



South Bucks

District Council

PROCUREMENT STRATEGY

2011/12

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Director of Resources
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SBDC PROCUREMENT STRATEGY

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1) Executive Summary

The aim of this procurement strategy is to set a framework for procurement within the Authority. The strategy will reflect the Council's aims and values and will provide a context for the procurement aspects of best value and the processes and procedures for procurement embodied in procedure rules and financial regulations.

In considering the Council's corporate aims the vision for procurement is defined as *to obtain best value through planned and appropriate procurement in respect of goods, works and services required by the Council for the delivery of its services.*

The procurement vision leads to the following objectives:

- The procurement process must be clear and transparent and capable of demonstrating value for money.
- Procurement options are chosen on the degree to which they help the Council fulfil its aims and the specific objectives of the services involved in the process.
- Procurement will take into account the issues of sustainability and carbon emission reductions, and the capacity of the organisation to manage procurement arrangements.

The Authority's Key Performance Indicators (KPI's) for procurement show that progress continues to be made in improving the efficiency of its ordering and payment processes. It has also recently successfully re-tendered its ICT and Revenues & Benefits contracts. Collaborative work on procurement has continued with other authorities via the Bucks Procurement Group and there is a joint re-tendering exercise taking place in the coming year for cash collection services.

To take procurement forward for the authority a number of activities will be undertaken, including the updating of the Procurement Strategy.

- Continue to monitor as part of the corporate performance monitoring process of the Council the KPIs set for procurement.
- Keep under review what is the most cost effective means of procurement for the Council for its various service and commodity requirements.
- Improve access to information and training on procurement best practise for managers, and this will include updating the Procurement Guide.
- Continue to develop the publication of spend and contract information in alignment with the Government's policy of transparency in public bodies.
- Maintain links at county and national level on procurement matters in order to be aware of developments and best practise, and to identify possible areas of collaboration.

- To keep under review how procurement interacts with the small and medium sized business community in the County.

2) Background

South Bucks DC is one of the four districts within Buckinghamshire, and has a population of approximately 67,500. Its gross expenditure is £29m and its net budget is £9.5m.

South Bucks DC is a small authority with just over 140 staff. In 2011 the Council plans to spend in the order of £7m on a range of goods, works and services. The Council's level of spend on goods and services is small by local authority standards, partly due to the fact that the Council transferred its housing stock in the 1990's to a housing association, but nevertheless it is an important element of the Authority's overall expenditure.

The size of South Bucks DC as an organisation makes it unrealistic to dedicate an officer with the necessary experience and training to work exclusively on procurement matters. Procurement has therefore been taken forward in South Bucks by making the Director of Resources responsible for co-ordinating and reviewing procurement in the organisation in a way that allows for incremental improvement in the organisation's practises and procedures. The Council's approach is based heavily on collaboration and working with other authorities In Bucks and guidance from national bodies such as the Office for Government Commerce (OGC).

The strategy has three sections.

1. The current arrangements
2. The procurement policy
3. Priorities for action

3) The Current Arrangements

In 2010/11 the Council's expenditure on goods works and services was in the order of £11m. This expenditure related to approximately 750 suppliers, generating about 900 official orders, and 3,500 payment transactions. Within this spend figure just over a third relates to the three major contracts the Council has, i.e.:

- | | |
|---|--------------------|
| ▪ Refuse collection, recycling, street cleaning | £2.6m |
| ▪ Revenues & Benefits service | £1.1m ¹ |
| ▪ ICT support | £0.4m |

The procurement of services and goods is regulated by procedure rules and financial regulations. The approach to procurement is largely decentralised but there are corporate contracts covering:

- Stationery
- Temporary office staff
- Cash collection

¹ This cost has reduced significantly with the recent re-tender exercise

- ICT purchasing
- Mobile phones
- Advertising of statutory notices and recruitment

The Authority uses payment cards to minimise the number of low value invoices and to make easier online payment for goods and services. Progress is also being made to increase the proportion of payments made by BACS / DD / Procurement card, and this currently stands at 94%.

The Authority has a major contracts register which is reviewed every six months.

4) The Procurement Policy

Corporate Context

The Council's long-term **vision** centres around:

- ◆ A prosperous and diverse economy, with more people choosing to live and work locally;
- ◆ Green space, thriving and attractive towns and villages, where our heritage is protected and more affordable homes are available to help meet community needs;
- ◆ A sustainable environment where people take pride in their community and live low carbon lives;
- ◆ Lower levels of crime and anti-social behaviour, where the police are an active part of the community and people are knowledgeable about how to prevent crime;
- ◆ Good health which is enjoyed by all including those in deprived groups and where people take responsibility for their own well-being;
- ◆ Active communities involved in shaping decisions locally and who support the elderly and vulnerable to live full and independent lives.

Flowing from this vision a number of **values** have been established to guide the Council's actions, and these are as follows:

- ◆ to make a real effort to reduce inequality of access to services;
- ◆ to develop a greater dialogue with "hard to reach" groups (ethnic minority communities, people with disabilities, children and young families, and others who feel socially excluded); and
- ◆ to recognise and reflect the needs and diversity of our community.

The Council has five key **aims or themes** which are set out in its Corporate Plan and other key documents. They are:

1. Thriving economy.

2. Sustainable and clean environment.
3. Safe communities - reducing crime and fear of crime.
4. Health and well-being for all.
5. Cohesive and strong communities - developing a sense of community.

These key aims accord with, and compliment the key themes in the Community Plan which was agreed by the South Bucks Local Strategic Partnership² in 2009.

Procurement needs to help therefore the Council further these aims by enabling it to secure services and products that best meets the needs of users and the local communities. The procurement strategy is intended to set out how the Council sees its procurement of goods and services developing. It is a means by which the Council can be open and transparent in its operations in line with the principles of corporate governance.

All of these points lead to the Council's vision for procurement as being:

"To obtain best value through planned and appropriate procurement in respect of goods, works and services required by the Council for the sustainable delivery of its services."

The procurement objectives that follow from the above are:

- The procurement process must be clear and transparent and capable of demonstrating value for money.
- Procurement options are chosen on the degree to which they help the Council fulfil its aims and the specific objectives of the services involved in the process.
- Procurement will take into account carbon emissions reductions and the long term issues of sustainability, and the capacity of the organisation to manage procurement arrangements.
- The authority will try and be aware of how its procurement impacts on SMEs in the County area.

Responsibility for procurement lies with the Portfolio Holder for Resources and with the Director of Resources.

Procurement Principles

This section sets out the procurement principles for the Authority's procurement strategy. These are based on guidance from CIPFA and the Local Government Task Force³. It is the intention for the authority to review these in the light of its own experience and circumstances.

1. Management and Control of Contracts

² Now the replaced by the South Bucks Partnership

³ How to develop a procurement strategy - A guide for local authorities CIPFA 2003

Structures and processes shall be in place to ensure all contracts are adequately managed and monitored, with a view to achieving completion of service delivery on time, to budget and in accordance with the specification.

2. Assessing and Minimising Risk

The risks associated with all procurement shall be assessed and minimised appropriately. In this way good procurement practices link to the Council's risk management strategy.

3. Qualified and Experienced Staff

Staff engaged in procurement and contract management shall be suitably qualified and trained in respect of the service requirements, sustainability, procurement, and contract management skills.

4. Impact on the District

All major procurement contracts shall consider the impact on the social, economic and environmental well being of the District. Tenderers will be given the opportunity in their tenders to indicate how their tender may assist the Council in progressing its corporate aims and those of the Community Plan.

5. Organisation of Major Projects or Works

The Council will by its procurement processes ensure that all major works or projects undertaken are sustainable. The Council will also consider whether it offers better value for money to group a number of individual works projects into a larger single procurement exercise to achieve economies of scale. This could include joint procurement with other organisations.

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. Openness of dealings and adherence to the Council's Code of Conduct when dealing with suppliers is integral to good corporate governance.

7. Continuous Improvement

Where contracts are going to run over a number of years they should be sufficiently flexible so as to provide for continuous improvement over the life of the contract, and the ability to react to changing external circumstances.

8. TUPE

Any procurement that potentially involves the transfer of Council staff, or contractor staff employed wholly on a Council contract, shall comply with the Transfer of undertakings (Protection of Employment) Regulations 2006 (TUPE) and the Code of Practice and statutory guidance for the operation of TUPE in the public sector, or any statutory modifications or re-enactment thereof.

Partnership

One of the main ways that South Bucks DC as a small district council has been able to make progress on procurement has been via a number of partnership or collaborative arrangements. In particular:

- Sharing information on procurement with the other authorities in Bucks
- Joint work with other authorities leading to joint contracts including for example, grass cutting; cash collection; paper recycling.

Sustainability

Sustainability is an important element of the Council's approach to procurement. Nationally good practise around how to approach sustainable procurement is developing. Appendix 1 draws on best practise guidance to come up with a statement of how in South Bucks, sustainable procurement will be addressed.

The key messages for sustainable procurement are:

- Only use the minimum resources necessary to achieve the desired outcomes, and minimise waste ("Reduce, re-use, recycle").
- When goods and services are procured the decisions need to be taken based on whole life costing, including carbon emission reductions.

5) Priorities For Action - 2011/12

The Authority aims to have a corporate approach to procurement within the resources available. The Government has made it clear in a number of statements that it sees increased collaborative procurement and market testing services to be part of how local authorities will respond to the funding challenges they face. There are a number of actions that need to be progressed over the next year.

- Monitor the KPI's identified for procurement (Appendix B).
- To use the information available from spend analysis data to determine areas of commodity spend to review.
- Continue to seek opportunities for further joint procurement based on reviewing its contracts register, and sharing that information with other authorities.
- To undertake procurement projects for internal audit services, and cash collection.
- To publish information about the Council's procurement activities.

Appendix 1

SOUTH BUCKS DC SUSTAINABLE PROCUREMENT POLICY

The Council recognises it has a vital role in furthering sustainable development, through its procurement of buildings, goods, works and services. Procurement decisions have a major socio-economic and environmental implication, both locally and globally, now and for future generations. The Council will therefore strive to:

People, Education and Awareness

- ❑ Educate, train and encourage internal purchasers to review their consumption of goods and services, reduce usage and adopt more environmentally friendly alternative products.
- ❑ Communicate the sustainable procurement policy to all staff, suppliers and stakeholders.

Policy, Strategy & Procurement Process

General:-

- ❑ Promote and embed best practice for sustainable procurement.
- ❑ Work in partnership with other councils to maximise sustainable procurement gains.

Environmental products:-

- ❑ Consider the costs and benefits of socially and environmentally preferable goods, suppliers and services.
- ❑ Wherever possible and practicable, specify a requirement in line with nationally or regionally agreed minimum specifications.
- ❑ Where such exact specification is not possible, offer a facility for suppliers to submit offers for environmentally friendly alternatives.

Environmental construction, biodiversity & recycling:-

- ❑ Set targets for carbon emission reductions through carbon management.
- ❑ Set targets where appropriate for sustainable construction, refurbishment and maintenance through national standards such as BREEAM⁴.
- ❑ Fulfil obligations under the Biodiversity duty (Natural Environment and Rural Communities Act 2006) as part of Sustainable Development plans.
- ❑ Investigate opportunities for recycling, reduced usage, bulk delivery and reduced or recyclable packaging.

⁴ BREEAM - An environmental assessment method and rating system for buildings

Socio-Economic:-

- ❑ Fully support the Council's commitment to the Small Business Friendly Concordat and VCS (Voluntary and Community Sector) Compact.
- ❑ Ensure that where appropriate and allowable, Sustainability Criteria are part of the supplier evaluation process and are used in the award of contracts.

Engaging Suppliers

- ❑ Communicate the Council's sustainability objectives to our suppliers, together with the Council's carbon emission reduction requirements.
- ❑ Encourage and persuade suppliers to adopt socially and environmentally friendly processes which underpin their supply of goods and services as part of their Corporate Social Responsibility.
- ❑ Address barriers to the Council doing business with Small Business & Voluntary sectors.

Measurements and Results






- ❑ Collaborate with other councils to meet the sustainability targets set regionally or nationally.
- ❑ Support achievement of the authority's targets for Sustainability and carbon management improvement as set out in the Council's Sustainability and Carbon Management Strategy.

SBDC PROCUREMENT INDICATORS

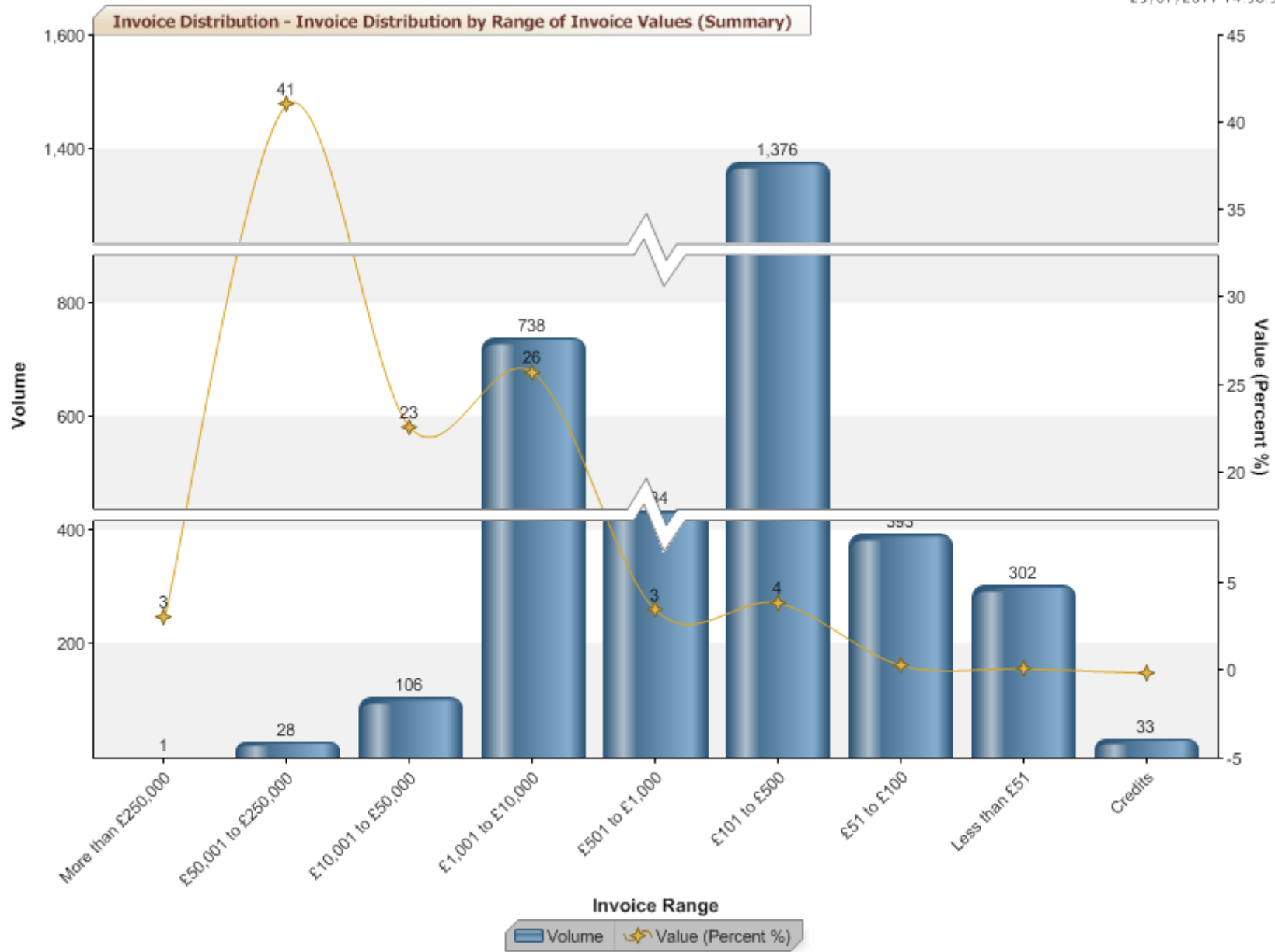
Description	Rationale and expected impact on behaviour	2008/09	2009/10	2010/11	Comment
User Satisfaction					
Commissioner and user satisfaction index - a composite indicator compiled from the responses to a set of statements by commissioners and users.	<p>This indicator examines the effectiveness of the procurement function by assessing the perceptions of commissioners and users of procurement. Over time, organisations should seek to increase the proportion of commissioners and users agreeing with the statements.</p> <p>User questions</p> <ul style="list-style-type: none"> o There is a consistent and easy to follow process for ordering goods and supplies? o The goods and supplies that we are given are of appropriate quality? o Technology is used to make the process of ordering and paying for goods easy and efficient? o The Procurement function is responsive when I need help in sourcing or ordering goods and supplies? o The Procurement function is helping staff to develop their skills in relation to the procurement process? 	Not monitored	Survey March 10	Not monitored	<p>Improvement if satisfaction percentages higher.</p> <p>It is based on a bi-annual survey of managers as part of an overall survey of support services.</p>
Supplier Database					
No of active suppliers on Integra.	The aim is to amalgamate purchases with fewer suppliers, in order to generate economies of scale. Reducing the number of suppliers also helps reduce the amount of paperwork and makes it easier to manage the supplier database.	As at 31 Mar 09 786	As at 31 Mar 10 825	As at 31 Mar 11 752	Improvement if less suppliers.
% of active suppliers which are set up to allow BACs remittances to be emailed.	The aim is to ensure that if payment is made by BACs then the remittance advice is emailed, in order to reduce the amount of paperwork	As at 31 Mar 09 49%	As at 31 Mar 10 66%	As at 31 Mar 11 70%	Improvement if more are e-enabled.

SBDC Procurement Strategy

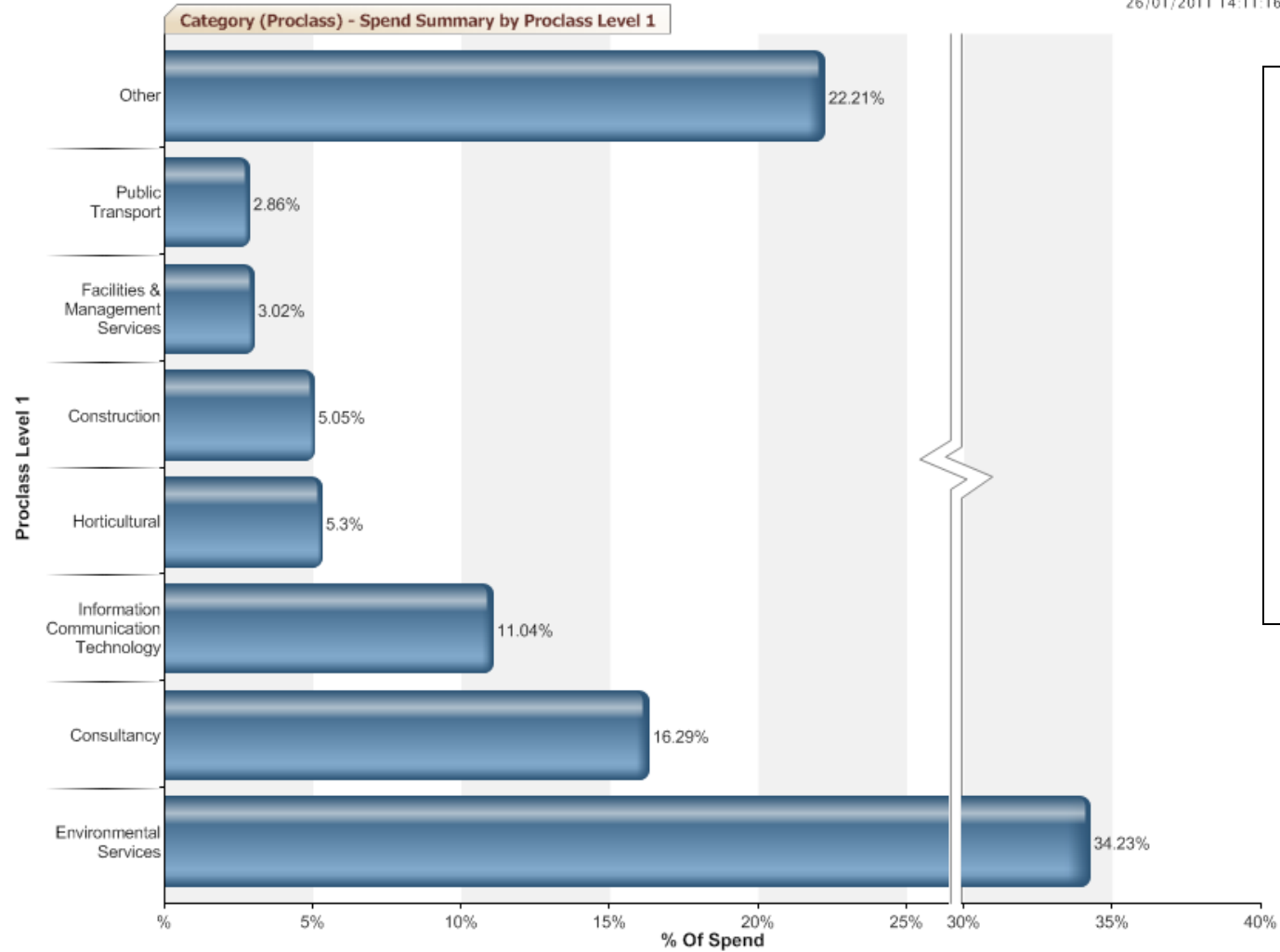
Description	Rationale and expected impact on behaviour	2008/09	2009/10	2010/11	Comment
Invoicing					
No of invoices paid.	The aim is to encourage amalgamated invoicing to reduce the amount of paperwork. The move to fewer suppliers and a more streamlined focused Council will also help this indicator.	4,317	4,598	4,229	Improvement if less invoices.
No of invoices under £50.	The aim is to reduce the number of small value payments as these are not cost effective to process.	492	458	345	Improvement if less invoices.
Average invoice value.	In most circumstances organisations should, wherever possible, ensure that invoices for their purchases are consolidated in order to reduce transaction costs. Organisations should therefore expect to see an increase in the average value of their invoices over time	Actual £3,179	Actual £3,043	Actual £3,410	Improvement if average value higher.
No of invoices received electronically.	The aim is to encourage invoices to be sent electronically as these are more cost effective to process.	122	347	397	Improvement if more invoices received electronically.
Payment Method					
The % of payments made electronically (eg BACS, DD, payment cards)	The aim is to encourage more payments to be made electronically as this is more cost effective and involves less paperwork.	80%	87%	94%	Improvement if more paid electronically.

	Actual Spend	English District Council average spend	Compared to English District Council average spend
 Total Spend	£7,371,296	£16,869,494	-56%
 Spend with SMEs	29%	46%	-18%
 Spend locally	1.1%	14%	-13%
 Average spend per creditor	£26,611	£31,217	-15%
 Average spend per invoice	£2,462	£1,518	+62%

South Bucks District Council data is from April 2009 to March 2010



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Notes

1. Environmental Services is the Waste Services contract.
2. Consultancy Services is primarily the Revenues & Benefits contract.
3. ICT is primarily the ICT managed services contract.
4. Horticulture is the cemeteries and gardens maintenance contract, and the grass cutting contract.
5. Facilities management covers the contracts for Capswood maintenance.
6. Public transport is payments to bus operators for concessionary travel schemes which have now transferred to Bucks CC