

Procurement and partnering strategy

The strategy aims to set a clear framework for procurement throughout the authority, which reflects the council's community and corporate plans, provides a framework for best value and which stands alongside the council's contract standing orders and constitution.

It also sets out an action plan for achieving the corporate approach to procurement as set out within the strategy.

The council's procurement strategy and purchasing guidance is reviewed annually to reflect developments in the field of procurement.

The revision in 2009 continues to take account of the efficiency agenda and the need to make substantial savings in procuring goods and services as well as continuing to secure compliance with European and national legislation and the council's own corporate strategies.

The action plan has been revised to show outstanding actions and targets for the future, including the impact upon its community and local suppliers.

If you have any queries regarding the strategy please contact the Procurement Team (procurement@canterbury.gov.uk) on **01227 862 362**.

Executive summary

- 1.1 The aim of this procurement strategy is to set a clear framework for procurement throughout the authority, which reflects the council's community and corporate plans, provides a framework for best value and which stands alongside the council's contract standing orders and constitution.
- 1.2 In considering the corporate aims and the requirements of best value, the following procurement objectives have been set:
 - 1.2.1 To ensure that the procurement process is clear and focused in the first instance on achieving value for money;
 - 1.2.2 To ensure that purchasing is open, transparent and auditable;
 - 1.2.3 To ensure that procurement options are chosen on the basis of the degree to which they fulfil the council's corporate aims and objectives and those of specific services;
 - 1.2.4 To ensure that all purchasing complies with the corporate regulatory framework;
 - 1.2.5 To explore and develop consortia, joint service provision and partnership purchasing solutions, where these are the most cost effective means of procurement;
 - 1.2.6 Where appropriate, to seek out and develop new methods of service delivery, for example in immature and emerging markets;

- 1.2.7 To ensure that in choosing the best value procurement method, the process of balancing cost against community and environmental benefits is made in a transparent way and supported where appropriate with clear evidence.
- 1.3 To ensure that these policies are implemented we have carried out the following key actions:
 - 1.3.1 Our central corporate procurement unit within the Finance Division is responsible for strategic and oversees and supports procurement across the council.
 - 1.3.2 Gaps in procurement skills are being addressed through a variety of means including training, issuing guidance and using external expertise as appropriate.
 - 1.3.3 We are using a forward procurement plan to inform and manage future procurement and to inform others of the council's likely demand, in broad categories, for supplies, works and services in the medium term.
 - 1.3.4 We take account of how the council's procurement procedures can promote its social, economic and environmental policies, for example, considering how we can encourage local businesses to establish new markets, through its compact with the local and voluntary sector and the effects of procurement decisions on local and national/world environments (for example reducing waste, using environmentally friendly materials, Fairtrade, energy efficiency and developing skills within the local work force by providing apprenticeships and other training opportunities).
 - 1.3.5 Political responsibility for procurement is in place in that councillors to take a strategic role in securing quality outcomes from procurement decisions, and at a practical level the member procurement champion is represented on the procurement officer working group.;
 - 1.3.6 We ensure that, when dealing with staff transfers, TUPE and workforce requirements continue to be applied;
 - 1.3.7 We are using a standard accreditation process for contractors and are continuing to work towards a simplified system of pre-qualification approval for all suppliers;
 - 1.3.8 We are developing the whole life costing method to achieve sustainable procurement within the constraints of European procurement legislation;
 - 1.3.9 We are using the South East Business Portal to promote our contract opportunities and promote this to our local suppliers through Business Life.
 - 1.3.10. We continue to develop and streamline purchasing processes to make them easy to follow and understandable to both purchasers and suppliers and we make this information available on the internet and intranet.

Introduction

What is procurement?

- 2.1 Procurement is the process of obtaining supplies, works and services spanning the life cycle of the asset or service contract. 'Life cycle' is defined as being from the initial definition of the business need through to the end of the useful life of the asset or service contract.
- 2.2 The term 'procurement' has a far broader meaning than that of purchasing, buying or commissioning. It is about securing services and products that best meet the needs of users and the local community in its widest sense. This strategy provides a common framework within which all procurements by the council are to be managed.

Background

- 2.3 The importance of procurement has increased in recent years. The key drivers are:

The Comprehensive Performance Assessment, the Efficiency Agenda, a wide variety of Legislation including such matters as Sustainable Communities, Diversity, Equalities, Environmental issues, Health and Safety as well as the complexities and strict requirements of EU Compliance and recent case law..

The strategy aims to achieve a balance between these conflicting demands while delivering services in an efficient economic and effective manner, which meets the needs of the community.

- 2.4 The key role that best value now plays in the delivery of local services means that procurement is now everyone's concern. In recognising its increasing prominence, it is important to understand the role that procurement plays in various aspects of the council's work. This has been reflected in the approach taken to this strategy.
- 2.5 The council continues to develop its corporate procurement unit as the focus of excellence for procurement and the driver for achieving best practice in procurement across the council. In recognising the shortage of procurement professionals it is working closely with other councils and professions to share expertise and to collaborate on common needs.

One example is the work of the Kent Secretaries Group, which has produced a variety of document for adoption and use by Kent District Councils, including:

A common set of Contract Standing Orders

Associated procurement guidance

A common set of terms and conditions to be included with low value purchase orders for non-complex procurements.

They are now working on producing common set of terms and conditions for the larger and more complex contracts and checklists for specific areas such as IT procurement.

Purpose

- 2.6 This strategy sets out:
 - 2.6.1 The priorities for procurement in supporting the council's strategic objectives;
 - 2.6.2 Key targets for procurement, in the form of an action plan, for complying with national and local objectives updated from previous years. Completed actions have been deleted;
 - 2.6.3 The principles which underpin procurement activity across the council;
 - 2.6.4 The nature of the council's procurement activity.
- 2.7 The purpose of this strategy is to communicate clearly to all councillors, stakeholders, strategic directors, managers, procurement specialists and suppliers in both the private and voluntary sectors the council's vision for the way forward in its procurement of supplies, works and services so that they may play a meaningful role in the implementation of that vision.
- 2.8 This procurement strategy is available to all key stakeholders and suppliers. We welcome comments and views so that we can continue to develop the strategy in future years.
- 2.9 The strategy itself is laid out in three chapters as follows:
 - 2.9.1 Current arrangements outline how procurement is currently being managed within the authority, and the implications arising from current arrangements;
 - 2.9.2 Procurement policy sets out the policy to guide the strategy and the best value processes put in place to support it;
 - 2.9.3 Priorities for further action and the procurement implementation programme - to implement the procurement strategy throughout the authority.

Current arrangements for procurement and the implications arising from these arrangements

- 3.1 Procurement of supplies, works and services are regulated by the constitution, by financial regulations and contract standing orders (the corporate regulatory framework). Within departments, these requirements are embodied in office instructions and other procedure notes designed to provide guidance to staff who are involved in day-to-day procurement decisions.
- 3.2 The council operates a mainly decentralised and devolved structure. Departments are empowered to act independently in the interests of those they serve. There are examples of central purchasing through a lead department for goods and services used across the Council for example: office supplies, IT purchasing, central vehicle leasing and electrical equipment. We are continuing to research other sources of supply for commonly used items to achieve best price and efficiencies in purchasing by using other public sector contracts open to us.
- 3.3 Where there are significant risks in procurement such as in construction and strategic services such as maintenance, the council uses a system of supplier vetting. Since 1 April 2006 this has been in partnership with Constructionline, the

government sponsored national supplier accreditation body and CHAS (Contractors Health and Safety). While many public bodies insist on detailed pre-qualification questionnaires (PQQ's) we only require a very short PQQ from accredited contractors thus reducing the bureaucracy in trying to obtain work. Ww will be developing this further for other types of supplier.

- 3.4 Policy, strategy, regulation and training are provided by the Head of Legal and Democratic Services and Director of Corporate Services through contract standing orders, financial regulations and related guidance notes and codes of practice.
- 3.5 The decentralised nature of procurement makes it difficult to ensure good practice across the whole of the organisation as communication and training needs are more extensive than under a centralised arrangement. This strategy aims to address these issues. To secure a robust procedure for its high-risk procurements it will be developing a "Gateway" process to ensure that member approval / notification exists at key stages of the procurement process as has been used for the Marlowe Theatre development
- 3.6 We recognise that the cost of procurement includes not only the cost paid for goods and services but also the associated transaction costs of placing orders, and processing related invoices. National studies suggest a figure of £45 for start to end processing for an order so we will continue to work towards reducing the percentage of low value invoices or ensuring that where these are necessary, electronic means are used where appropriate. Use of purchasing cards for low value and ad hoc purchases will continue to be promoted. The overall aim of these actions is to achieve economies though a better balance between obtaining a lower price and other procurement costs.

Procurement policy

4.1 The corporate context

- 4.1.1 Procurement must be seen in the context of the council's overall objectives. All too often the driving force is focused on price. Whilst this remains an essential ingredient of best value, it is also important that procurement decisions are taken in light of the broader objectives, which the council is seeking to achieve. For a public body, effective procurement must be measured as much by the social outcomes, environmental and community benefits that result, as by the financial gains. Balancing these two dimensions is at the heart of effective best value procurement.
- 4.1.2 To understand the community benefits the council is seeking to achieve it is necessary to consider the council's corporate vision, core values and overall objectives. These are set out in the council's corporate plan 2008-2012 and are as follows:

4.2 Council vision

Through focussed, well-planned and environmentally sustainable growth, by 2030 the Canterbury district will be defined by a dynamic strong economy and distinctive cultural and visitor experience from which our communities will prosper.

We will harness the unique range of assets the district has – three distinctive urban areas, a strong international brand, thriving Universities, a diverse natural environment, a European Gateway – making the district *the beating heart of East Kent*. Our district diversity is our strength and by 203 we envisage that:

Canterbury will be a cosmopolitan world heritage city for all ages with a strong knowledge economy, a diverse retail sector and national cultural reputation;

Herne Bay will be a sunny seaside town that all our community are proud of and are happy to share with others, offering good quality jobs, housing and transport links and a strong leisure and entertainment sector;

Whitstable will be a thriving coastal town – proud of its unique character, heritage and active coastline;

Our rural areas will be characterised by the distinctiveness of village life, where there are well-designed homes and jobs for local people within our outstanding natural environment supporting a diverse agricultural sector and its produce.

We will do this by:

Promoting and providing progressive sensible Environmental leadership – by setting a sustainable Canterbury Standard

Strengthening and diversifying our economy – supporting the growth of the knowledge economy, encouraging innovation, enterprise and creativity, nurturing and attracting a skilled workforce

Enhancing Canterbury's reputation as an international tourism destination – improving the visitor experience through the quality and range of visitor attractions, festivals and events and accommodation

Improving the cultural offer – providing opportunities for existing and new audiences to participate in culture and sport, becoming recognised as a nationally significant cultural centre

Understanding and responding to the needs of our communities – addressing the challenges of demographic changes, issues of accessibility and inclusion, fostering community and democratic engagement and enhancing life chances for disadvantaged People

Regenerating our City and Towns – through the improvement of infrastructure, particularly transport and the quality and experience of those who live, work and visit

4.3 Corporate aims

The seven themes of the Corporate Plan are:

4.3.1 Reputation – Maintaining Canterbury’s reputation as an excellent council. Justify and enhance Canterbury’s reputation as a council that provides high quality and customer driven services to residents; that values and develops its staff and works in partnership with key stakeholders; is regarded by external government inspection auditors; and delivers a broad range of projects and initiatives that are used, valued and accountable to residents.

4.3.2. Focusing on people – Focusing on people to improve their well-being and helping communities who need our support, especially those who live in disadvantaged neighbourhoods with the greatest need. Equipping local people to take responsibility for their own personal development. Collectively working together to create strong, sustainable and cohesive communities characterised by a strong sense of identity, kindness and pride.

4.3.3. Creating a quality district – Creating an inspirational high quality and attractive district to live and visit. Developing an attractive and safe environment through our own efforts and acting as a catalyst to encourage others to provide high quality facilities that bring in visitors to stay and spend; attracts new residents and gives existing one a strong sense of belonging and pride.

4.3.4. Encouraging innovation and enterprise - Encouraging innovation enterprise and skills development. Encouraging economic growth and prosperity through supporting local businesses and promoting entrepreneurship, to create new employment opportunities and diversify the local economy.

4.3.5. Promoting participation in culture, leisure and play for all – Promoting active participation in culture, leisure and play for all. Promoting the benefits of participation in culture (incorporating arts and creative development, sport, leisure and play), engendering a sense of enjoyment personal health and well-being amongst local residents.

4.3.6. Promoting and providing environmental leadership – emphasising the importance of managing the district’s natural assets to achieve the best results for local people. Taking forward responsibility for reducing carbon emissions and promoting bio-diversity; Canterbury City Council has a unique democratic mandate to engage other organisations and the wider community in developing a sound and cost effective policy to protect the environment and reduce energy use and pollution.

4.3.7. Improving accessibility, links and connectivity – Ensuring that residents and visitors have affordable and sustainable transport options to access employment, services schools and shops and that the transport infrastructure is improved to help the economic prospects of local businesses.

4.4 Corporate procurement policy

In support of best value and recognising the requirements of the above statements, the following policy has been developed:

4.4.1 Vision

To obtain best value through planned and skilful procurement, in respect of all supplies, works and services sought by the council.

4.4.2 Procurement principles

The procurement principles summarised below support the council's corporate aims.

4.4.2.1 Management and control of contracts

The council will use the Project Management Toolkit to ensure that all major, complex or high risk contracts are adequately managed and monitored with a view to achieving completion of service delivery on time, within budget, and in accordance with the specification.

4.4.2.2 Assessing and minimising risk

The risks associated with all procurement shall be assessed and minimised accordingly.

4.4.2.3 Experienced and skilled staff resources

Staff engaged in procurement and contract management shall be suitably experienced and trained for the purpose in accordance with the Skills Framework for Procurement and Contract Management in local government issued by the Improvement and Development Agency (IDeA).

4.4.2.4 Social, economic and environmental well being

All procurement shall recognise the impact on the social, economic and environmental well-being.

4.4.2.5 Delivery

All procurement shall have due regard to the issue of whole life cost and sustainability and early decisions shall be taken to ensure that the vehicle for delivery of the project is designed to encourage supply in the most efficient manner and achieve the required project outcomes at an affordable price and on time.

4.4.2.6 High professional standards and best practice

All procurement procedures shall be operated in a professional manner and ensure the highest standards of transparency, probity and accountability.

4.4.2.7 Continuous Improvement

Where contracts are going to run for a number of years, the contract should be sufficiently flexible as to provide for continuous improvement throughout the period of the contract.

4.4.2.8 Workforce matters

Any procurement that potentially involves the transfer of staff under the Transfer and Undertaking Protection Regulations (TUPE) shall, as far as legally possible, fully protect the future terms and conditions of employment of such staff.

4.4.2.9 Equalities

All procurement procedures shall comply with the council's equalities policy and in particular shall incorporate the council's duty to promote racial equality and to comply with the Disability Discrimination Act.