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| Revised:  | April 2012 |
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| Corporate Procurement Strategy |
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Foreword

Bedford Borough Council has a duty to ensure that it makes the best use of the resources available to it in delivering services. This includes engaging with suppliers providing services to the Council to ensure value for money is achieved.

I am pleased to present this Procurement Strategy, which underpins the Council’s work in this very important area of Council expenditure.

I feel it is important to highlight the aims of this Strategy, which are as follows, to:

* Secure Member and officer (at all levels) commitment to effective and efficient procurement.
* Work with partners to develop our strategic procurement approach across service groups.
* Promote procurement as a driver for the transformation of council services.
* Promote the Council as an enabler and a provider of services and encourage challenge of existing methods of service delivery.
* Encourage long term service planning and proper strategic planning of commissioning and procurement projects.
* Positively contribute to delivering efficiency improvements through procurement of excellent and cost effective services.
* Support the development of the community by working with our local providers to help them to create greater opportunity to compete for Council business.
* Promote responsible procurement in terms of addressing social, economic and environment issues, local sustainability and equality and diversity.

I look forward to the aims of this Strategy becoming embedded in our organisation, leading to the procurement of a sustainable future.

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Executive Summary

This document sets out the Council’s strategic approach to procurement for the next 12 months. It is not intended to be a procurement manual; however, the principles contained within this strategy should be applied to all procurement activity. Consideration of this strategy is not optional and it should be read in conjunction with the Council’s Detailed Financial Procedure Rules and Contract Procedure Rules.

The Council has committed to *Serving its Customers Better* by ensuring it achieves the *Best Buy for Bedford* (Corporate Plan 2012- 2016, 4C). To achieve this, the Council must make sure it reduces its cost, through better collaboration, better procurement and improved use of assets. Adherence to this strategy is integral to the Council achieving this objective.

This Procurement Strategy also emphasises the continuing importance of Sustainable Procurement, using procurement to support wider social, economic and environmental objectives in ways that offer real long term benefits. To help deliver this commitment, staff and market awareness will be raised through support, advice and training, which will promote the purchase of recycled products and ‘green’ energy supplies generated from renewable sources. A guide to sustainable procurement is available on the procurement website.

Cost reduction and efficiency targets will not be achieved if the authority fails to approach competition positively, taking full account of the opportunities for innovation and genuine partnerships which are available from working with others in the public, private and voluntary sectors.

This strategy provides a corporate focus for procurement. It embraces the Authority’s commitment to strategic procurement and sets out the Council’s aspirations. It is not a ‘user manual’; more detail on procurement processes and issues will be found in the Contract Procedure Rules and the Procurement Code of Practice.

The Council has established a Commercial Hub to provide the focal point for procurement and the delivery of the benefits that will flow from the Procurement Strategy.

The principal means of disseminating detailed procurement guidance will be the intranet, and a full suite of procurement documents can be found in the Procurement Service web pages at:

<http://spintranet/departments/finance/financialprojects/procurement/Pages/default.aspx>

Introduction

In delivering services Bedford Borough Council (BBC) aims to maximise outcomes whilst at the same time minimise the cost of delivering services in pursuit of Value for Money (VfM). In terms of supplier engagement this means ensure the balance between cost and service is competitive.

Effective procurement helps to deliver the Council’s broader objectives and support the Council’s values. A commitment to sustainability, fairness and the development of the local economy will be built into purchasing decisions. The Council will develop a mixed economy of delivery, with the Council procuring services from those who are best placed to deliver them effectively.

It is essential to balance cost and quality in the procurement of all goods and services. The Council needs to ensure clearly identified needs make the most of the Councils’ buying power, shapes markets to deliver what is needed and ensure that the Council is getting what is paid for. Economic considerations will be balanced with the need for environmental and social outcomes. Whilst this must all be done within the bounds of European Union (EU) Procurement legislation, the Council will continue to encourage local sourcing and the use of local labour. The Council will build in broader social outcomes, such as, carbon reduction targets alongside more traditional measures of cost and quality.

This strategy responds to the demanding challenges faced by the Council. It sets out what the Council wants to achieve through its procurement and explains how it will go about achieving this. It represents a change to the way procurement is traditionally operated within the public sector and a move away from an approach which is grounded predominantly in process and compliance.

The Council will:

* build a ‘*One Team’* integrated approach across the whole council to the way that we buy goods and services – Category Management

Vision

To demonstrate **continuous improvement** and the achievement of **Value for Money** through the effective procurement of goods and services to ensure that the Council’s needs and those of the local community are met.

To have a clear framework of **accountability and responsibility** that adopts legally compliant, best practice procurement procedures and techniques.

To build a **diverse and competitive market** that can supply the Council and its service user’s requirements and provide value for money.

To encourage **communication and interaction with local and national suppliers** to understand their views and what enables and encourages diverse parts of the market to bid for work with the Council.

To develop a relationship between the Council and the business community and the broader voluntary and community sector that creates mutually advantageous, flexible and long term relations based on continuous improvement of quality of performance and financial savings.



Approach

The procurement activity will deliver financial, social and environmental benefits, ensuring that maximum value is achieved throughout the life of the contract and that whole life costs and broader social and environmental benefits are delivered throughout the procurement process. The Council will procure goods and services which meet the quality criteria to deliver desired outcomes. The Council will manage contracts and supplier relationships to ensure the benefits of contracts are delivered throughout the lifetime of the contract.

The Council is committed to improving its overall approach to procurement. This will be achieved through the Commercial Hub, which will:

* Demonstrate measurable cash savings
* Develop simpler and standard processes
* Ensuring compliance with appropriate legislation and regulation
* Undertake procurement training across the Council to ensure consistent performance and delivery, whilst committing to support the promotion and education of social and environmental awareness
* Remove duplication
* Continually research, communicate and collaborate with local businesses and the Voluntary and Community Sector (VCS)
* Advertise more business opportunities.
* Through the use of better technology, make competing for Council business easier

The Commercial Hub will act as a focal point, fully engaging with the virtual buying community across the Council, ensuring there is a single focus on all procurement policies, processes, systems and governance. It will provide the Council with an overview of all spend ensuring the best interests of the Council and the market are met in all procurement activity.

The Commercial Hub will focus on developing 7 key areas for the next 12 months, these are:

1. *Organisation* – The Commercial Hub will assist services in their efforts to collaborate with partners to develop more efficient services. It will investigate factors that influence the market's ability to provide capacity and develop strategies that will provide services at the right time, to the right quality and at the right price. The Hub will co-ordinate the Councils efforts to support initiatives that will benefit the delivery of services to the community. This will include the consideration of shared services and further joint procurements.

The Commercial Hub will provide direction on staff development issues regarding procurement to identify those individuals within the organisation who are involved in procurement activity and enable them to gain the necessary skills and knowledge to manage procurements in accordance with legislation and the constitution. This will also involve the dissemination of good practice to enable the provision of goods and services in the most efficient manner.

The Commercial Hub will:

* Review procurement documentation
* Develop a suite of procurement procedures, guidance and templates for use across the Council;
* Provide training courses to meet the needs of staff and the local market
* Raise awareness of sustainability through support, advice and training
* Develop internal and external procurement network
* Develop a forward procurement activity plan

1. *Category Management* –By grouping together products and services according to their function (e.g. travel, construction etc) across the whole Council (or in collaboration with other organisations) the Council can manage the overall spend and maximise buying power and achieve economies of scale.

This does not mean a small number of large contracts but that tenders are structured in a way that provides a level playing field for all potential bidders irrespective of size.

The Commercial Hub will:

* Develop a suite of Category Strategies to drive further savings and efficiencies
* Drive commitment to sustainability across categories to develop Council and market awareness

1. *Supplier Relationship Management* – The Council will build strong, long term, positive relationships with suppliers across all sectors, not just when actively procuring goods and services but also when considering alternative delivery models e.g. social enterprises.

The Council will establish strategic relationships with suppliers to ensure that both parties are delivering against the commitments within the contract and also build upon mutual experience and knowledge to embed continuous improvement practices throughout the contracted period and beyond. Effective engagement with suppliers will also inform future specifications to ensure that the Council is approaching the market with requirements that meet defined needs and are commercially attractive to the market, and therefore generate value for money contracts that can be successfully delivered.

The Council commits to making all procurement activity fair and transparent and encourage a diverse range of providers to bid for work irrespective of size and regardless of value. This will ensure a consistent procurement approach.

A suite of standardised documents and contracts will be developed for use across the Council to ensure consistency and to make the procurement process more accessible to suppliers.

Through events and open forums encourage the sharing of knowledge to inspire innovation and new approaches to the way the Council approaches procurement activity.

The Council will:

* Continue to engage with key suppliers
* Performance manage providers
* Explore new models of service delivery and welcome a dialogue with communities and suppliers to establish new and innovative procurement approaches
* Encourage a diverse range of suppliers to work with the Council, including social enterprises of all kinds in order to deliver social value and allow opportunity for suppliers without an existing relationship to have the same opportunity as incumbents
1. *Demand Management* – The Council will ensure that the Council’s needs are being appropriately met and that resources are not being applied unnecessarily. The Council will eliminate, reduce or replace resources through monitoring the use of corporate contracts, driving a process of change, identifying and analysing areas of “off contract spend” and implementing policies and procedures to ensure compliance.

The Council will only buy what is really needed and make sure that the level of quality specified is good enough to do the job over time but not better than needed. The Council will eliminate unnecessary spend, remove waste and reduce the overall amount of money being spent on goods and services. The Council will apply the key principles of Demand Management which are:

* Eliminate – is the requirement really needed or can the consumption be stopped?
* Replace – can we use lower cost or more effective alternatives?
* Reduce – can we use less of a product or service?

The Commercial Hub will:

* Develop a process to monitor and manage spend
* Through a series of management information reports, make recommendations to drive further savings and benefits
* Introduce a number of gatekeepers and ensure the benefits of contracts are delivered throughout the lifetime of the contract.
* Ensure the procurement of goods and services meet the quality criteria to deliver desired outcomes.
1. *Contract Management* – Through better contract management, from award through to termination, the Council will ensure it receives what has been paid for and in return suppliers will develop their offering and understanding to the Council.

The Commercial Hub will:

* Develop and maintain a visible contract register
* Develop and maintain a forward activity plan
* Reduce overall spend for contracted goods and service
* Reduce non-contracted spend
* Ensure sustainability criteria are built into our contracts e.g. Health & Safety and carbon reduction measures
* Embed the principles of the Single Equalities Act in all tenders and contracts.

1. *Systems and Processes* – The implementation of a new e-procurement solution will enable the Council and suppliers to streamline the procurement process and increase commercial interaction. It will
* simplify the tender process and remove multiple requests for the same information reducing valuable time and effort for all parties
* provide potential suppliers to the Council with timely and accurate information of Council opportunities
* undertake effective contract management
* better manage risk
* provide compliance and control
* provide transparency, equality and fairness to the process

The Commercial Hub will:

* Introduce e-supplier, e-contract and e-tendering management;
* Introduce electronic tendering for contracts above £10,000;
* Encourage greater online ordering, and streamline ordering procedures;
* Reduce the total cost of processing invoices;
* Cut the elapsed time to process invoices;
* Further explore the use of automation within the purchasing process, e.g. e-marketplace, e-invoicing and e-catalogues;
* Publish contracts and details of the procurement activity on the Council website to allow suppliers time to prepare, innovate and collaborate.
1. *Market Development* – Through procurement support the growth of local businesses and organisations. While staying within the legal constraints of public sector procurement, the Council will encourage the use of local suppliers and will encourage local suppliers to work with the Council, recognising and exploiting the ability to create a positive climate for firms based, and investing in Bedford. The Council will endeavour to support a thriving local business sector, providing opportunities for suppliers to develop the capacity to win future contracts from the Council and other public sector partners. This approach recognises that, by encouraging sustainable, high quality local employment, the Council is reducing the demand and thus cost of other public services. Through contracting, the Council will seek to encourage innovation, improve skill levels in Bedford, create local jobs and retain money in the local economy.

The Council will in future work with more diverse providers of services. In some areas there are strong markets but in others they are either small or not yet established. The Council will use its buying power and influence, together with that of partners, to develop new markets and expand existing ones. By developing markets the Council will endeavour to create jobs and services which are local and so more responsive to how Bedford communities work. The Council will make full use of all the different methods of delivery available, including joint ventures, public, private and VCS options. In developing markets, the Council will ensure a level playing field for all sectors to compete on.

Innovation can produce better services at a lower cost than traditional methods of delivery. The Council will seek to ensure that selection processes encourages innovation. While ensuring that any competitive advantage is not lost, and working within legal constraints, it will seek to encourage potential providers to develop innovative ideas jointly so as to benefit from each other’s expertise. This could promote economic growth and innovation in Bedford.

The Council will within procurement rules:

* Strive to increase the proportion of spend with local providers
* Ensure that opportunities to promote and encourage local economic growth are built into appropriate contracts whilst ensuring compliance with EU legislation.
* Contracts with national/international suppliers will seek to encourage the engagement of Bedford’s local providers in the delivery of services e.g. through offering apprenticeships and sub-contracting with local SME’s and VCS
* Identify where market capacity may be weak and where new markets may need to be developed,
* Through open forums, encourage new and innovative suppliers to develop new approaches and restrict dependence on a small number of suppliers.

Outcomes

A range of indicators will be used to evaluate success, including: -

* Validation and delivery of target savings.
* Effectiveness of procurement controls and compliance.
* Feedback from customers on the quality of procurement service and supplier performance.
* Feedback from suppliers on the procurement process and ease of doing business.
* Measures of performance with comparable organisations.
* External validation of the quality of procurement processes/procedures.

The detailed procurement action plan at **Appendix A** will continued to be developed to support delivery of the Procurement Strategy. It will be monitored regularly by the Council. The action plan will be reviewed monthly by the Procurement Steering Committee[[1]](#footnote-1) and the plan will be updated to reflect progress and priorities. In summary, the Council will:

* Develop and implement Procurement Plans to identify and deliver sustained efficiencies and target savings.
* Continue to establish and maintain an adequately resourced, skilled and competent Commercial Hub, supported by appropriate service expertise.
* Undertake a skills audit of local procurement expertise followed by a programme of training and awareness.
* Utilising leading-edge category management methodology, to balance innovation and risk and cost savings and required levels of service, including consideration of collaboration where appropriate.
* Utilise leading-edge supply chain management methodology to professionally manage key supplier relationships.
* Develop and maintain a comprehensive database of approved contracts, which is linked to the e-tendering system, to facilitate visibility and contract compliance.
* Further develop and implement an effective performance management framework, including benchmarking and metrics on selected suppliers.
* Provide the Council with the Purchase-to-Pay (P2P) tools and structure to improve compliance, financial control and accountability. Also to transition new spend areas into P2P and maximise spend through agreed routes-to purchase.

Appendix A – Detailed Procurement Action Plan

**Introduction**

This action plan sets out a number of steps proposed to deliver and implement the Procurement Strategy. It includes plans on increasing efficiency, key actions, required outcomes and expected delivery target dates. The plan will be regularly reviewed and updated accordingly.

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| **Objective** | **Key Actions** | **Required Output** | **Responsibility** | **Target Date** | **Progress** | **Corporate****Procurement Priorities** |
| **Organisation** | Review of all Procurement documentation | Revised Procurement Strategy Review Contract Procedure RulesA suite of Procurement Guidance on intranet Revised model contracts Procurement Induction document | Commercial HubCommercial HubCommercial HubCommercial Hub/Legal ServicesCommercial Hub | Apr 2012July 2012Sept 2012Sept 2012Apr 2012 |   | Continuous service improvement  |
| **Organisation**  | Develop and deliver Procurement training for staff and the local market to develop skills competencies to promote best practice  | Identification of skills gaps to identify ongoing procurement training/ development needsDelivery of Contract Management TrainingDelivery of Public Sector Procurement TrainingDeliver 2 sessions of how to win Council Business to local providers  | Commercial HubCommercial HubCommercial Hub Commercial/ Commissioning | Jun/Sep 2012Jul/Oct 2012Jul/Oct 2012Aug/Nov 2012 |   | Continuous service improvement  VfMDeveloping the local economy |
| **Organisation**  | Resource/Recruit appropriate expertise  | Commercial Hub resourcedProcurement Steering Group – Monthly meeting | Finance & Strategy ReviewCommercial Hub/Directorates | Sept 2012May 2012 |   | Improve capacity/ capabilityContinuous service improvements |
| **Objective** | **Key Actions** | **Required Output** | **Responsibility** | **Target Date** | **Progress** | **Corporate****Procurement Priorities** |
| **Category** **Management**  | Through the analysis of our current and historical spend create category management strategies. | Category Strategies | Commercial Hub /Directorates  | Ongoing |   | Compliance Continuous service improvementVfM |
| **Supplier Relationship Management**  | Improve supplier relationship management understanding and capability | A supplier relationship management strategy and the commencement of provider performance monitoring  | Commercial Hub /Directorates | May 2012 |   | Continuous service improvementVfMDeveloping the local economy |
| **Supplier Relationship Management**  | Improve the way we work with Local and National providers  | A minimum of 2 meet the buyer events  | Commercial Hub | Aug / Nov 2012 |   | Continuous service improvementVfMDeveloping the local economy |
| **Demand Management**  | Introduce mechanisms to review and report on spend compliance  | A suite of management information and a challenge processIntroduce a strategic gatekeeper | Commercial HubCommercial Hub | OngoingApr 2012 |   | Compliance Continuous service improvementVfM |
| **Contract Management**  | Create a single repository of all contracts over £10,000 | Visible and accurate contracts register | Commercial Hub /Directorates | Apr 2012 |   | Compliance Continuous service improvementVfM |
| **Contract Management**  | Create a Procurement activity plan  | A clear and communicated plan of all procurement activity | Commercial Hub /Directorates | May 2012 |   | Compliance Continuous service improvementVfMDeveloping the local economy |
| **Contract Management** | Ensure sustainability criteria and principles of Single Equalities Act are built into all tenders and contracts. | A clear guidance manualMonitoring  | Commercial Hub /Internal Audit | Apr 2012Ongoing |  | Compliance |
| **Objective** | **Key Actions** | **Required Output** | **Responsibility** | **Target Date** | **Progress** | **Corporate****Procurement Priorities** |
| **Systems & Processes** | Source and implement an e-tender, e-contract and e-supplier solution  | Implementation of an e-procurement solution Advertise all contract opportunities through the e-procurement solution  | Commercial Hub | Sep 2012Nov 2012 |  | Compliance Continuous service improvementVfMDeveloping the local economy |
| **Systems & Processes** | Optimise Purchase-to-Pay (P2P) | Make purchase orders compliant i.e. 70% purchases having a POImplement ‘no PO no pay’ policy with suppliersRationalise and consolidate requistioner baseIdentify opportunities for automated supplier invoicing  | Commercial Hub / Corporate Finance / Directorates  | Dec 2012Jun 2012Jun 2012July 2012 |  | Compliance Continuous service improvementVfMDeveloping the local economy |
| **Market Development** | Maximise diversity and competition in the procurement process and explore partnering opportunities | Promote access of opportunities for SME's, and VCS to increase local labour & economy employed on Council contracts & identify opportunities of partnership working | Commercial Hub / Voluntary Sector/ Directorates | Ongoing |  | Continuous service improvementVfMDeveloping the local economy |

APPENDIX B – PROCUREMENT STEERING GROUP – TERMS OF REFERENCE

**1. ROLE**

The Procurement Steering Group (PSG) plays a key role in implementing the Council’s Procurement Strategy. The purpose is to support the Council in achieving its corporate objectives by promoting excellence in procurement.

**1.1 Reporting line**

PSG reports and make recommendations to Management Group on strategic procurement policy decisions. Management Group takes strategic decisions and delegate authority in operational areas to PSG. PSG oversees the work of any ad-hoc groups assigned to projects such as category reviews.

**1.3 Chair**

Assistant Director (Financial & Corporate Services) will act as the Chairperson.

**1.3 PSG objectives**

* All procurement activity complies with EU/UK legislation, Council policies and procedures, and best practice.
* Sound procurement practices maximise Value for Money and minimise contractual risk.
* All key spend areas are covered by cost-effective, legally-awarded contracts.
* Council-wide savings and efficiency initiatives, such as category reviews, are sponsored and directed.
* Continuous improvement is embedded in contract management and service provision.
* Key decisions and messages are disseminated to Departments, and information and advice is gathered from Departments.
* Development of e-procurement systems drives continuous improvement throughout the purchase-to-pay process.
* Expenditure is consolidated with fewer active suppliers, so as to increase negotiating power and reduce supplier management costs.
* The principles of sustainable procurement are observed throughout the Council.
* Local suppliers understand and have access to Council tender and contract procedures.

**2. MEMBERSHIP**

**2.2 Attendance**

All Directorates will nominate a representative and a nominated deputy.

**2.2 Nominated Deputies**

Group members are expected to attend PSG meetings personally, but nominated deputies may attend when members are unavoidably absent.

**2.3 Guests**

Officers with specialist procurement skills, or with skills relevant to particular projects, may be invited to attend or to provide information.

**3. PROCEDURES**

**3.1 Meeting Frequency**

PSG will initially meet quarterly, but this is subject to review. Work will continue in sub-groups between meetings.

**3.2 Administration**

The Secretary will be a representative from the Commercial Hub. The secretary will provide administrative and secretarial support, covering agendas, minutes and discussion papers.

The Secretary will maintain records of all Minutes, Decisions and Actions.

**3.3 Submissions and Reports**

Group members may make submissions to the PSG, relating to:

* new business cases;
* new or amended procurement policies;
* project updates;
* proposed amendments to the Procurement Strategy and other policy statements;
* sourcing proposals and strategies;
* savings opportunities;
* procurement methods, systems and operating procedures
* other procurement issues requiring PSG approval

Submissions and progress reports should reach the Secretary no later than five working days before the meeting.

Urgent matters may be submitted later than this deadline, but only with the approval of the PSG Chair.

**3.4 Agendas and Papers**

Agendas will be prepared by the Secretary and distributed to PSG members with all supporting papers at least three working days before each meeting.

**3.5 Minutes**

The Secretary will take minutes of meetings, and will distribute a draft via email within three working days. Minutes will be approved by the PSG at the following meeting.

**3.6 Responsibility for Actions and Communication**

Decisions of a corporate nature shall be implemented or communicated by the Commercial Hub.

Group members shall ensure that any PSG decisions relevant to their Directorate are acted upon by relevant officers.

PSG Chair shall refer to Management Group any PSG decision or recommendation requiring their approval.

**3.7 Special and Out of Session Meetings**

Special meetings may be called at the discretion of the Chair. As far as possible, normal procedures will be followed.

Group members who raise urgent issues which require the PSG to consider papers out of session shall liaise with the Secretary so that all other members can be fully briefed.

1. Appendix B details Terms of Reference for the Procurement Steering Group. [↑](#footnote-ref-1)