will be made by electronic means (BACS) whenever possible.

The Council will be open to new ways to reduce the cost of procurement transactions such as Procurement Cards.

The Council will work with other Hertfordshire councils to contribute to the development of the 'Hertfordshire Supply' website to make it easier for all suppliers to view available tenders within Hertfordshire. Heads of Service must ensure all contracts being tendered (except when using framework or consortia contracts) are advertised on this website after it goes live.

To use the principles of commissioning to meet the needs of the local people when re-tendering the Council's large service contracts.

The Council will use the commissioning principles of: Understand, Plan, Do and Review to make services more customer focused and deliver better outcomes for local people.

Understand user and community engagement and needs analysis through consultation

Plan for services which deliver sustainable outcomes

Do – implement the plan to change markets, secure services and outcomes.

Review by monitoring the delivery of outcomes and evaluating the service.

By taking a commissioning role the Council will seek to secure the best outcome for local people by making use of all available resources without regard for whether services are provided in-house, externally or through various forms of partnerships. The Council will in planning the services consider shared services and working with its Local Strategic Partners.

To include the requirements of the Sustainable Procurement Policy in the specification of all new contracts.

The Council recognises that as a large organisation our procurement decisions have an impact on the environment and sustainable development, both locally and globally. The Council's Sustainable Procurement Policy sets out the approach we will take to ensure that our procurement activities are minimised where reasonably practical.

It is the responsibility of all staff to incorporate the requirements of the Sustainable Procurement Policy into the specification of new contracts, the re-tendering of existing contracts and when making day to day procurement decisions. Staff should consult the Sustainability Team when drawing up contract specifications to ensure the most up to date sustainability information is included.

Sustainability clauses (available from Legal or Sustainability Team) must be included in all contract specifications, together with suitable evaluation criteria. The clauses will include requirements for the supplier to provide energy and fuel use data if requested by the Council as part of our statutory reporting requirements for the National Indicator 185,

The efficiency of the Procurement Strategy

The success of the Procurement Strategy can be indicated by the following outcomes:

- The procurement performance indicators which detail the use of competition, contracts,
- The development of the 'Hertfordshire Supply' website to make it easier for suppliers to view available tenders.
- The Council's efficiency savings.
- The use of technology to make ordering more efficient, such as e-procurement, the use of e-Markets and Procurement Cards.
- Large service contracts becoming more customer focused and meeting the needs of the local people.

Other Council Policies, Rules and Best Practice that connect with the Procurement Strategy

Economic Development

The Small & Medium Enterprise (SME) concordat acknowledges the significant impact on the local economy and environment of the council as a result of it being a major employer and purchaser of goods and services. Effective partnership working promotes opportunities for local suppliers, including SMEs, Ethnic Minority Businesses (EMB's), the voluntary sector and social enterprises to access the sales to the council either directly or through sub contracting. The Council will continue to work with the Local Strategic Partnership, other public and private sector bodies, business, the education and voluntary sectors, regional bodies and the Government to promote these opportunities

Finance - Constitution / Standing Orders

The framework of rules for procurement are those determined by EU and UK law and those set out in the Constitution of the Council, Part 4 – Rules of Procedure (contained in Part 3 – Responsibility for Functions): Financial Regulations 4.48 to 4.93 and Contracts Procedure Rules, in that order of precedence. Advice should be sought from Finance and Legal departments before entering into contracts exceeding £25,000 (total value). Where a works contract exceeds £250,000 (total value) then the Capital Project Protocol must be adhered to. All service contracts must comply with the Service Contract Protocol

Contract Procedure Rules will be reviewed at least once every three years to ensure that they remain modern and relevant. Responsibility for this lies with the Head of Legal & Democratic Services together with the Chief Financial Officer who will advise Portfolio Holders

The Council has set and published standards for the conduct of employees (contained in Part 5 of the Constitution of the Council) and will require adherence to these at all times in all their dealings with contractors and suppliers.

Human Resources

Human Resources is committed to ensuring that staff are consulted when procurement decisions, which affect them, are taken where services and functions are transferred under the Transfer of Undertakings Regulations (TUPE 2003 act).

The Council's Health and Safety Policy requires contractors to provide a Health and Safety Policy

Policy & Partnership

Policy & Partnership is committed to:

- Ensuring through Corporate Purchasing that corporate Procurement Guidelines are adhered to and implemented, so that procurement practices are consistent across the Council.
- Ensuring through Corporate Purchasing that access to Council contracts is open to all potential suppliers and contractors in line with the equalities and diversity of opportunities.

Equality and Diversity

The Council has a firm commitment both in law and principle to equality and diversity and recognises its responsibility as an employer, service provider and **procurer of goods and services**. We also recognise our duty to ensure the Council's resources are not spent on practices that could lead to unlawful discrimination, and instead are used to support and encourage equal opportunities and good community relations.

The Council's equality duties are linked to its use of public funds and extend to all services, including those delivered in partnership or through external service providers. As such, the Council must take appropriate action to ensure that its resources are not spent on practices that lead to unlawful discrimination.

To ensure our procurement practice is fair and open to all potential service providers, and they comply with the Council's equality and diversity policies, we will endeavor to ask applicants to demonstrate their commitment and practices in promoting equality of opportunity.

The council will therefore:

- ensure our procurement policy and processes are fair, open and accessible for all potential service providers;
- use its contract documentation to ensure that all suppliers used by the Council maintain appropriate, and lawful equality policies. This evaluation will be undertaken for all organisations applying for participation in select lists and approved lists and tenders. It will also be undertaken at the pre-qualification stage for all tender applications.
- carry out Equality Monitoring of the Contractor's performance against a range of employment and service delivery indicators as part of routine contract monitoring.

ICT Procurement

With regard to the procurement of IT and Communications equipment and service the following procedural guidance must be complied with:

All procurement of IT and Communications equipment and services including software must be approved by the Head of IT at the planning stage of the specification, before orders are placed. Such orders are subject to technical authorisation as well as the usual financial authorisation procedures. Technical authorisation is necessary to ensure that the Council meets the objective of the Procurement Strategy and the IT Strategy. Exceptions to this rule apply in relation to consumables and office equipment such as items that are routinely ordered from the stationery contract.

Departments and service areas should discuss their requirements and any preference with the appropriate departmental ICT representative (ICT Link Officer) ICT department as appropriate, to ensure that proposed purchases comply with IT operational and infrastructure requirements.

Departments and service areas requiring additional supplier consultancy services to support system development and further training, requires the express permission of the head of ICT prior to the procurement of the service.

All purchases of ICT equipment, systems and services must comply with standards set out in the Council's ICT Strategy which sets out the key aims. Progress and developments on the Council's ICT Programme are contained within the ICT strategy.

IT is responsible for making appropriate arrangements for the disposal of redundant IT and communications equipment in accordance with regulations on safe disposal and recycling as outlined in the Council's Information Security Policy.

Housing /Technical - Approach to Partnering

The Council continues to follow the guidelines and recommendations made in the report titled 'Rethinking Construction' outlined in Construction Guidance (www.constructingexcellence.org.uk) issued by the Office of Government Commerce. The policy with regard to the provision of services, is that whenever possible and practicable the partnership approach to procurement will be given first priority consideration. It is intended that further contracts within the Housing Department will be let under Partnering Agreements when they are due to be re-tendered. The Council also recognises the potential benefits in establishing links and making alliances with other Registered Social Landlords, Housing Authorities and other Councils in order to share knowledge, best practice and explore opportunities in procuring services jointly under further partnering agreements.

Partnering agreements are to be procured using a cost/quality matrix, which will involve method statements and interview process, where residents will make up part of the panel.

Key Performance Indicators will be used on a regular basis to monitor the progress of the agreement and to benchmark against government best practice and other local authorities. Continuous improvement is to be monitored annually and mutually agreed targets are to be set.

Freedom of Information Act

The Council will comply with the Freedom of Information Act in relation to requests for procurement related information and requires from all its suppliers and works contractors compliance with all Freedom of Information requests. For further information on this please check the Council website <http://www.stalbans.gov.uk/local-democracy/foi.htm>

Data Protection

The Council requires from all its suppliers and works contractors compliance with the Data Protection Act 1998 or any legislation relative to Data Protection.