



**TENDRING**  
**DISTRICT COUNCIL**  
**PROCUREMENT**  
**STRATEGY**  
**2007 to 2010**

**PROCUREMENT STRATEGY**  
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## Introduction

The Procurement Strategy is one of the Council's four key resource strategies alongside the Human resources, Financial and ICT Strategies. Efficient and effective procurement of goods and services is one of the key means of delivering the Council's Vision:

“To become a cleaner safer and thriving district with a high quality environment and a strong local economy”

The strategy sets out how procurement is organised and how the Council aims to continue to improve procurement.

The Council has a responsibility to ensure that it complies with the legal obligations surrounding procurement and needs to take advantage of new opportunities in consortia, new style partnering, e-business and to learn from its own experience.

A procurement strategy makes sound business sense.

## Procurement Policy

All procurements of goods, works or services should

- be made within the Council's regulatory framework as laid down in the Constitution as well as all applicable legislation
- be transparent, accountable and fully documented
- be capable of generating the most advantageous balance between quality, appropriateness, cost and timescale
- embrace the Council's corporate strategy
- encourage competition and challenge, where appropriate
- allow the development of alternative procurement, partnership and consortia arrangements
- avoid over-complex administration for routine tasks and transactions
- operate within the Council's financial strategy and service budgetary targets
- maintain an auditable record of decision making and reasoning
- meet the requirements of the Council's Procurement Strategy
- promote Equality and Diversity

The procurement strategy for the Council will fundamentally affect the way that the Council carries out its business.

## Strategic Context

The strategy is not a step-by-step manual for procurement. There is a balance to be made between prescription of procedures and process and conversely allowing a flexible response to a changing public procurement market place. The speed of change in Government guidance, e-business and service delivery options requires the responsibility and accountability for sound procurement to be placed with the services that are responsible to their customers and with elected Members. It is important that the end result allows good procurement practice that provides savings and limits waste.

## Strategic Aims

The purpose and aims of the procurement strategy are:

- to identify and promote the benefits of strategic procurement
- to ensure that procurement supports the Council's core values, corporate aims and objectives
- to encourage longer term considerations to be taken into account
- to provide a single policy and strategic framework which will enable understanding and commitment for Members and officers
- to provide a corporate focus for all procurement and clear message across the Council and to those engaged in the procurement activity
- to provide a basis for the development and improvement of the Council's procurement function
- to further the objective of securing better quality services and ensuring the most cost effective use of resources to meet the community and customer needs

## Procurement Approach

The approach to procurement varies considerably from Council to Council. In some authorities all procurement is carried out centrally (generally in large authorities) whilst in others procurement is completely devolved to each service. There are advantages and disadvantages to each of these approaches and one size does not fit all.

At Tendring the approach that has been taken is that procurement within the Council needs to remain essentially a decentralised activity within the services but in order to provide a co-ordinated corporate approach in line with the procurement strategy, a small specialist team is required. This team provides a service, which supports best value for services, uses the advantage of electronic administration and covers purchasing and service contract administration on behalf of the Council. Robust and rigorous procurement processes have been established within the Councils Constitution and Financial and Contract Procedure Rules. Each service works flexibly within these regulations utilising their own detailed knowledge within their particular areas of expertise.

The procurement team coordinates procurement across the Council and is able to gather and sort information available on procurement sources and collaborative contracts that are available from other central bodies.

## Tender Evaluation Panel

The tender evaluation panel of officers provides assistance; support and monitoring of the procurement carried out by services in accordance with Contract Procedure Rules. The issues surrounding services procurement are complex and the panel of officers provide legal, financial and technical appraisal of proposals and ensure that risk management and standards are maintained. The panel provides an ongoing and valuable safeguard for the Council ensuring compliance; in particular, with European Procurement and related legislation and that robust arrangements are in place for the larger procurements.

## **Service Responsibility**

All services of the Council, through the Head of Service, retain the responsibility and accountability for their own procurement of goods, works and services.

This responsibility must be carried out within the constraints of the Constitution and the Procurement Strategy to ensure that the Council's interests are safeguarded.

## **Interdependency in Procurement**

There is a degree of interdependency, however, between the central specialist team, tender evaluation panel and the procuring service. This entails working together to ensure that the following elements are acknowledged and used:-

- procurement policy
- procurement strategic aims
- environmentally sound procurement principles
- risk management
- procurement quality and standards
- compliance with Financial and Contract Procedure Rules and procurement legislation
- performance management

## **Risk Management**

Successful procurement needs to consider the intended process and procedure and the risks involved. If procurement is high risk and high value, then obviously more care and attention in the forward planning is required. Conversely, low risk and low value procurement may lend itself to simple catalogue purchasing.

Aspects to consider are complexity, duration, sustainability, legislation and price. Risk Management is about defining the unknown, limiting or mitigating its effects and managing the consequences. In procurement terms this means making appropriate and timely decisions, always bearing in mind public responsibility and value for money.

## **Procurement Quality and Standards**

The risk management approach to procurement advocated above has at its root the assumption that the quality and standards of any procurement are sound and have been fully taken into account. In the purchasing of goods the specific British or European Standard can normally be applied. The Council's strategy is to ensure that good procurement practice is followed in all circumstances and particularly to ensure that the appropriate quality thresholds are set and maintained. The standards of operation, use and performance are defined from the outset and that monitoring and evaluation take account of these key issues.

Procurement of all kinds requires clarity and evaluation before commencement or commitment.

## **Council Rules of Procedure**

The Contract Procedure Rules set out in the Council's Constitution provide procedures to follow that are based on the procurement value. They require a higher level of test of competitiveness and rigour with a higher amount of value. This is a risk analysis based system, which has served the Council well over the years and provides for exceptional cases to be dealt with through other procedures and approvals.

The Rules have recently been reviewed and redrafted to take account of, e-procurement and tendering, use of central contracts/purchasing and partnership arrangements and specialist contracts. The procedure rules reflect and control the Council's approach and enable Services to undertake the safe route to decision making, ensuring probity and transparency in transactions and providing protection for the officers in services procuring goods and services.

## **Training**

The capacity of the Council to promote and sustain sound procurement skills across all of the services is key to a successful procurement strategy. Appropriate training in project management, contract preparation and management skills should be undertaken at all levels and training needs should be identified by each service through the Council's performance management systems.

Specific training on procurement resulting from national initiatives will be identified and broadcast by the central procurement team, as will ongoing training in use of the central procurement arrangements.

## **Consultants**

The employment of Consultants is often appropriate when:

- council staff do not have the required technical knowledge
- council staff are not experienced in a particular subject
- the matter is specialist in nature
- the matter is something not encountered on a frequent basis
- the required goods, work or service are new or unrelated to normal local authority processes
- internal staff resource is unavailable

Services will be expected to consider each case carefully on its merits to see if such a commission is absolutely necessary and that other options are not available e.g. training, using the expertise of another Council, utilising previous consultancy advice etc.

Appointments should be made within the provisions in the Constitution and based on a competitive process having identified a choice of potential consultants. The brief for the project should clearly set out the nature of the proposed commission, what is expected of both parties and the steps which will be taken to monitor the progress of the project. Appropriate milestones should be identified and the quality and performance standards expected. The appointment of consultants should be treated no differently to any other procurement, including pre-determined assessment of experience, service quality and end product.

Where the Council has used a consultant in the past for similar work or related work it may be appropriate and cost-effective to continue that relationship. However if feasible the work should be tested against the opportunity of obtaining services from elsewhere.

Particular attention should be paid to the terms and conditions of appointment and payment arrangements and legal advice sought if necessary.

## **E-procurement**

Marketplace, an integrated computerised ordering system, is in place across the Council and must be used for the ordering of all goods, works or service unless otherwise specified in procedure rules. This system is working well and offers a number of opportunities for further enhancement and analysis of spend which are currently being utilised.

Further development of e-invoicing and e-tendering and the use of procurement cards are being considered in consultation with other users and based on experience of implementation in other authorities.

## **Procurement Agency for Essex and the Essex Procurement Hub**

The Council along with all the other Local Authorities in Essex is a member of the Procurement Agency for Essex. The role of the agency is to:

- Share best practice, knowledge, information, documentation and capacity
- Bring about procurement related savings, efficiencies and other benefits to members
- Provide training and procurement related support to members
- Represent Essex procurement regionally and nationally
- Promote procurement skills, methods, information systems
- Promote innovation in procurement

Quarterly operational and strategic group meetings are held as well as ad-hoc specialist groups to consider specific proposals for collaborative work.

The Essex Procurement hub is a recent initiative that has been instigated by the PAE. It has been set up on the basis that it is not cost effective to have an individual procurement department in every council. The hub provides a central procurement resource to 6 Councils and provides day-to-day procurement support to its members and a gateway to strategic and collaborative contracts. Having considered membership Tendring has not elected to join the hub at this stage but this will be reconsidered when the functioning of the hub is reviewed, in October 2007, after a year of operation.

## **Partnering and Shared Services**

A partnering approach to service and procurement delivery is a preferred procurement strategy for now and the future. The aim should be to create flexible arrangements based on achievement and improvement and on sharing risk and reward. Partnerships can involve public, private and voluntary sectors.

These arrangements have already been quite successful in providing a way of supporting the Council's services and also removing the need for lengthy tendering procedures for items and services already agreed. These forms of agreements could be extended into other areas of the Council's services with a well-controlled risk. They rely on accurate specification, sound legal agreements and a spirit of co-operation to make them work.

It is acknowledged that this strategy does not flow out of an agreed formal corporate approach to commissioning. However work is underway to better understand the needs of areas and communities in the district through profiling and when this is further advanced, work can begin on developing the Council's approach to commissioning including addressing the issue of third sector involvement.

### **Collaboration and Joint Procurement**

The Council will where possible utilise collaborative initiatives implemented through central buying contracts, and partnership arrangements either entered into directly or as consortium arrangements provided by other public bodies. The Council will commit to the use of these collaborative arrangements such as are developed by the Procurement Agency for Essex and the Central Buying Consortium whenever they are financially advantageous.

The joint procurement of works and services between public authorities has been ongoing for a number of years and joint procurement is a simple way to provide better use of assets, shared expertise, risk and outcomes. It is important when entering into these arrangements that the required inputs and outcomes/outputs are agreed before commencement of the procurement. Risks must also be assessed and where financial risk might be involved in any way the advice of the Head of Financial Services must be sought in advance of the agreement of any new arrangements. Similarly the Head of Financial Services must be notified of any situation that could affect the Council's insurance covers.

### **Sustainable Procurement (Environmental Policy)**

The Council is committed through the Corporate Strategy to sustaining our environment for future generations. Procurement needs to take into account the environmental costs involved and ensure, so far as is reasonable, that these important considerations are specifically considered. Because of the market place, environmentally friendly products sometimes have a higher cost and the good practice of including sensible environmental provisions into procurement may also have a cost implication. However the use of a wider competition amongst suppliers and contractors may reduce these often-marginal costs.

When procuring goods, works and services, the procuring service should take into account the following key aims:-

- the conservation of energy, water, wood, paper and other resources particularly those which are scarce or non renewable
- reducing waste through reuse, recycling, refurbishment and efficient on-site activities
- monitoring and reducing harmful discharges and emissions to air, land and water, including noise and light pollution
- complying with Government legislation, guidance as well as European Union and trading rules to prevent the use of banned practices and reduce or prevent the use of harmful substances or non sustainable sources

- Working with contractors and partners to improve environmental performance and ensure contractual compliance to statutory regulation, codes of practice and relevant guidance whilst providing value for money

Cost should not be the deciding factor when considering the advantages of sustainable procurement.

## **Ethical Purchasing**

When procuring goods, works, and services the procuring service should where reasonably practical ensure that they are being procured from companies and organisations where

- employment has been freely chosen
- there is no exploitation of children
- living wages are paid
- freedom of association and the right to collective bargaining are respected
- working conditions are safe and hygienic
- working hours are not excessive
- no discrimination is practised
- regular employment is provided
- no harsh or inhumane treatment is allowed

## **Equality and Diversity in Procurement**

It is a statutory responsibility of all Local Authorities to eliminate discrimination in carrying out their various functions. The main aim in procurement should be to promote compliance by service providers, contractors and partnership organisations with their obligations for non-discrimination and to address equality and diversity issues.

In order to determine whether equality is a core requirement in the procurement being considered the following should be considered:

Is the procurement related to a function or policy that is relevant to the duty to promote equality and does the procurement affect the ability to meet this duty?

If the answer is yes then there will be a need to include requirements within the procurement terms in order to meet equality requirements.

There is therefore a need to provide a standard to evaluate service providers for compliance with their legal obligations under the relevant legislation. The Secretary of state has prescribed a series of six questions to be used in making an assessment and these should be used when required.

## **Business Continuity**

Business continuity is the process of preparing for and responding to a disaster event or situation that could have a serious impact on the delivery of the Councils services. All procurement should consider and include provision for business continuity wherever appropriate.

## **National Procurement Strategy for Local Government**

The Strategy was published in October 2003 and provided guidance on procurement. The strategy detailed how procurement is 'an essential element of providing cost effective and efficient services' and the document went on to develop targets designed to realise the full potential of local government procurement.

The document set targets for:

- Leadership and Building Capacity
- Partnering and Collaboration
- Doing business electronically
- Stimulating markets and achieving community Benefits

Although these targets were set initially within a 3-year time frame they are ongoing. The milestones and the Councils progress against them is recorded below.

The Department for the communities and Local government has indicated that there will not be a new strategy in the near future but has issued a further document 'The National Procurement Strategy for Local Government two years on' which records progress nationally makes conclusions and suggests the next steps to be taken.

## ANNEX 1

### SUMMARY OF FURTHER WORK REQUIRED BY THE NATIONAL PROCUREMENT STRATEGY

Activity	Action
<p>Every Council should have implemented e-procurement solutions as part of its e-government programme - although marketplace has been implemented successfully there is ongoing work to interface finance systems and Marketplace.</p>	<p><b>What-</b> Integrate Agresso and Marketplace  <b>Who</b> – Finance Services in conjunction with T&amp;P  <b>When</b> – Review progress August 2009  <b>How</b> – Licenses will need to be purchased and / or upgraded to enable satisfactory integration of the two systems.</p>
<p>Every council should include in invitations to tender/negotiation for partnerships a requirement on bidders to submit optional, priced proposals for the delivery of specified community benefits which are relevant to the contract and add value to the community plan</p>	<p><b>What-</b> Consider including proposals for delivering Community Benefits in contracts  <b>Who-</b> all Services  <b>When-</b> Ongoing  <b>How-</b> As appropriate to the work/contract being considered  <b>Cost-</b> Will Vary</p>
<p>Review how the council is complying with the amended Race Relations Act 1976, Race Relations (Amendment) Act 2000 and diversity and equalities issues that are a feature in procurement?</p>	<p><b>What-</b> Consider including standard clauses for RRA and D &amp; E in contracts  <b>Who-</b> all Services  <b>When-</b> By September 2009  <b>How-</b> Procurement team to draft standard clauses for use by all Services where required or appropriate</p>