

DUDLEY METROPOLITAN BOROUGH

THE COUNCIL'S PROCUREMENT STRATEGY – 2009-2014

BACKGROUND

The Executive on the 8th September 2004 endorsed the Corporate Procurement Strategy (2004-7) and since then a number of interim reports to the Cabinet and Corporate Board advised on progress against the Strategy.

The original strategy has now been updated. This revised strategy will build upon the excellent work already done in the development of a corporate approach to Procurement and will continue to assist the Council to make improvements in procurement activities.

A great deal has already been achieved. There has been significant expansion of business conducted through e-procurement means, a lot of detailed best practice guidance has been produced and made available through the procurement intranet site. Use of best practice has also been strengthened. New standing orders have been produced and internal audit is checking adherence to these. This has resulted in a very positive Audit Commission Procurement Report in 2005, significant Gershon Savings (AES) and a contribution to the Council being acknowledged as a 4* Council..

The principles outlined in the National Procurement Strategy and guidance from the Department for Communities and Local Government to develop excellence in procurement have been considered and will assist the Council in supporting corporate priorities and delivering value for money by reducing cost, simplifying processes, raising service levels, reducing risks and developing successful relationships contributing to sustainable procurement.

1. THE STRATEGY

1.1 To procure and commission quality services and products tailored to local needs to deliver sustainable cost effective outcomes.

2. DEFINITION OF PROCUREMENT

2.1 For the purposes of this strategy, the definition of procurement is broadly that expressed in the Byatt report. i.e. Acquisition from third parties of goods, services (including commissioning), and construction projects. 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 services contract.

3. OBJECTIVES

3.1 The Council will continue to build upon the significant progress made to support key corporate objectives by improving the effectiveness of procurement across the

organisation and to improve significantly the lives of people living, working and visiting the Borough. There will be a strong focus on Sustainable Procurement and Whole Life matters related to issues identified in the Council Plan.

These objectives will be achieved with reference to:-

Economic

- *Value for Money, Job Creation and Economic Vitality, Local Regeneration*

Social

- *Social Inclusion, Ethical Trading, Equality and Diversity, Working Conditions, Human Rights, Working with Sector (voluntary).*

Environment

- *Energy Efficiency, Waste Prevention, Reducing Co2 Emissions, Recycling*

Note: This is in accordance with the recommendations made in National Strategy for Procurement (Final Report 2008) for Local Government and guidelines produced by the Audit Commission on Comprehensive Area assessment.

3.2 In particular the procurement strategy seeks to:-

- develop and build upon the Council's capacity in strategic procurement and commissioning
- further the implementation of key policies for the Borough, with particular emphasis on encompassing business transformation, efficiency, regeneration (including work with SME's), mitigating the effects of the recession, promoting equality and diversity, third sector expansion, and shared services
- optimise the quality and performance of, all of the Council's contracted services, works and supplies, within available monies
- ensure that the Council determines and pursues the means for provision and continuous improvement of all of its services, that represent best value
- maximise the improvements, that partnership working with the private, public and voluntary sectors can make for public service users in the Borough
- develop modern procurement techniques, especially e-procurement opportunities, integrated into the Business Transformation agenda

4. KEY ELEMENTS OF THE STRATEGY

4.1 Implementing key policy objectives

- To support the local economy and seek ways to stimulate the local economy whilst staying within the bounds of National and European legislation. To develop a mixed economy of suppliers/service providers and partnering arrangements.
- To work closely with local businesses and partners and engage with stakeholders to understand needs, develop markets and design contracts and procurement/commissioning processes.
- To manage and implement procurement activity.
- To ensure options for commissioning and procurement are evaluated in the context of need, wider social, economic and environmental objectives will be taken into consideration.
- To focus on demand management (preventative measures) and develop services for commissioning and procurement working with partners and potential providers building on existing good practice to provide more choice, value for money and sustainable outcomes.
- To develop specialist support in major/complex projects including, commissioning, construction and transportation.
- To explore options for greater collaboration, centralisation and sharing of resources, this can deliver greater effectiveness and savings.
- To develop corporate guidelines for procurement and contract documents and information will be made available throughout the organisation on the Council's Intranet Site and communicated through various working groups. Other associated documentation will be reviewed to ensure that it fully support officers and members in procurement procedures.
- To develop Management Reports to assist officers in the decision making process and business development.
- To review 'savings' methodology and procedures to manage suppliers/service providers.

- To influence, as a major procurer and commissioner of services, other organisations in the promotion of equality of opportunity and diversity in their own employment practices and service delivery. Raising awareness of Equality and Diversity issues will continue to be considered in procurement matters.

4.2 Improving quality and performance

- Performance Measurement will be developed to oversee the delivery of smarter procurement cash savings.
- Quality standards will continue to be developed for all major procurement exercises, to include requirements relating to issues outlined in paragraph 3.1.
- The Procurement Toolkit and Master Contract Documentation will be periodically reviewed to update the Council's standard approaches.
- Processes will be developed to engage the Council's Performance Management system in monitoring the Council's procurement performance, quality and value for money terms.
- Management arrangements will continue for the monitoring and scrutiny of the Procurement Strategy.

4.3 Service provision

- Fundamental reviews will continue to be the mechanism whereby the Council identifies and evaluates the viable delivery options for services. Corporate guidelines and support arrangements will be developed for the conduct of these reviews, and decision making coming out of them, towards selecting the most appropriate options.
- In response to changes in moving from Comprehensive Performance Assessment (CPA), to Comprehensive Area Assessment (CAA) the Council will review service provision and respond to such changes.

4.4 Shared Services/Partnership working

- The revised corporate guidelines and support arrangements for fundamental reviews referred to in paragraph 4.3 will be developed to consider shared services/partnership options for service delivery.

- The Council will continue to work with partner organisations through, for example, the Local Strategic Partnership to review and improve the effectiveness of partnership activity, co-ordinated and managed through that vehicle.
- The effectiveness of the local compact agreed with the voluntary and community sector will be reviewed annually. Reviews will focus generally on issues relating to service improvement, and every third year the compact renewal terms will be negotiated.
- The Council will continue to ensure that funding to voluntary bodies is reviewed on an annual basis. This will be done as part of the budget planning process, to ensure that the pattern of allocation best fits the Council's objectives.
- The Councils total purchasing and contracting activity will continue to be analysed and reviewed to identify further opportunities to obtain benefit to the Council through collective or other arrangements.

4.5 Developing modern procurement techniques and business transformation

- Use of modern procurement techniques will be explored further including the development of corporate purchase cards, electronic tendering, e-auctions and e-marketplaces. This work will be geared towards rationalising invoices payment, goods receipting and streamlining processes.
- The use of the Council's project management approach will be adopted for all major procurement exercises.
- The Councils Financial Systems will be developed to support Procurement Activity.
- Procurement efficiency targets will be established, as part of the Council's Value for Money and budget setting processes.

4.6 Building Capacity

- The Council recognises the scale of its procurement activity. Its approach towards ensuring that this is carried out in a professional and strategically co-ordinated way is to equip, empower and support its people in key positions, throughout the organisation, with the requisite skills, delegated authority, and specialist advisory services.
- The Procurement Code of Practice will be promoted to assist in the development of procurement skills, knowledge and expertise.

- Specialist support services for the Council's procurement activity will be continually reviewed to ensure that they are commensurate with the scale, and complexity of engagement required over the period of the strategy.
- The Council will continue to research and proactively engage with supply markets and develop appropriate services working closely with key service providers.

4.7 Consultation and support for employees and service users

- Corporate Guidelines introduced as part of the Procurement Toolkit will continue to be reviewed and developed to assist directorates in dealing with workforce matters in fundamental service reviews.
- Directorate procurement champions and officers within the Procurement Strategy Group and Procurement Support Group will support employees and service users in procurement activity.

5. PRINCIPLES UNDERPINNING THE STRATEGY

5.1 A lot of work has been undertaken over recent years in many of the improvement areas identified. The intention of this strategy is to build on that work working with suppliers/service providers and developing support to its officers for the benefit of the local community.

5.2 The Council has long recognised the contribution that competitive and innovative approaches to procurement can make to obtaining value for money and the furtherance of key policy objectives. It continues to achieve a great deal, particularly in obtaining value for money. Over the period of this strategy, it aims to develop its approaches further, building on its already recognised, good practice.

5.3 In developing its procurement approaches the Council will take steps necessary to ensure that

- The Council protects public interest and ensures public money is spent properly. Procurement will be conducted in a professional and ethical manner, based on transparency fair and open competition. Whilst the Council cannot favour businesses simply because they are located in the Borough or employ only local people we are keen to develop participation by small local firms and the voluntary and community sectors, and work with local suppliers/service providers to deliver community benefits in a way that is consistent with best value, and in compliance with procurement law and to ensure tenderers give proper consideration to the impact of contracts on local employment and supply.

- The Council, as a community leader, will champion equality of opportunity, address issues of diversity, challenge all forms of discrimination and contribute to making the Borough a place where people live together safely in respect and friendship.
- Risks are managed in accordance with its risk management strategy. In particular the Council will aim to maintain the high standards of probity necessary to ensure public confidence in its actions.
- Procurement policies and practices are consistently applied across the whole council, whilst recognising the range and diversity of service provision.
- A strategic view of procurement and its requirements is taken, including the management and balance of risk, and the opportunity for cross service/agency working.
- Procurement decisions expressly reflect the benefit for the council as a whole, rather than the impact in any one area of operation.
- Major procurement decisions are informed by objective, rigorous and comprehensive appraisals, and with particular regard to whole life matters.
- The council's procurement policies, practices, decisions and outcomes are subject to scrutiny at Member level, and open to the public.
- Benchmarking will be developed to support decision making.
- In all procurement exercises the effort towards meeting the requirements of the strategy is proportionate to the cost of services or goods involved.
- The Council will pay due regard to developing national guidance.
- Appropriate training will be provided.