



**Bromsgrove**  
District Council  
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**Bromsgrove District Council**

# Corporate Procurement Strategy 2008/11

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## 1. Introduction

- 1.1 Bromsgrove District Council procures goods and services worth many millions of pounds each year. The process of procurement involves the acquisition from third parties of all goods, services and construction projects. The Council is committed to procure Best Value for money supplies, services and construction works by:
- Adopting a 'whole life' approach to acquisition of assets or contracts
  - Applying effective and up to date procurement procedures
  - Ensuring procurement helps deliver the Council's key corporate objectives
- 1.2 Corporate procurement will therefore meet the Council's key corporate objective Two – Improvement
- 1.3 Key to the continuing success of this strategy is maintaining the Council approach to procurement at a strategic level and optimising the advantages of a corporate approach to supply chain management.
- 1.4 This Corporate Procurement Strategy defines the role of procurement in the delivery of the Council's strategic objectives and sets out key policies in the procurement field.
- 1.5 This strategy should be considered as a fluid and dynamic document. It will be developed on a continuing basis and will be subject to a formal annual review.

### 1.6 What is Procurement

- 1.6.1 Procurement concerns the whole process of acquisition from third parties and covers all goods, services and construction projects.
- 1.6.2 This process spans 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 end of a service contract.
- 1.6.3 You can find more information about how to business with the Council on the dedicated procurement pages of the Bromsgrove District Council Website [www.bromsgrove.gov.uk](http://www.bromsgrove.gov.uk)

## 2. Organisation for Procurement at Bromsgrove District Council

- 2.1 Implementation of this strategy requires clear functional responsibility to be assigned to procurement at both Member and Officer Level.
- 2.2 An outline of the responsibilities of Members and Officers is as follows:

### **The Cabinet**

- 2.2.1 The Cabinet has overall responsibility at member level for procurement. Procurement falls within the remit of the Cabinet member with responsibility for Finance.

### **Corporate Procurement Unit**

- 2.2.3 This exists to provide The Cabinet, Corporate Management Team and Officers responsible at operational level with a source of professional, experienced public sector procurement expertise to assist in ensuring that all procurement actions undertaken by the Council are transparent, auditable and comply with all relevant local, national and European legislation thus ensuring the Council is exposed to minimum risk in this area.

### **Officer Responsibilities**

- 2.2.4 Within the framework of control all other tasks relating to procurement and the management of contracts are the responsibility of departments in accordance with the scheme of officer delegation.
- 2.2.5 Heads of Service are also responsible, within this framework of control, for management arrangements within their service areas, including the nomination of approved officers for the purposes of entering into contracts and placing orders.
- 2.2.6 The balanced management arrangements above should provide for:-
- Strategic management of procurement at the corporate level;
  - A corporate approach to the management of major procurement projects;
  - Economies of scale in purchasing with other members of the Worcestershire Procurement Partnership or other suitable partners and through corporate framework agreements;
  - Decentralisation of specialist procurement to service areas where it can be carried out more effectively close to the customer; and
  - Delegation of authority to order goods, work and services to Approved Officers.

## **3. Strategic Framework**

3.1 The Council's strategic objectives are:

1. REGENERATION - Priorities:
  - Town Centre
2. IMPROVEMENTS - Priorities:
  - Customer Service
3. SENSE OF COMMUNITY & WELL BEING - Priorities:
  - Sense of Community
4. ENVIRONMENT - Priorities:
  - Clean Streets & Recycling

3.2 The current Corporate Plan (2007 - 2010) sets out how the Council and its key partners will play a leading role in the future of Bromsgrove District. It is part of the approach to supporting the Council on its journey towards excellence.

3.3 The Corporate Procurement Strategy is aligned with the strategic aims and objectives set out in the Community Plan and Corporate Plan and with the other corporate and service strategies, plans and procedures forming part of the Council's Strategic Framework.

## 4. Strategic Objectives for Procurement

4.1 The Council's strategic objectives for its procurement spend are as follows:

- Procurement must continue to contribute to the realisation of the Council's vision and support the achievement of strategic objectives;
- Best Value must continue to be obtained from the Council's procurement spend through the evaluation and improvement of current procurement practices to achieve better value for money and to ensure customer/client needs are met;
- All procurement projects shall be professionally managed so that they are successful and the intended benefits are realised. Officers Procurement activities should therefore follow the Councils procurement planning and project management methodology and therefore be planned, monitored and reviewed effectively;
- Partnering should be regarded as the preferred procurement strategy for all major projects
- Good practice examples must be identified and applied consistently across the organisation in line with the Contract procedure Rules and the Councils preferred project management methodology
- There must continue to be a successful transition to e-commerce in the widest sense as part of the Council's local e-government strategy;
- All procurement activity undertaken by the Council will promote equality of opportunity for everyone: employees, the public and businesses

## 5. Key Policies

5.1 A number of key policies have been put in place to enable the Council's strategic objectives for procurement to be realised.

- Best Value

5.2 This procurement strategy forms part of the arrangements the Council has made under Part 1 of the Local Government Act 1999 (Best Value) to secure continuous improvement in the performance of its services in terms of economy, efficiency and effectiveness.

5.3 All procurement of goods, works and services shall be based on best value, having due regard to propriety, regularity and the Council's legal obligations.

5.4 Best value as a contract award criterion is defined for the purposes of the Contract Procedure Rules as the 'optimum combination of whole life cost and quality (or fitness for purpose) to meet the customer's requirement' consistent with government procurement policy.

- Efficiency Agenda

5.5 This strategy will contribute to the overall efficiency agenda of the Council, to achieving nationally required cost savings (Gershon Agenda) and towards ensuring the cost efficient and effective delivery of all Council services.

- Customer Focus

5.6 The Council will take full account of Equalities and Diversities within the wider community, the needs of customers, both in the community and within the authority in purchasing goods, works and services.

5.9 The requirement, including any specific level of quality or standard of service, must, however, be tested against the best value criterion (as stated above).

- Ethics and Probity

5.10 In all their dealings, members and officers must preserve the highest standards of honesty, integrity, impartiality and objectivity.

5.11 This includes compliance with the Council's Financial Standing Orders, Financial Regulations, the Members Code of Conduct and the Employees Code of Conduct and any other guidance/codes of practice issued from time to time.

- Competitive Procurement

5.12 The Council promotes economy, efficiency, and effectiveness in its expenditure. This will be achieved through competitive procurement. Competition will also contribute to the competitiveness of suppliers, contractors and service providers. All goods, works and services must be acquired in accordance with the Council's Contract Procedure Rules.

- Contract Leakage (Off Contract spending)

5.13 This is to be stopped by all staff engaged in procuring goods or services on behalf of the Council by adhering strictly to the requirement that they must utilise any Corporate contracts let by the Procurement Unit

- Standards

5.14 The Council shall establish standards of competency in procurement, contract management and change management and shall take steps to ensure that officers and members receive the training and development they need to operate to the relevant standard.

- Financial Regulations

5.15 Corporate Procurement will be carried out in accordance with the Council's financial regulations. The process of procurement will be those laid down in the Corporate Procurement Manual, which will be produced following the adoption of this strategy. Both of these documents will follow CIPFA (Chartered Institute of Public Finance Accountancy) guidelines and are intended to be complementary.

- Mixed Economy

5.16 The Council is committed to the promotion of a "mixed economy" of service provision on the basis that this is most likely to deliver best value for the citizens of Bromsgrove district. This will ensure that the basis for commissioning service providers in the public, private, voluntary and community sectors delivers best value to the customer.

5.17 Procurement advice to Best Value Reviews will be essential to ensure that best service delivery option is chosen that can meet the current and future needs of local communities and provide value for money.

- 5.18 When undertaking a Best Value Review of a service the Council will wish to form a rounded, evidence-based view of the performance of that service in terms of the four Cs (comparison, consultation, competitiveness and challenge). The Council recognises that the competitiveness of its services is a key dimension to be addressed in reviews.
- 5.19 In so far as practicable the reviews will consider competitiveness in terms of cost, quality, customer satisfaction and added value. The assessment of competitiveness will be carried out in a fair, auditable and transparent manner.
- 5.20 If challenge to the existing model of service delivery suggests that significant change is required an options appraisal will be carried out culminating in the preparation of a business case (see below). This will identify whether a procurement project is required to deliver the solution.
- Options Appraisal
- 5.21 Before embarking on any change project designed to introduce a new model of service delivery, a business case will be prepared for consideration by the Senior Officers of the Council. This would include, but not be limited to, a change project flowing from a Best Value Review.
- 5.22 The business case will include an evaluation of the principal options available to deliver the change that is required and supporting evidence. A recommended option will be set out in an action plan to be approved by the Council.
- 5.23 The option recommended for Member approval will be the one that scores highest against the following criteria –
- Strategic fit
  - Partnering/Shared Services
  - Affordability need to add and saving achieved
  - Achievability
  - Commercial viability
  - Lowest risk
  - Environmental Sensitivity
  - External Funding
  - Equal access
- Partnering/Shared Services
- 5.24 The Council recognises the importance the Government places on working in partnership with other public, private and voluntary sectors who can share and deliver the goals of the Council. The Council, in developing procurement continues to seek to find other partners to consult and work with.
- 5.25 The Council is involved with the Regional Centre of Excellence established for the West Midlands in terms of procurement and project management and will continue to seek collaborative opportunities with neighbouring councils for joint procurement opportunities, shared commissioning and/or delivery of services.
- 5.26 Partnering shall be regarded as the Council's preferred procurement strategy for major projects. What about testing the private sector? This issue needs to be addressed
- 5.27 The Council will also work with our main suppliers to develop good working relationships to enhance service provision and ensure that they can help us to deliver this strategy. Workshops are being held (predominantly for SMEs) to ensure all potential suppliers understand how the Council purchases and the rules and

requirements that apply to public sector procurement thus helping them to bid more effectively for our business.

- Continuous Improvement

5.28 Procurement shall be used intelligently to encourage contractors, service providers and suppliers (supply chains) to reduce costs and continuously improve performance. Appropriate standards, targets and monitoring methods will be included in contracts. This strategy is subject to continuous review and improvement.

- Project Management

5.29 All major procurement projects are to be managed according to the principles of the Councils preferred project management methodology and scaled to fit the project. The Project management process adopted by the Council will be based on a modified version of the Prince 2 National Standard.

- Staff Involvement

5.30 The Council is committed to being a good employer and to developing a quality, well-motivated workforce fully enabled to deliver effective services to the customer. Where appropriate, staff will be consulted at all relevant stages of a procurement project and especially in situations likely to involve transfer of staff.

5.31 The TUPE regulations apply to transfer situations and in such situations the Council will use its best endeavours to secure broadly comparable terms and conditions of employment.

- Staff Training and Development

5.32 The key to delivery of effective public sector procurement requires people who are suitably trained and qualified to provide the necessary “professional” input. The Council will ensure a structured approach to education, training and development for all officers with procurement responsibilities.

- Electronic Commerce

5.33 The Council is committed to a modular approach to the introduction of electronic commerce, including optimising use of BACS and CHAPS payments, and appropriate use of procurement cards and electronic tendering. As set out in the Local E-Government Strategy the Council’s target is to implement electronic procurement (the full order-to-payment cycle) corporately during 2008/09.

- Sustainability ( key principle)

5.34 The aim of sustainable procurement is to integrate environmental and social considerations into the purchasing process with the goal of reducing adverse impacts upon health, social conditions and the environment, thereby saving valuable costs for public sector organisations and the community at large. Sustainable procurement forms a key part of an overall push for sustainable development by the public bodies. When purchasing assets, supplies or services we will take into account a number of factors including:

- The entire life cycle of products
- Environmental aspects; the effects on the environment that the assets, supplies and/or services have over the whole lifecycle (Green Procurement)



- Social aspects; effects on issues such as poverty eradication, inequality in the distribution of resources, labour conditions, human rights and fair-trade
  - Sustainable or recycled materials/products
- 5.35 Sustainability has been incorporated into the whole of the procurement processes pursued by the Council; defining the need, evaluating options, design and specifying, supplier selection, tender evaluation, post contract management and supplier/contractor guidance.
- Risk Management
- 5.36 Best practices in risk management, which will be set out in the Council's Procurement Manual, must also be observed.
- 5.37 The Corporate Procurement Unit will assess the financial and service risk to the Council in changing providers or choosing a particular procurement route. The Council will identify risks, evaluate their potential consequences, consider possible opportunities, and manage those risks effectively, at every stage of the process.
- 5.38 Key points where risk assessment will be important include:-
- Following Best Value reviews where alternatives to existing provisions have been identified
  - During tender evaluation
  - Whenever a major procurement change is proposed.
- Health & Safety
- 5.39 The Council recognises and accepts its responsibility as an employer for providing a safe and healthy work place and working environment for all its employees.
- 5.40 The Council's Health and Safety manual 'Safety Management of Contract Work' outlines some of the health and safety issues to be considered when contracting goods, works and services.
- Freedom of Information
- 5.41 The Council recognises and accepts its responsibilities and obligations under the Freedom of Information Act 2000 and will make information relating to contracts available upon request, in accordance with the legislation and subject to the exemptions included in it.
- 5.42 The Council will ensure that appropriate clauses are included in all contracts in order to fulfill its obligations under the Freedom of Information Act and it will not enter into contracts that include terms, which purport to restrict the disclosure of information held by the Council, beyond the restrictions permitted by the Act.
- Integrating Equality and Diversity into Procurement
- 5.43 Spending by the Council sustains and maintains a significant number of jobs within the district. The Council has a statutory duty to ensure that public money is spent in a way that ensures value for money and does not lead to unfair discrimination and social exclusion.
- 5.44 The promotion of equality in procurement will help the Council to:

- Improve the overall value for money for the Council in terms of the goods, works and services they purchase
- Improve the quality, responsiveness and appropriateness of our services.
- Ensure that public money is not spent on practices which lead to unfair discrimination to sections of the district.
- Create a diverse and integrated workforce.
- Deliver more responsive and flexible services in combating social exclusion and building stronger and cohesive communities.
- Encourage other organisations to promote and practice the Council's policies on equality.

## 6. Key Procurement Objectives at BDC

6.1 The Council will seek to continually improve and innovate its procurement methods.

6.2 Key areas for the next three years by:

- Becoming More Strategic

6.3 A key aim for the Corporate Procurement Unit is to be strategic in the decisions it makes on what to do directly and what it will assist/guide/mandate others to do.

6.4 This will include reducing the amount of tendering and reduce the number of suppliers we deal with in favour of aggregating contracts and developing partnerships. Becoming strategic will also mean mandating departments to carry out specific parts of procurement activity but within corporately set rules and policies. These rules and policies will then form the foundation of a "tight/loose" framework where managers are expected to make and implement appropriate decisions. The underlying principle will be enabling freedom of action necessary to deliver services within a framework of overall control of procurement practices and procedures.

- Modernisation of procurement methods

6.5 The Council will to continue to improve its current procurement methods by:

- Providing Management Information (MI) systems on what is spent, where and by whom including how much is spent on external contractors and what contracts are in place;
- Continuing to reduce the volume of low value invoices from suppliers;
- Continuing rationalisation of suppliers and developing more suitable partnership arrangements;
- Enforcing existing minimum entry standards, standardised across all departments, for all contractors undertaking work for Bromsgrove District Council (or providing services and supplies)
- Ensuring all engagements of Consultants comply with Council rules and regulations
- Further establishing Framework contracts for all appropriate areas of spend;
- Continuing improving basic procurement practice;
- Continually reviewing this strategy and market developments in procurement.

- Procurement Manual

6.6 A comprehensive manual has been developed which incorporates all of the practices, procedures, guidance, rules and regulations within the corporate framework of procurement for the Council. This will be available in both electronic and hard copy format.

- Training and Development
- 6.7 The implementation of this strategy will require the assessment of training needs across the Council (Members and Officers) for procurement, contract management and change management, developing competency frameworks, and instituting an appropriate training and development programme;
- Contract Letting and Management
- 6.8 A performance management regime for the procurement and contract management functions has been formulated and introduced.
- Standard Project Management
- 6.9 The Council has adopted a preferred Project Management methodology for implementing a best practice programme for procurement based on PRINCE 2 methodology. This will also include risk management and reviews, utilising the OGC “Gateway Methodology” for large or high-risk projects.
- Options appraisal and business case development
- 6.10 Developing and implementing a best practice options appraisal process for all major procurement decisions.
- Partnering
- 6.11 Partnering and Shared Service models are the preferred option of the Council for all appropriate procurement projects.
- Supplier Management
- 6.12 Ongoing review of the supply base, rationalising the number of suppliers and focussing on the management of relationships with key suppliers; working with key suppliers to (a) consolidate invoices, deliveries and payments to reduce processing costs, and (b) eliminate costs, improve quality and environmental performance, and generate new solutions all along the supply chain;
- Corporate Contracts
- 6.13 Wherever appropriate the Council is optimising the use of corporate contracts and framework agreements to obtain volume discounts and deploying strategies to eradicate inappropriate off-contract/framework (“maverick”) purchasing;
- Collaborative Procurement
- 6.14 Within the framework of Partnering and Shared Services, the Council will pursue opportunities for collaborative procurement and will adopt this option where appropriate;
- Small to medium-sized enterprises (SME’s)
- 6.15 The Council has published a “How to do business with Bromsgrove District Council” guide which with application forms for potential suppliers to register their interest in supplying the Council, which is available on the Council’s website – this will help target small and medium-sized enterprises alongside notification of tendering opportunities, and other capacity-building measures for local SMEs, third sector and community organisations. It also arranges free Seminars to help small business’s understand

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better how the Council procures goods and services, the rules that apply, also providing an understanding of Public Sector Procurement regulations and how to win business from same.

- E-commerce

6.16 The Council has been and continues to implement appropriate all electronic commerce solutions such as Electronic Purchase Order processing and the utilisation of the Government Procurement Card (GPC) this designed to increase efficiency, drive down processing costs and ease the process of procurement.

## Appendix "A"

### **Glossary of Terms**

#### **Procurement Forward Plan**

The procurement forward plan sets out information on current contracts and contracts to be awarded in the period covered by the plan (normally three years in total).

#### **Contract Procedure Rules**

Contract Procedure Rules are set procedures to ensure that value for money is obtained, statutory requirements are met in terms of UK and EU law, and the Council's affairs are properly controlled and prudently managed.

#### **Procurement Manual**

The Procurement Manual is the guidance document incorporating all the Council's relevant procurement information to enable a purchasing officer to ensure that the Council procures the best value for money supplies, services and works and complies with the Council's Contracts Procedure Rules.

#### **Partnering**

Partnering is the creation of a mutually advantageous and flexible relationship between the Council and its partner based on openness and trust and the sharing of risks and rewards and continuous improvement. The partner may be in the public, private or voluntary sector.

#### **Gateway Methodology**

This is based on the Office of Government Commerce (OGC) model for 'testing' projects at various stages of the project this by external examiners, thus greatly reducing the risk of projects continuing past each stage (or 'Gateway') if the risks or any other factors mean that it will be eventually unsuccessful