



Procurement Strategy

The City Council's Procurement Strategy for the period 2014-2016

Name	Content
Creator	Darren Pearce, Strategic Manager – Corporate Procurement, Stoke-on-Trent City Council darren.pearce@stoke.gov.uk
Date Created	2013-03-01
Subject Category	Procurement
Addressee	All officers and elected members of Stoke- on-Trent City Council
Description	The procurement strategy
Language	En
Publisher	Corporate Procurement, Stoke-on-Trent City Council
Title	Procurement Strategy
Rights protective marking	Unclassified
Status	Version 1.0 for publication
Review Date	2014-07-01

CONTENTS

Reference Number	Description	Page
1.0	<i>Foreword</i>	3
2.0	<i>Introduction</i>	3-4
3.0	<i>Effective and Efficient Procurement</i>	
3.1	Category Management	4
3.2	Spend Analysis	5
3.3	Standard Procurement Process	5
3.4	Training and Development	5
3.5	e-Procurement	5-6
3.6	Collaboration	6
3.7	Framework Agreements	7
3.8	Contracts Register	7
3.9	Contract Management	7
3.10	Savings	8
4.0	<i>Economic, Environmental and Social Well-being</i>	
4.1	Economic	8-9
4.2	Environmental	9
4.3	Social	9
4.4	The Public Services (Social Value) Act 2012	10
5.0	<i>Strategic Commissioning</i>	10

1.0 Foreword

Welcome to our Procurement Strategy.

Procurement is an essential element of cost effective and efficient services. It covers a wide range of activities from identifying need to tendering and contract management and embraces the whole of the supply chain. A clear and effective procurement strategy is therefore crucial to ensuring good value services are provided throughout the council whilst maintaining a philosophy of continuous improvement.

The strategy is short and to the point, and outlines our priorities for 2014-2016. It supports the councils ambition to deliver a high quality professional procurement service that achieves value for money across all services and contributes to the achievement of our corporate priorities.

The strategy gives a clear direction and approach to deliver improvements to our procurement process over the next two years. It recognises the importance of having a clear and documented end to end procurement process that supports probity and meets the needs of the business. The delivery of an effective and efficient procurement service is therefore a key priority.

The strategy also brings together local priorities and central government recommendations for public sector procurement. In particular, it is recognised that the procurement of goods, works and services has a major impact on many aspects of life in Stoke-on-Trent, including the environment, social factors and local economic development, and this is reflected in the strategy. The council is committed to encouraging local procurement and making it easier for local companies to compete for council contracts.

It is important to recognise however, that having a strategy does not, by itself, lead to effective procurement. It is the commitment of senior management, members and council-wide use of the strategy which are the important elements in its success.

As the Cabinet Member with responsibility for procurement, I recognise that effective procurement is key to achieving our aims and that members and officers are committed to delivering the strategy. This strategic approach to procurement can achieve significant benefits for the council, for local people, local services and local businesses.

Councillor Terry Crowe

Cabinet Member for Finance, Procurement and Commissioning

2.0 Introduction

It is recognised that effective procurement arrangements are fundamental to achieving organisational success for the City Council and in delivering our corporate priorities. The Council's spend can also be a driver for economic development in the City and we are therefore committed to encouraging local procurement.

Procurement is the totality of acquisition starting from the identification of a requirement to the disposal of that requirement at the end of its life. It therefore includes pre-contract activities e.g. sourcing and post contract activities e.g. contract management, supplier relationship management activities. (Chartered Institute of Purchasing and Supply).

The City Council is mindful that the impact of procurement is far greater than this definition of a 'process' and our vision, objectives and principles as set out in this Strategy illustrate the contribution that effective procurement arrangements can make to a wide range of socio-economic agendas. These include equality and diversity, a successful local economy, a thriving voluntary sector, environmental issues and value for money.

Good progress has already been made by the Council in establishing a Corporate Procurement team to manage this important function and achieve best value from the Council's external spend on goods and services. A category management approach has been introduced to ensure money is spent as effectively as possible in each category, based on our understanding of the market, suppliers and the pooling of the Council's buying power.

The new Procurement Strategy for 2014-2016 will build on the successes delivered under the previous strategy by continuing the development of an effective and efficient procurement service and improve the economic, environmental and social well-being of Stoke-on-Trent. In particular, the strategy reinforces the importance of supporting Small and Medium enterprises and voluntary and community sector suppliers and make it easier for them to compete for Council contracts.

Procurement in Stoke-on-Trent benefits from high-level leadership at both member and officer level and senior stakeholders have been involved and consulted in the development of the Strategy. It incorporates accepted best practice and will be reviewed on a regular basis to ensure it continues to serve the Council's strategic aims.

Detailed guidance on the Council's procurement processes is given in the Contract Procedure Rules and Procurement Process Guide and must be followed by all officers without exception. These operational documents support the need for robust governance in procurement processes which is an important aim of the strategy.

3.0 Effective and Efficient Procurement

3.1 Category Management

The City Council has adopted a Category Management approach to procurement whereby a central Corporate Procurement Team manage specific buying categories with the aim of driving down costs and achieving best value.

A 'Category' is an area of spend determined by known market boundaries separating different products, services or industries. Category Management recognises that suppliers within a certain market are likely to have similarities which enable a tailored approach to procurement.

The main objective of category management is to reach a point where all or a very high percentage of the Council's spend within a category is being channelled through approved arrangements, aligned with strategic priorities in order that value for money is maximised.

The Council will continue to develop Category Management and follow appropriate best practice.

3.2 Spend Analysis

The Council is utilising spend analysis as a way of aggregating, classifying, and leveraging spend data for the purpose of gaining visibility into cost reduction, performance improvement, and contract compliance opportunities.

The use of spend analysis will support category management in helping to determine the procurement strategy or strategies for each category of spend.

3.3 Standard Procurement Process

In order to ensure a consistent approach to procurement across the City Council, a standard procurement process has been introduced which all officers are required to follow. This is incorporated into a Procurement Process Guide providing step by step guidance on the main components of the procurement process. It ensures compliance with the Council's Contract Procedure Rules and incorporates best practice for procurement.

The Council recognises the importance of having a clear documented end to end procurement process that supports probity and meets the needs of the business. The standard procurement process will continue to be embedded across the Council on an on-going basis.

The Procurement Process Guide will be reviewed on a periodic basis and reflect any changes made to the Contract Procedure Rules.

3.4 Training and Development

The Council will ensure that there are adequately trained resources to undertake commissioning and procurement projects effectively, efficiently and legally. Commissioning and procurement staff at all levels will have access to training solutions in various forms, including formal professional courses and in-house training.

The Council has a rolling programme of workshops to train all relevant staff on the standard procurement process. In addition, specific training has been provided to officers engaged in electronic tendering.

3.5 e-Procurement

e-Procurement is integral to the overall development of procurement processes and the Council use electronic systems both for tendering and in the subsequent ordering of supplies, services and some works as follows:

e-Tendering - All City Council procurements valued at £50,000 and over are tendered electronically using the Council's approved e-tendering system to ensure a consistent approach to procurement across the authority. The continued roll-out of electronic tendering across the Council ensures all relevant officers have access to the approved e-tendering system.

By utilising e-tendering the Council aims to:

- Reduce costs.
- Make tendering processes more efficient.

- Ensure an open, fair and transparent tendering process for all parties.
- Protect commercial integrity through a secure encrypted system.
- Provide a clear audit trail of all tendering processes.

The approved e-tendering system will be further developed to establish an e-Vendor Management system. This will allow organisations to complete an on-line company profile and also indicate which categories of goods, services and works they would like to supply to the Council in the future. Such organisations can then be pro-actively invited to tender opportunities in the relevant category area although the onus to respond to tender advertisements will still remain with tenderers themselves.

The Council will use e-auctions for suitable contracts in order to achieve increased procurement savings.

e-Marketplace – Civica Purchasing is the City Council's electronic system for placing orders to suppliers. It replaces the need to use manual order pads and offers an electronic audit trail from raising the order request through to the invoice being paid and accounted for. It also shows what resources the authority has committed to by raising orders.

Other benefits from using Civica Purchasing include access to many supplier's products (similar to internet shopping at home) and being able to keep track of an order's progress by viewing up-to-date transaction records. It also provides a useful tool in directing users towards contracted items and producing data on trends to inform future procurement strategy. Many goods and services are ordered electronically through the system and together with the use of purchase cards where appropriate, this achieves process efficiencies and savings such as reduced transaction costs.

The Council will further develop its e-marketplace together with e-ordering and also e-invoicing with a view to further streamlining processes for internal staff and external suppliers.

3.6 Collaboration

The Council recognise that collaboration in procurement can achieve significant benefits such as:

- Reduced duplication of procurement effort.
- Better utilisation of scarce resources and skills.
- Aggregation of spend to create greater purchasing power which will in return result in greater cost savings.
- The spread of best practice including sharing of market intelligence.

The Council is a member of the Staffordshire Collaborative Procurement Group whereby authorities in Staffordshire collaborate on procurement projects to achieve savings and share knowledge and ideas. The Council will also continue to actively collaborate with Improvement and Efficiency West Midlands and to lead on collaborative procurements where appropriate.

3.7 Framework Agreements

The City Council will utilise framework agreements for high volume and repeat purchases or where there is difficulty in predicting demand. Some of these will be pre-existing frameworks that are open for the Council to use such as those of the Government Procurement Service or local authority purchasing consortia. Such frameworks will achieve savings and efficiencies through the reduced time to market and by the use of mini-competitions.

The Council will also establish its own framework agreements through competitive tendering.

3.8 Contracts Register

A Corporate Contracts Register has been established giving visibility of all contracts negotiated by the Council thus promoting transparency. This acts as a source of management information to enable appropriate reporting to be done and avoids duplication of effort where contracts are already in existence.

The register is updated on a monthly basis with each contract having a unique identification number to provide traceability and assist governance.

The Council will continue to develop the Corporate Contracts Register and its associated procedures to ensure on-going accurate and transparent information.

3.9 Contract Management

The purpose of contract management is to ensure that all parties to a contract fully meet their respective obligations as efficiently and effectively as possible, delivering the business and operational outputs required from the contract and providing value for money. It also protects the rights of the parties and ensures required performance when circumstances change.

The management and monitoring of contracts is a critical activity and can make the difference between a successful contract and a failed one. The Council will ensure that contractual arrangements are effectively managed and monitored throughout the contract duration by suitably qualified officers. In particular, the following requirements will be observed:

- a. All contracts will include quality and performance standards to ensure that the Council achieves value for money from its suppliers.
- b. Contracts will be subject to continual review to ensure suppliers are meeting the agreed performance standards. This will include holding review meetings at suitable intervals.
- c. There will be a clear understanding and monitoring of contractual and supplier risk.
- d. There will be effective handling of contract changes.
- e. A good working relationship will be maintained with all suppliers which includes clear channels of communication.

3.10 Savings

The Council has introduced a methodology to classify and capture procurement savings across the authority. This provides a standard set of principles and procedures concerning savings including the requirement for sign off by the relevant internal stakeholders to verify the validity of the savings claimed.

The Council is committed to the continuous capture, review and monitoring of savings by its internal procurement team. In addition, an external savings partner has been engaged on a 'no savings no fee' basis to deliver additional savings and they will be subject to equally robust governance arrangements.

4.0 Economic, Environmental and Social Well-being

4.1 Economic

The Council is committed to using a mixed supply base to help stimulate innovation and value for money. An important element of this is to support small and medium sized enterprises (SMEs) and voluntary and community sector (VCS) suppliers and make it easier for them to compete for Council contracts. The Council have an on-going ambition to maximise local procurement opportunities whilst still meeting its legal obligations under EU procurement law and applicable UK laws.

The Council aims to encourage local regeneration by:

- Advertising all tender opportunities over £500 on the Council's website with alerts in the authority's twitter and facebook account.
- Tender opportunities thought especially suitable for SMEs are flagged by the Council as such during the advertising process.
- Providing quick and easy access to electronic tender documentation and a simple communication system to the buyer.
- Making the procurement process proportionate to the complexity, risk and value of the contract.
- Where appropriate dividing large contracts into smaller lots to allow SMEs to compete for them.
- Working with businesses and business networks to identify and eradicate perceived barriers to tendering for Council contracts. This includes the establishment of a Local Procurement Consultation Group consisting of local businesses, third sector organisations and the Chamber of Commerce to obtain feedback on how the Council can improve its approach to local procurement. The Council recognise the benefit of consulting such organisations and using this valuable input to help develop the local procurement strategy.
- The establishment of a facility under the electronic tendering system that will allow organisations to complete a profile of themselves pre-tender and indicate those goods, services and works they wish to supply to the council in future by ticking a category tree. By matching the profile questions as far as possible to selection stage questions in actual tenders, this then means that when an actual tender opportunity arises organisations can easily transfer answers from profile to actual tender submissions

saving time in tender completion and meaning that the same information is not having to be input repeatedly.

- The system will also allow organisations who have completed profile questions for a given category to be proactively invited by the Council to subsequent tender opportunities within that category (albeit the ultimate responsibility to respond to tender opportunities will still lie with tenderers).
- Holding workshops and events with SMEs and VCS providers including an annual 'Meet the Buyer' Event. This includes training for suppliers on how to respond to tender opportunities on the Council's approved e-tendering system.

4.2 Environmental

The City Council's Sustainability and Environmental Policy shows the Council's commitment to help improve the local, national and global environment. Specifically, it commits the Council to improve our management practices to reduce our impact on the environment. The Policy also reflects our commitment to achieving sustainable environmental change in the community.

The Council has significant buying power, both locally and regionally, and recognises the importance of sustainable procurement in supporting the wider sustainability agenda. The Council will aim to:

- Work in partnership with our suppliers, providers and contractors to minimise the environmental impact of their goods, services and works.
- Where practicable purchase goods and materials that can be manufactured and disposed of in an environmentally sustainable way.
- Seek to increase the proportion of forest products that originate from known, legal and credibly certified sources.

4.3 Social

Equality and Diversity – the City Council is committed to equality of opportunity in the provision and procurement of services.

The Council will aim to:

- Ensure that all tender processes are fair and transparent.
- Require companies tendering for Council contracts to practise equalities in employment and service delivery. This includes complying with all relevant legislation.
- Carry out Equality Impact Assessments to ensure that services meet the needs of our service users and the citizens of Stoke-on-Trent.
- Periodically monitor suppliers, service providers and contractors to ensure on-going adherence to equalities in employment and service delivery.

Ethical Procurement – the City Council assigns great importance to the role of the local authority in encouraging ethical dealings where possible at all levels and across national boundaries. The City Council therefore commits to supporting, using and promoting fair trade products.

4.4 The Public Service (Social Value) Act 2012

The Public Services (Social Value) Act 2012 provides an opportunity for the Council to consider how it can improve the economic, environmental and social well-being of Stoke-on-Trent in relation to what is being procured, how it is to be procured and whether to consult on these issues.

The Council has produced a guidance document to ensure procurers are fully aware of the Act's provisions in order to maximise the social value opportunities for relevant procurements.

5.0 Strategic Commissioning

It is recognised that Procurement is a distinct, specialist function that supports effective commissioning across all services. The Council is developing a Strategic Commissioning Framework and Commissioning Process, which explains where Procurement fits into the commissioning cycle / process, and which will be considered by members in due course.