

PROCUREMENT STRATEGY



Definition

Procurement in the wider sense encompasses the whole process of acquiring external goods and services, from determining and specifying the requirement, reviewing the market, sourcing suppliers, obtaining and evaluating bids, negotiating and awarding a contract, through to contract management. Strategic procurement is the development of ways of interaction with the supply market so as to exercise influence upon it, to obtain maximum supplier contribution to securing better services, value for money and delivery of strategic objectives. It requires differing approaches dependant on the service, market, value and risk.

Background

Procurement is becoming central to the delivery of high quality public services as well as simply securing value for money; it can also help the Council achieve wider objectives. Currently over £91m pa is spent on bought in goods and services via outside organisations and over 200 staff are involved in procurement activity to some degree. There are currently over 4,500 suppliers generating 66,000 paper invoices annually.

Sir Ian Byatt's review of local govt procurement, "Delivering better Services for Citizens" published in July 2001, drew attention to the importance of taking a more strategic view of procurement within local authorities and the need to introduce best practice techniques. Amongst its key recommendations was that all authorities establish a corporate procurement function and set out a formal strategy for its development. The Council's management of procurement is now measured as part of the Comprehensive Performance Assessment process.

The Best Value report on Finance reported in June 2002 and echoed many of the Byatt recommendations and led to the appointment of Rob Atkins as Head of Procurement for the Council.

The financial background against which this is set is one of the Council's expenditure exceeding its revenues, with the gap being filled from reserves. The Medium Term Financial Strategy is to bring resources and expenditure into line.

This paper now sets out a new set of principles to govern future procurement in Bracknell to address these issues and appends a plan to make it happen.

Key Aim

The key aim of the Council's procurement activity should be to support the achievement of the Council's key objectives and allow concentration of more resources, both financial and staff time, on delivering core tasks and help bridge the budget gap. This will be achieved by securing best value for money, reducing or managing risk and modernising related business processes through the adoption of best practice procurement techniques for all bought-in goods & services.

Principles

To achieve this, the following 11 key principles will form the governing basis for the Council's future procurement.

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- (i) A **strategic overview** will be taken of the Council's procurement activities to ensure professional support can be concentrated on the more important and complex areas of spend. This will highlight opportunities for rationalisation of the supply base, establishment of more corporate contracts, collaboration with other authorities, partnering etc, which will reduce costs.
- (ii) Procurement will form a specific **part of the Council's normal planning process**, both in Council's annual Policy and Performance Plan and individual Service Plans.
- (iii) All procurement decisions will be taken on the basis of **Best Value**. Quality, risk management, whole life cost and employment issues, not just purchase price shall be given due weight in the evaluation of all bids. In the long term, this will reduce costs and help meet the Council's objective of delivering better services.
- (iv) **E-Procurement** can best be exploited by ensuring new contracts incorporate requirements for e-trading wherever practical and collaborating with neighbouring authorities to establish a viable local E-MarketPlace based on a strong platform of joint procurement activity.
- (v) Procurement will support **wider Council objectives**. It will therefore be consistent with the aims and objectives included in the Council's:
 - ◆ Community Plan
 - ◆ Local Agenda 21 strategy
 - ◆ Medium Term Objectives
 - ◆ Departmental Policy ObjectivesCore aims and objectives set out in other strategic documents
- (vi) Related **business processes** should be simplified to free staff to concentrate on the Council's key priorities. Call off contracts should be developed to exploit the opportunities offered by new technology to automate high volume low value purchasing. This will allow procurement staff to focus more time on complex projects and strategy. This will release staff time for core business activities.
- (vii) **Supply Markets**, especially in key strategic areas of expenditure, will be engaged more directly to improve mutual understanding so they can better respond to the Council's needs. This should reduce costs and deliver better services.
- (viii) All staff involved in procurement (including schools) should have access to **relevant training and professional advice** to ensure they can make use of best practice techniques. A network of procurement practitioners within the Council should be established through which guidance will be disseminated and experience shared. Teams undertaking Best Value reviews or larger projects will include a procurement professional as a matter of course. This should reduce costs and deliver better services.
- (ix) The **organisation** of procurement will continue to be based on the delegation of day to day procurement activity to departments, with the issue of professional advice and guidance and overall strategic direction being the responsibility of the Head of Procurement. However the Head of Procurement will be responsible for the establishment and strategic management of corporate contracts, where they are appropriate and should be involved in Best Value reviews.
- (x) All procurement activity must be subject to a **high standard of ethical behaviour**, consistent with the Council's Code of Conduct. It must be fair and, subject to normal commercial confidentiality, open.

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- (xi) Procurement practices, policies and processes, including this strategy, will be subject to **continuous improvement** with monitoring and evaluation backed by best practice benchmarking.

CMT and Member Involvement

The Byatt report recommended that elected members should take a more strategic role in securing quality outcomes and that there should be clear political responsibility for procurement. This was echoed in the BV Finance Review (Recommendation 20) which suggested the Executive should nominate a Member with responsibility for procurement. Recommendation 21 went on to propose that CMT correspondingly nominate a Director with specific responsibility for Procurement.

The role of such Director and Member were not defined in either report, but would most appropriately cover the following:

- Scrutiny of Annual Report on procurement activity within the Council, prepared by the Head of Procurement. This report would cover the overall scope and extent of procurement, identify the main contracts awarded and forthcoming programme, identify achievements, lessons learnt etc.
- Consideration of any proposals representing major procurement policy changes e.g. Contract Regulations, Procurement manual etc.

The Director of Corporate Resources has overall responsibility for Procurement.

Key Drivers for Change

The key drivers for implementation of these changes are considered to be:

- Top level commitment to strategy
- Establishing good lines of communication with the procurement community within Bracknell Forest
- Review of Standing Orders
- Training
- Collaboration and aggregation
- Availability of professional Procurement support
- E-procurement