



COPELAND BOROUGH COUNCIL

PROCUREMENT STRATEGY ***2006 - 2009***

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1 INTRODUCTION

1.1 This is the Council's Procurement Strategy which sets out:

- The link between the Council's priorities and procurement
- The principles which underpin the Council's procurement activity
- The Council's current procurement arrangements
- The objectives for developing procurement within the Council
- How we will measure success

The Council recognises that good procurement skills and strategies are essential to the delivery of Best Value.

This strategy will be circulated to all key stakeholders, including key suppliers, and comments and views are welcomed.

1.2 What is meant by procurement?

Procurement is about making choices and can be defined as the process of acquiring goods, works and services from suppliers.

The process covers the whole lifecycle from identification of needs, through to the end of life of the asset or service. Procurement, therefore, has a broader meaning than that of simply purchasing.

It is concerned with securing services and products that best meet the needs of users and the local community in order to help achieve the Council's key priorities.

1.3 What is the purpose of this procurement strategy?

The purpose of this strategy is to communicate clearly the Council's vision for the way forward in its procurement of services, supplies and works to all employees, partners, suppliers and stakeholders.

It attempts to set out a clear framework for procurement throughout the Council, which reflects the corporate objectives, encompasses "Best Value" requirements and is supported by the Constitution and Contract Standing Orders.

Best Value is an optimum combination of costs and benefits and does not necessarily mean the cheapest option.

The strategy is not intended to be a procurement manual.

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1.4 What are the aims of the procurement strategy?

The aims of this strategy are:

- To ensure that procurement supports Council values, the delivery of key priorities and to secure the commitment of effective procurement from Members and employees at all levels within the Council
- To provide a corporate focus for all Copeland employees involved in procurement and to help improve the efficiency and effectiveness of all procurement activities
- To indicate the way forward for developing and improving the Council's procurement, by means of an action plan.

2 CONTEXT OF THE STRATEGY

2.1 Principles

Procurement should be seen in the context of the Council's Corporate Plan and the Council's overall priorities and objectives.

2.2 National Context

National Procurement Strategy

The Office of the Deputy Prime Minister produced the National Procurement Strategy for Local Government in October 2003. The aim of the strategy was to enable local authorities to achieve the highest standards of service delivery through effective, efficient, resourceful and prudent procurement. It sets out a series of milestones over a three-year period that all local authorities are expected to achieve.

www.communities.gov.uk/nps.

Efficiency Review

The Gershon Efficiency Review was undertaken in spring 2004 and identified proposed savings of up to £20 billion a year by 2008; to be achieved by better project management, streamlined processes and the more effective procurement of goods, construction, works and services. As a result efficiency targets of 2.5% year-on-year for the period 2005-2008 have been set giving further impetus for effective procurement.

www.hm-treasury.gov.uk/media/B2C/11/efficiency_review120704.pdf

Regional Centre of Excellence

Nine regional centres of excellence have been established across the country with the North West centre being hosted by Tameside Council in collaboration with the

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association of Greater Manchester Authorities (AGMA) and Liverpool City Council. The purpose of the centres is to share best practice on procurement, provide support and deliver economies of scale through aggregation and shared contracts. The centre will assist councils in delivering their procurement strategy and meeting goals.

www.rcoe.gov.uk

Comprehensive Performance Assessment

The importance of effective procurement is also incorporated into the Comprehensive Performance Assessments, with procurement now featuring as a key element of the overall assessment.

2.3 Local Context

The Cumbria Procurement Initiative has been established as a subgroup to the North West Centre of Excellence (NWCE), funding has been provided for a project manager to assist and draw together the Cumbrian local authorities on a collaborative basis.

In addition to the national drivers, local factors need to be included in the strategy to ensure Copeland makes a real difference to the community it serves. Local factors affecting the Council's approach to procurement include equality, sustainability, regeneration and economic development to ensure the well being of the community.

Copeland Borough Council spends approximately £9 million per annum (2004/5) on the procurement of goods, works and services and the Council is committed to use optimum approaches to procurement to achieve overall value for money and deliver efficiency savings year on year.

2.4 What is the Procurement Vision?

In support of Best Value and recognising the requirements of the Corporate Plan, the following procurement vision has been developed:

This is to make Copeland a Council that provides the best possible overall value for its citizens in the sourcing of goods and services, by balancing cost and quality and keeping an open mind about different forms of procurement."

3 PROCUREMENT VISION

3.1 Generally

A number of key procurement principles have been established to support the Council's core values and strategic objectives and the procurement vision. These are set out below; they will be embodied in the implementation of the Action Plan.

3.2 Best Value for Money

The Council is committed to ensuring value for money across all services by meeting the needs of local people in cost effective and efficient ways.

3.3 Workforce Issues and Staff Involvement

The Council believes that the employees are its most important asset and is committed to ensuring that it is a quality employer, ensuring their understanding and involvement in this process is essential.

3.4 Sustainability

All procurement shall have regard to sustainability and its core values of engagement, equity, environmental protection and economic development.

3.5 Diversity and Equality

The Council is committed to equality of opportunity and experience throughout the Borough.

3.6 High Professional Standards and Probity

The Council requires that all procurement procedures should be operated in a professional manner to ensure the highest standards of probity, openness and accountability.

3.7 Management of Contracts

The Council recognises that effective project management of contracts is essential to achieve the completion of service delivery on time, within budget, in accordance with the specification and with all UK and EU legislation.

3.8 Encouraging a Mixed Economy of suppliers

The Council aims to encourage a mixed range of suppliers to bid for contracts in order to help develop a varied and competitive market place. Specifically, the Council will support and encourage local suppliers and ensure, as far as possible, that they have the opportunity to compete on equal terms.

3.9 Option Appraisal

Business cases and other gateway processes will include a robust and challenging appraisal of service delivery options.

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3.10 Partnering

The Council's preferred approach to the procurement of high value, high risk projects is partnering.

3.11 Continuous Improvement

The Council recognises that where contracts run for a number of years, the contract should be sufficiently flexible to provide for continuous improvement throughout the contract period and should be monitored accordingly.

3.12 Doing Business Electronically

The Council recognises that to achieve efficiencies in the procurement process and to reduce transaction costs, an appropriate e-procurement solution should be implemented as part of the e-government programme.

3.13 Procurement Training and Development

The Council understands that effective delivery of Procurement requires that Members and staff involved in the process be suitably qualified and trained for the purpose.

3.14 Links to the Council's core values

The Procurement Strategy is aligned with the Council's strategic aims and objectives as set out in the Corporate Plan, together with other corporate strategies and procedures. Other strategies, the Asset Management Plan and the budget strategy will also impact on this Procurement Strategy.

4 WHAT WE DO NOW

4.1 Activities

Currently, Procurement is a decentralised activity with each Service Unit acting independently.

Routine purchasing of consumables has been rationalised to some extent by the nomination of a minimum of one administrator (plus back up) in each Service Unit. Electronic tendering, purchasing /payment is used to a partial extent.

A limited number of Company Credit Cards are in use to make electronic purchases. In 2004 /05, the Council ran a pilot scheme for the use of Purchasing Cards. These will be adopted corporately once system problems have been resolved. BACS is used for regular payments to a range of approved suppliers.

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On-line catalogues are used for routine purchases of stationery, office consumables and IT equipment.

There are some examples of centralised procurement e.g. the maintenance of public buildings, co-ordinated by the Business Development section, the centralised purchase of IT equipment and consumables and the corporate printer/photocopier contract. Human resources leads on recruitment advertising.

The corporate co-ordination of procurement issues has been limited in the past, which has restricted the ability to identify, control and monitor the entire scope of the Council's procurement activities. The post of Procurement Officer has been created to address these issues (currently fixed term 12 month contract).

4.2 How much the Council spends on Procurement

A review of procurement has been undertaken, based on activity in 2004/05 identifying a Council spend of £9.4 million on procurement.

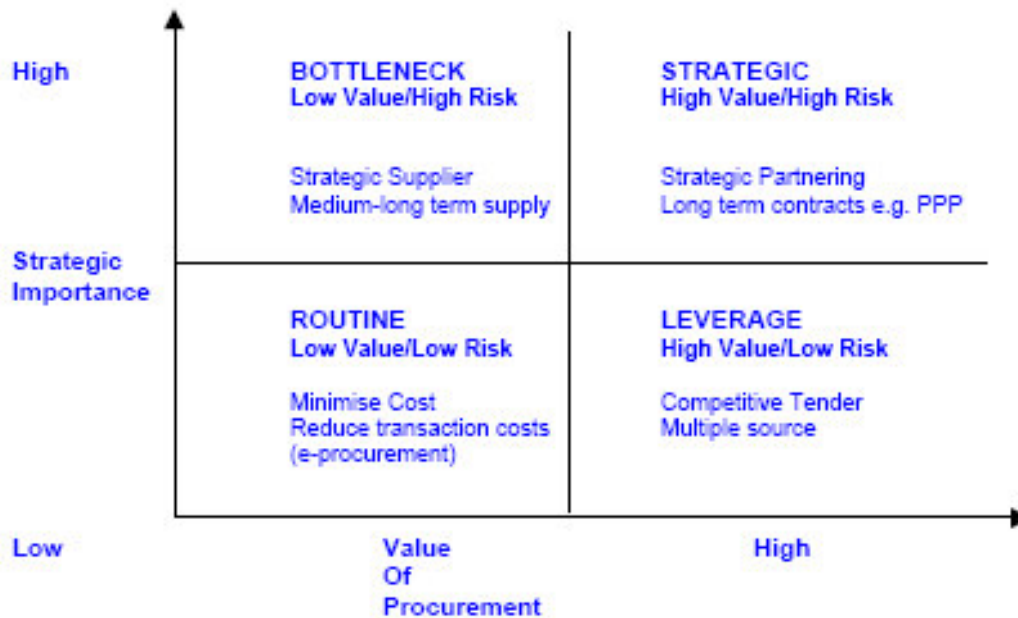
In order to use the baseline data for future comparisons, we have excluded expenditure relating to the Housing and Building Service Units, as they were transferred to Copeland Homes in June 2004.

For the purpose of procurement analysis, we have also excluded items such as Inland Revenue and Customs and Excise payments, payment of refunds etc., which do not relate to procurement.

4.3 Risk analysis of expenditure

A different risk-based approach needs to be developed for the various types of procurement activity. A standard matrix analysis divides procurement into 4 categories on a **risk** and **value** basis as follows:

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5. WHAT WE WILL DO

We will use the Procurement Strategy to:

- *Ensure Procurement is recognised as a key enabler for improving efficiency and reducing cost.*
- *Apply procurement principles to all areas of procurement from consumables to contracts.*
- *Use the external Marketplace to increase opportunities for choice, control and efficiency.*
- *Embed the Purchasing representatives as focal points for achieving results*
- *Encourage local businesses to trade with Council and beyond*
- *Ensure full control and audit of all parts of the procurement process*
- *Realise the benefits of partnerships, shared services and joint working recognised, developed and utilised.*
- *Create the ability to analyse spend patterns, compare products across authorities, provide meaningful reports and benchmark procurement activities, both locally and nationally.*

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- *Support procurement of all contract activity.*
- *Contribute to Gershon savings and Comprehensive Performance Assessment.*
- *Include Council policies including sustainability and the like.*

6. MEASUREMENT/MONITORING

6.1 Action Plan

Attached to this strategy is an action Plan that sets out requirements to move from our current position to where we want to be. This Plan needs to be implemented and supported on a corporate basis.

Monitoring and review should consider the resources used and required as well as the savings and efficiencies made.

6.2 Procurement Champion

The Council is recommended to nominate the Procurement Portfolio holder, or another Member as Champion, whose role is to:

- Promote procurement at Executive and raise the profile of Procurement with Members (working in conjunction with the Head of Finance and Business Development, the Business Development Manager and the Procurement Officer.
- Introduce an Efficiency Measurement Model to measure performance and monitor progress,
- Receive and review, monitoring reports on the implementation of this strategy,
- Make recommendations to Executive and Overview and Scrutiny for modifications in strategy, policy or corporate resources.

6.3 Reporting

Reports will aim to identify and monitor progress against targets set out in the Procurement Action Plan; opportunities for major collaborative ventures, cost savings achieved, confirmation of efficiencies, and encourage feedback from our internal and external customers.