

WARWICK DISTRICT COUNCIL PROCUREMENT STRATEGY 2011-2014



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PROCUREMENT STRATEGY 2011-2014

1. FOREWORD

- 1.1. Procurement is the process of acquiring goods, works and services, covering both acquisitions from third parties and from in-house providers. The process spans the whole life-cycle from identification of needs, through to the end of a services contract or the end of the useful life of an asset. It involves options appraisal and the critical “make or buy” decision which may result in the provision of services in-house in appropriate circumstances.
- 1.2. Procurement is also about making choices and obtaining “best value for money”. This often means choosing the bid that offers the optimum combination of whole life costs and benefits to meet the Council’s requirement.
- 1.3. Warwick District Council procures works, goods and services to the value of £25M per annum (this value excludes expenditure on salaries, pensions and taxation).
- 1.4. This strategy embodies eight strategic aims for Procurement within the Council that will lead to improved procurement practices and the following benefits:
 - Improved value for money
 - More efficient procurement procedures
 - Contribution to Efficiency savings
 - Effective relationship/contract management to be developed with suppliers
 - Benefits for the local economy
 - Effective collaboration to be developed with other service providers
 - Partnering/Collaborative Procurement actions with neighbouring Local Authorities
 - Better project planning and management
- 1.5. In order to be successful this strategy will require highly visible support at all levels of the Council. The Strategy has identified a structure and responsibility framework for corporate procurement that includes:
 - The Executive
 - CMT
 - SMT
 - Procurement Manager

- Officer Responsibilities
- Suppliers Responsibilities

1.6. Throughout, the strategy has been drawn up to provide the freedom of action necessary to deliver services to the customer within a framework of overall control. In this way the benefits to be gained from corporate 'better buying' will aid efficient service delivery rather than hinder it.

2. INTRODUCTION

2.1. Warwick District Council procures goods and services to the value of £60M annually. 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 the life-cycle 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 and supports the Sustainable Community Strategy

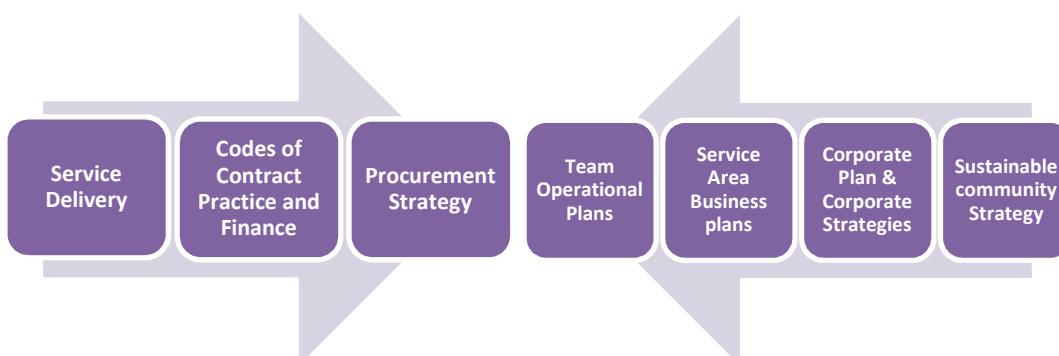
2.2. The goods, services and works are procured from a diverse range of suppliers. These include in-house service provision, local companies, larger regional suppliers and worldwide enterprises. Warwick District Council recognises the need to retain a mix of suppliers to support both the local economy and provide best value for the communities served.

2.3. Key to the success of this strategy is raising the Council approach to procurement to a strategic level and optimising the advantages of a corporate approach to supply chain management.

2.4. 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.

3. STRATEGIC PRIORITIES

3.1. The Procurement Strategy will support the Council's strategic priorities as set out in the Sustainable Community Strategy.



3.2. The Strategy will also support the Council's Objectives:

- **Improve housing services efficiency to meet the housing needs of the district**
- **Provide clear community leadership and effective management of resources whilst delivering responsive public services in an open and transparent manner**
- **Increase participation and attendance in the Council's cultural offering**
- **Create thriving town centres, keep pleasant villages and make the district an attractive place to live and work**
- **Promote safe, vibrant and sustainable local communities**
- **Improve the efficiency of service delivery to the Council's customers**
- **Equality and Diversity Agenda**

3.3. The Council also strives to operate using the following values which will apply to our procurement practices:

- **Honesty and Integrity: we can be relied upon and will be truthful**
- **Openness and Transparency: we will be accountable and understandable**
- **Fairness and Equity: we will value all our citizens and our work will be without bias or prejudice**
- **Community focussed: we will put the needs and aspirations of our local communities to the fore and we will work flexibly and collaboratively as one Council and will others in response**
- **Environmentally sensitive: we will ensure our long term impacts are minimised and are sustainable for future generations**
- **Equality and Diversity: we expect that any clients or contractors carrying out work on behalf of the Council will comply with the principles set out in our Equality and Diversity Policy.**

4. BENEFITS OF IMPROVED PROCUREMENT PRACTICES

4.1. Warwick District Council is committed to maintaining exceptional quality standards and retention of a robust procurement and monitoring procedure to ensure the ongoing delivery of best value goods, services and works from wherever they are sourced. All units and services involved in procuring are required to adhere to, and promote, the following principles of best value procurement:

- **Be driven by desired outputs and results**
- **Generate the most advantageous balance of quality and cost**
- **Be timely**
- **Minimise the burden on administrative and monitoring resources**
- **Place a strong emphasis upon equality and sustainability considerations**
- **Expedite simple or routine transactions**
- **Allow flexibility in developing alternative procurement and partnership arrangements**
- **Encourage competition where appropriate**
- **Encourage the continuing participation of high quality tenderers**
- **Incorporate the Council's corporate objectives**
- **Comply with the Council's regulatory framework and all applicable legislation**
- **Be transparent and accountable**
- **Achieve improved value for money**
- **Contribute to efficiency savings**
- **Ensure that contractors have Equality and Diversity policy's**

5. STRATEGIC OBJECTIVES

5.1. With the objectives and values previously mentioned in mind, the Council's procurement objectives for the next three years are detailed in the Procurement Action Plan (Appendix 1). These are based on eight key sectors for development:

5.1.1. Management

The development of a number of strategies for the involvement of members and officers in procurement activities. The capturing of management information to monitor contracts and ensure that policies meet the needs of 'real' objectives of the Council. These strategies should encompass engaging with SME's, the voluntary and third sectors particularly within the district to enable more suppliers from these sectors to win Council work.

5.1.2. Policies

Establish and maintain up to date policies for procurement. These policies should be easy to use and accessible via the Council's web-site.

5.1.3. Supplier Management

Maintain a reduced number of contracted suppliers to deliver services and develop strong working relationships. Collate and utilise information on goods and services to introduce efficiency savings.

5.1.4. Sustainability

Utilising procurement to support and promote products and services that do least harm to the environment where practicable. Examining whole life-cycle costs for products and services to enable reduction in environmental impact in comparison to historic or current position. In conjunction with 5.1.1 the strategy can support the Sustainable Community Strategy through education and awareness of public sector procurement with local suppliers.

5.1.5. Collaborative Procurement

Support the use of buying consortia and/or collaborative procurement with other Local Authorities in an effort to reduce the costs of tendering and benefit from aggregation.

5.1.6. E-Commerce

To develop electronic trading with those suppliers capable of trading in this manner. Warwick District Council understands that this may not be 100% achievable for some suppliers.

5.1.7. Awareness & Training

Provide support and training for members and officers on procurement. Raise awareness of how procurement can help departments and services.

Extend this training to the wider local business community to aid their access to Council contract opportunities.

5.1.8. Information / Web site

Review current information and maintain at regular intervals. Use the website to inform suppliers of contract opportunities and Council procedures for procurement.

6. LEGISLATION

6.1. The Council is bound by many legislative requirements:

6.1.1. EU Procurement Directives

The main legislation, which guides how the council purchases, is driven by EU Directives that are then brought into UK law. The EU lays down processes for buying goods and services over certain values. Purchases above these thresholds have to be advertised in the Official Journal of the European Union (OJEU) and reported to government annually. Due to the threshold values the Council carries out very few OJEU procurements each year.

In January 2006 the UK implemented the European Union Procurement Directive, which simplifies EU procurement rules and allows for modern purchasing methods such as e-auctions and framework agreements. In December 2009 the UK issued an amendment to these regulations for the provision of remedies. The EU has also issued Interpretive Communications such as advice on procurements below the EU threshold and how these should be facilitated.

6.1.2. Data Protection Act 1998 and FOI

Both the Data Protection Act (DPA) and the Freedom of Information Act (FOI) have implications for procurement. Under the DPA we are required to keep personal information private. Under FOI we are required to make non-personal information available to the public.

6.1.3. Equality and Diversity Legislation

Equality Framework for local government & the Equality Duty on Public Bodies Regulations make it illegal to discriminate in the procurement and provision of goods and services.

It is important that we consider equality duties in our procurement practices. This means advertising opportunities widely and openly, not using selection criteria to discriminate illegally and making every effort to ensure suppliers comply with equality in employment legislation.

6.1.4. Health and Safety

The Council has a statutory duty under the Health and Safety at Work Act 1974, supported by various statutory regulations and Approved Codes of Practice to ensure that all activities and functions are performed with due regard for the welfare of its employees and the general public. For the purposes of health and safety requirements the Council will act as a host employer and will discharge its statutory duty to self-employed persons and other employers' employees as identified by the Management of Health and Safety at Work Regulations 1999.

7. STRUCTURE & RESPONSIBILITY

7.1. Implementation of this strategy requires clear functional responsibility to be assigned to procurement at both Member and Officer Level.

7.2. An outline of the responsibilities of Members and Officers is as follows:

- **Member level** – The Executive Member for Corporate and Strategic Leadership with support from the identified Procurement Champions
- **Corporate Management Team** – The Deputy Chief Executive takes responsibility for officer procurement activity.
- **Senior Manager Level** – The Head of Finance as unit head for the department under which procurement operates takes responsibility for strategic procurement activity.
- **Procurement Manager** – Provides 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 Level** – 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. Heads of Service are also responsible, within the framework of control, for management arrangements within their service areas.

7.3. These balanced management arrangements should provide for:

- **Strategic management of procurement at corporate level**
- **A corporate approach to the management of major procurement projects**
- **Economies of scale in purchasing with other local authorities and through corporate framework agreements**
- **Decentralisation of specialist procurement to service areas where it can be carried out more effectively closer to the customer**
- **Delegation of authority to order goods, works and services to Approved Officers**

PROCUREMENT ACTION PLAN 2011-2014

Appendix 1

Ref No.	Action	Target 11/12	Target 12/13	Target 13/14	Responsibility	Progress / Comments
	MANAGEMENT					
M1	Review annually key procurement performance indicators, and a means of measuring them, within the framework of Local Performance Targets.	X	X	X	Procurement Manager / Financial Services Manager	KPI's no longer in use – this to be removed in the 2013 revision.
M2	Produce an annual report to Finance and Audit committee on all procurement activity undertaken in the preceding financial year and any efficiencies identified.	X	X	X	Procurement Manager	Report for July committee with half yearly updates in January. Completed for 2011/12 and first half 2012/13.
M3	Consult with actual and potential users on the suitability of goods, works and services to meet their needs as part of tendering process, where appropriate.	ongoing			Procurement Manager	Increasing project style procurement exercises. Update report (M2) shows increased usage of procurement advice and more competitive tenders.
M4	Reflect the Procurement Strategy in service plans and team operational plans.	ongoing			Senior Managers	
M5	Identify opportunities for local suppliers, SME's and the voluntary and third sectors to compete for Council contracts and ensure such opportunities are promoted locally.	X	X	X	Procurement Manager / Economic Development	Website, FSB and Chamber of Commerce. Procurement Manager has supported 2 Coventry & Warwickshire chamber events in 2011, 2 supplier events in Bromsgrove (as part of collaborative procurement) and in discussion with FSB for future meetings.
M6	Monitor and collate cost benefits (cashable and non-cashable).	Monthly monitoring			Procurement Manager / Financial Services Manager	Cashable benefits now identified as part of every procurement exercise and savings removed from budget on award of contract – now under the responsibility of finance and Service Areas.

M7	Undertake regular checks to ensure that there are no unintentional breaches in the EU procurement threshold.	X	X	X	Procurement Manager	Audit as part of annual return. 2011 return completed and submitted on time.
M8	Maintain contracts register and publish on intranet	X	X	X	Procurement Manager	Contracts register now very comprehensive and being used for work planning to support service areas. Will be published on WDC website in the new year with a more detailed version held on the intranet for officers.
M9	Work with Managers and Officers to increase education and awareness of regulations and the Council's Policies.	X	X	X	Procurement Manager	Training sessions to service areas on basic 'dos and don'ts'. 2 officer sessions of training completed both in 2011 and 2012. Update training to be held in the new year.
M10	Support Managers and Officers with the procurement process.	X	X	X	Procurement Manager / Procurement Officer	Extensive support across all service areas.

Ref No.	Action	Target 11/12	Target 12/13	Target 13/14	Responsibility	Progress / Comments
POLICIES						
P1	Review and update Procurement Strategy document.	X	X	X	Procurement Manager	2011 review undertaken and no changes. 2012 review currently underway and will include some changes reflecting feedback from officers, suppliers and changes in case law.
P2	Review and update Code of contract Practice.	X	X	X	Procurement Manager	
SUPPLIER MANAGEMENT						
S1	Undertake an annual audit of spend and number of transactions.	X	X	X	Procurement Manager / Financial Services Manager	Extracted from finance system. Planning to use the Government Procurement Service free audit in 2013 as part of a regional collaboration exercise.
S2	Reduce the number of suppliers for each supply area through tender process.	X	X	X	Procurement Manager	Slow, with some success where procurement is planned well in advance.
S3	Ensure all suppliers are contracted formally (preferably on the council's terms).	X	X	X	Procurement Manager / Service Area Managers	Signed copies of agreements and contracts now being held centrally by procurement with originals in service areas. Now a key part of the procurement exercise.
S4	Work towards reducing the number of invoice transactions with current suppliers and new suppliers via the tender process.	X	X	X	Procurement Manager	Consolidation of invoices and reduction in frequency with some suppliers. Good progress on this, partly due to lean systems.
SUSTAINABILITY						
R1	Ensure sustainability of contracts is evaluated and implemented (where cost is no prohibitive).	ongoing			Procurement Manager / Heads of services	
R2	Promote working with suppliers to increase sustainability of contracts.	X	X	X	Procurement Manager / Heads of services	
R3	Use procurement activity to increase sustainability.	ongoing			Procurement Manager	

R4	Work with local suppliers to increase education and awareness of the regulations and how to apply for Council work.	ongoing	Procurement Manager / Economic Development	Website, FSB and Chamber of Commerce. See M5.
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Ref No.	Action	Target 11/12	Target 12/13	Target 13/14	Responsibility	Progress / Comments
COLLABORATIVE PROCUREMENT						
U1	As part of the pre tender process explore the use of buying consortia for the bulk purchase common goods and utilities, for example through ESPO, WMS, CBC, PRO4 or Buying Solutions.	As required.			Procurement Manager /Property Services	To be carried out when current contracts are due to expire. Or when proper contracts are not in place. Increased use of larger contracts let by other organisations with mini-competition. Mainly in use for professional services such as asset management, feasibility studies and advisory services.
U2	Investigate and where applicable enter into joint arrangements for procurement of goods and services with other Local Authorities.	Ongoing			Procurement Manager	To be carried out as need arises or when current contracts expire. WDC have been the lead authority on 3 frameworks in use across the region.
U3	Utilise framework agreements as a preference to negotiating local agreements for high value contracts of general goods and services (e.g. IT hardware, telecoms, energy).	As required.			Procurement Manager / Heads of services	To be carried out as need arises or when current contracts expire. Or when proper contracts are not in place. See U1
U4	Where possible ensure that the letting of contracts permits use by other Local Authorities within the WMRIEP area.	Ongoing			Procurement Manager	See U2.
E-COMMERCE						
E1	Ensure staff that are involved in procurement are capable and trained in the use of the e-tendering software.		X		Procurement Manager / Financial Services Manager	Increased use of e-tendering package and now electronic tenders are the only method used.
E2	Promote use of e-tendering software and electronic contract notices throughout all Council tendering activities.		X		Procurement Manager	See E1. Used for all tenders.

Ref No.	Action	Target 11/12	Target 12/13	Target 13/14	Responsibility	Progress / Comments
	AWARENESS / TRAINING					
T1	Disseminate the strategy to officers and members.	X	X (if required)		Procurement Manager	Via Executive and SMT
T2	Arrange contract management training for all staff involved with contract management.	X	X (if required)		Procurement Manager / HR / Service Area Managers	See M9
T3	Provide support and training for senior staff involved in procurement activities and members as required.	ongoing			Procurement Manager / Procurement Officer / HR	Actioned as required.
	INFORMATION & WEBSITE					
I1	Maintain current procurement information on the Council website.	X	X	X	Procurement Manager	Ongoing.
I2	Utilise 'Buyer Profile' in conjunction with the Council Website to inform suppliers of the opportunities available and how to access them.	X	X	X	Procurement Manager	Ongoing.
I3	Maintain standard pro-forma documentation on the Council intranet.	X	X	X	Procurement Manager	Updated April 2011 and in the process of updating for 2013.
I4	Utilise intranet to inform on procedures and any changes in best practice guidance.	X	X	X	Procurement Manager	Ongoing.