

**PROCUREMENT STRATEGY 2009 TO 2012**

**Agenda Item 5b**

**Contact Details:-** Trevor Wilson  
**Designation:-** Head of Finance  
**Ext. No:-** 2801  
**E Mail Address:-** Trevor.wilson@braintree.gov.uk

**Background Papers:-** Braintree District Council Procurement Strategy 2005/2008  
**Financial Implications:-** Costs of system enhancements are to be determined  
**Equalities Implications:-** Addressed in Report  
**Legal Implications:-** Addressed in Report  
**Options:** Members are requested to approve, amend or alter the Procurement Strategy  
**Risks:**

**EXECUTIVE SUMMARY**

To seek Members' approval of the Procurement Strategy 2009 to 2012 (please refer to the attached document which is in draft).

The Council's existing Procurement Strategy was agreed in 2005 and covered the period 2005 to 2008. The strategy has been reviewed and updated to take account of guidance issued, including 'Creating Strong, Safe and Prosperous Communities: Statutory Guidance'.

The strategy document also includes a plan of actions for 2009/10.

**DECISION**

1. Members are requested to approve the Procurement Strategy 2009 to 2012 and action plan for 2009/10.



**Braintree District Council**

**Procurement Strategy  
2009-2012**

Strategy manager: Head of Finance

Portfolio Holder: Resources and Performance

Lead Officer: Procurement Manager

## Table of contents:

Introduction .....	1
How does this strategy support delivery of the Corporate Strategy? .....	1
What else has influenced the strategy? .....	2
Who is responsible for what? .....	2
The Chief Executive .....	2
The Head of Finance .....	3
Heads of Service .....	3
What is the Strategy? .....	3
How will it be delivered? .....	3
Essex Procurement Hub .....	3
Partnership and Collaboration .....	4
Procurement of Services .....	4
Regulatory Framework .....	5
Value for Money .....	5
Local Trade .....	5
Equality and Diversity .....	5
Sustainability .....	5
Forward Planning .....	6
Performance Management .....	6
eProcurement .....	7
Action Plan .....	7
Appendix 1 – What are the procedural rules governing procurement? .....	8
Appendix 2 - Action Plan 2009/10 .....	9
Appendix 3 – Procurement of Services Process .....	10

## See also:

Constitution

Financial Regulations

## Introduction

Procurement is much more than a narrowly-based technical issue. 'Procurement' is the process of acquiring goods, works and services, covering acquisitions from third parties, partnering 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.<sup>1</sup>

The Corporate Procurement Strategy describes the contribution that effective procurement will make to the achievement of Braintree District Council's vision and corporate priorities.

In 2009/10 Braintree District Council has set budgets to spend some £68.5m in revenue expenditure and a further £6.7m in capital expenditure on goods, works and services in both directly supporting the work of the Council and also in providing services to our residents, visitors and businesses. These expenditures are a significant sum of money that needs to be spent in a way that is properly controlled and governed to ensure good value for money and also gives the Council a significant economic influence in the area. This influence will be used wisely to promote both the Council's public duties for value for money, promoting equality and diversity and promoting environmentally sound practices.

### ***How does this strategy support delivery of the Corporate Strategy?***

The Procurement Strategy supports the Corporate Strategy adopted by the Council on 18th February 2008. At a general level, procurement of goods and services assists in delivering the Council's strategic objectives and statutory responsibilities. At a specific level, this procurement strategy is designed specifically to support the Council's objectives of:

- People take Pride in their local Areas:  
by using best practice procurement practices and decisions, supporting the delivery of excellent customer services, either directly provided by the Council or procured from third parties for delivery on behalf of the Council.
- We Deliver Excellent, Cost Effective and Valued Services:  
by improving efficiency through better processes and better procurement to enable the Council's money to go further in delivering its services; and
- The Environment is Clean and Green:  
by including a stronger emphasis on sustainability in the Procurement Strategy, both in terms of sourcing of services and goods and also in ensuring that whole life cost and environmental impact assessments are included in procurement assessments.

It also supports the Council's priority areas for action by 2012, of:

- More people will feel that the District is a good place to live:  
through promoting a consistent approach to equality and diversity and reducing inequality in the provision of services and through requiring and promoting good

---

<sup>1</sup> ***National Procurement Strategy for Local Government issued by the Office of the Deputy Prime Minister in October 2003.***

practice in equality and diversity in the employment and contracting practices of all suppliers and partners.

- Opportunities for long term, inward business investment in the District will have increased:

Through, to the extent that the EU Procurement Directives, Collaborative procurement and value for money allow, sourcing appropriate goods and services through local businesses and promoting the development of local businesses by making the Council easier to do business with.

- The Voluntary and Community Sector will be better placed to respond to local needs:  
Through the implementation of the Funding and Procurement Code of Practice, adopted by the Council in December 2008, under the Braintree District Local Compact.

### ***What else has influenced the strategy?***

A number of external influences have been taken into account in the preparation of this strategy, including:

- Delivering value for money as measured through the annual Use of resources assessment by the Audit Commission that forms part of the assessment of Council performance and as measured through National Indicator 179;
- The UK Government Sustainable Procurement Action Plan prepared in response the Stern review on the economics of climate change;
- The public duty to promote equality of opportunity in the areas of Race, Disability and Gender

A number of internal drivers have been taken into account in the preparation of the strategy, including:

- The Medium Term Financial Strategy 2009 – 2013 and Budget 2009/10, which set the framework for a balanced budget over the medium term (3 years) and short term (1 year). Delivering these forecasts requires, amongst other things, delivering real efficiencies, including through improved procurement and sourcing decisions and through improved procurement processes and financial controls.
- Braintree District Council's Carbon Management Programme, incorporating the green travel plan, is directed towards reducing the Council's carbon footprint.
- Draft Economic Development Strategy, which sets a shared vision and action plan for the economic development of Braintree District.

## **Who is responsible for what?**

### ***The Chief Executive***

The Chief Executive has overall accountability for assigning the allocation of responsibilities that comprise the system of control for the Council.

### ***The Head of Finance***

The Chief Executive has delegated responsibilities for the creation and maintenance of this strategy and the supporting processes to the Head of Finance as the strategy manager.

They are responsible for ensuring:

- The strategy is in place, reviewed and updated on a regular basis;
- The strategy is communicated to Heads of Service for implementation;
- The implementation of the strategy to the extent that it mandates compliance with processes and procedures is monitored across services and that an effective reporting system is in place to report breaches or weaknesses to the Performance and Efficiency Programme Board.
- The provision of an annual report on the effectiveness of the strategy, the performance during the year and any recommendations for improvement to the Performance and Efficiency Programme Board.

### ***Heads of Service***

Heads of Service are responsible for ensuring that the compliance requirements of the strategy are effectively communicated to their services, that the strategy is followed within their services and to participate fully in the development and execution of the strategy.

Heads of Service are also responsible for ensuring that the provisions of the Constitution regarding Contract Procedure Rules and Financial Procedure Rules are effectively implemented and monitored within their services.

## **What is the Strategy?**

Braintree District Council will continue its approach as an excellent authority to use best practice procurement approaches and processes. To ensure that it can deliver high quality services in support of its strategic priorities at good value for money. Ensuring that it promotes long term sustainability and it meets its public duties to promote equality of opportunity both within its own operations and through the impact of its buying decisions, using effective selection and management of its relationships with its partners and supply chain.

## **How will it be delivered?**

One of the key elements to the National Procurement Strategy is working in partnership and collaborating on procurement. This method underpins Braintree's approach to delivering our procurement service.

### ***Essex Procurement Hub***

Since September 2006, the Council has provided the lead on the Essex Procurement Hub, providing procurement expertise to six Essex district/borough councils, including Braintree, and to Greenfields Community Housing. The Council will promote efficiency in its own processes and improve its impact in promoting change.

## ***Partnership and Collaboration***

As outlined earlier our Corporate Strategy recognises that we cannot deliver our objectives on our own and that we will work with other organisations to help us improve efficiency and to bring in other expertise. This may include collaboration, partnering and/or the use of consortia arrangements.

One of the key themes of the National Procurement Strategy is partnership and collaboration. Regional Improvement and Efficiency Partnerships (RIEPs) are partnerships of councils and other local service providers working together to deliver excellent Local Area Agreement outcomes, achieve 3% cashable/efficiency savings and support economic growth and community empowerment. The foundations laid by the Regional Centres of Excellence, which preceded them, have helped councils deliver over £4bn in efficiencies, which are integral to the success of the partnerships.

Through Service reviews we have embraced a number of opportunities for working in collaboration, such as management of our car parking function with Colchester Borough and Uttlesford District Councils, and we will continue to do so where there are benefits to be gained.

## ***Procurement of Services***

Braintree District Council is committed to setting rigorous quality standards and the retention of a robust procurement and monitoring procedure to ensure the ongoing delivery of value suppliers, services and works from wherever they are sourced.

Through a service procurement process, the Council requires services to demonstrate:

- Commitment to and consultation with users of the services.
- Commitment to the corporate objectives.
- Value for money.
- Compliance with service aims and objectives.
- Commitment to continuous improvement.
- Commitment to quality and excellent customer service.
- Operational efficiency.
- Effective management, systems and procedures.
- Flexible working arrangements to meet user requirements.
- Commitments to the Council's policy objectives with particular regard to diversity and sustainability.

The Council believes that in-house services do provide a high quality, flexible framework for developing and delivering services but acknowledges that this is not the only way to deliver services. The Council expects in-house providers to find an appropriate balance between being best on quality, equality, value for money, service and employment practices. The Council supports in-house providers where they offer quality, value for money and operate in the best interest of service users.

All services must systematically assess the appropriateness of service provision both now and within a three-year time frame against a process model and criteria as set out in Appendix 3, with annual progress reports against a published action plan.

### ***Regulatory Framework***

Procurement has to work within a number of controls including EU legislation and internal governance issues. In addition the Council has other policies which must be adhered to as part of any procurement activity.

The key control over procurement activities is the Council's Contract Procedure Rules as set out in the Constitution. These rules are set at levels to ensure value for money can be achieved and that decision-taking can be made at practical levels (summary provided at Appendix 1).

Our strategy is to ensure that our procedure rules remain relevant and ensure compliance with EU regulations.

### ***Value for Money***

A function of procurement is to achieve value for money. We will achieve this by:

- challenging the way things are done and the way services are provided
- by encouraging collaboration with other Essex Procurement Hub members and RIEPs to take advantage of increased purchasing power
- taking into account the potential impact of a sustainable approach and balancing price with quality (by using 'whole life costs' for example)

### ***Local Trade***

In support of its strategic vision for Braintree to be "a place where people take Pride in their local areas", the Council recognises the important role it has in shaping the local area, encouraging the local economy and supporting local businesses. In so far as EU Directives, collaborative procurement and value for money allow, the Council will use local traders in its supply of goods, services and works.

### ***Equality and Diversity***

In support of its public duty to promote equality of opportunity, Braintree District Council aims to achieve a robust and consistent approach to equality in the delivery of services and will work with partners and suppliers to ensure that suppliers are, as a minimum, compliant with the relevant legislation, both at the inception of contracts and through their effective life. The council will proactively work with key suppliers to promote equality and positive practices in their operations and in the provision of services to customers on behalf of the Council.

### ***Sustainability***

In support of both its strategic objective that "The Environment is Clean and Green" and the priority areas for action by 2012 of "the amount of waste being land-filled in the District will have been reduced" and "the Council's carbon footprint will have been reduced", the Council will use its procurement strategy to promote long-term sustainability in its own

operations, reduce its own carbon footprint through its own services and its supply chain, consistent with meeting value for money criteria.

There are a series of actions to support this approach:

- Educate, train and encourage internal procurers and commissioners to review their consumption of goods/services, reduce usage and adopt more environmentally friendly alternative products
- Consider the costs and benefits of environmentally preferable goods/services as alternatives
- Investigate the impact of the Council's expenditure on goods and services, via purchase spend analysis, to identify potential environmental impacts
- Investigate opportunities for the recycling and re-use of materials where appropriate
- Assess the environmental and corporate risks to the organisation with a commitment to continually improving sustainable performance related to the supply chain
- Work in partnership with other organisations, such as buying consortia to improve sustainable procurement
- Ensure that, where appropriate, suppliers' environmental credentials are, as far as legally practicable, considered in the supplier evaluation process and that environmental and equality and diversity criteria are used in the award of contracts
- Ensure that consideration is given to inclusion, within all specifications, of a facility for suppliers to submit offers for environmentally friendly alternatives
- Specify, wherever possible and practicable, the use of environmentally friendly goods
- Aim to provide goods and services at best value to the Council
- Address barriers to entry in order that Small and Medium Sized Enterprises (SMEs), local suppliers and the voluntary sector are encouraged to bid for the Council's business
- Educate our suppliers regarding the Council's environmental, sustainability and equality and diversity objectives
- Encourage and persuade suppliers to adopt environmentally friendly processes and supply environmentally friendly goods/services
- Work with key suppliers to make changes and thereby extend sustainability improvements throughout the supply chain
- Comply with all relevant environmental, health & safety, equality and diversity, disability, race relations, social responsibility and employment legislation

### ***Forward Planning***

Forward Planning, particularly of major expenditure, is essential to maximise the potential savings through efficient and effective procurement. Planning annual procurement activity in advance will enable officers to undertake procurement in a more structured manner, identify options and prepare properly.

Specifications where possible should include measurable outputs or outcomes, performance standards or other appropriate measures by which the contract can be assessed.

The implementation and upkeep of a central Contract register detailing all contracts in place and all future known procurements-both for renewal of existing period based contracts and for new future projects/requirements.

### ***Performance Management***

Effective procurement is measured by the outcomes and not by the completion of the process. Contracts must be managed throughout their life to ensure that the benefits identified in the business case are delivered. Regular review meetings with incumbent suppliers are crucial in ensuring that set Key Performance Indicators and Service Level Agreements are achieved and maintained.

The Council will expand the use of contract management and build on areas of current best practice.

Risk will be managed throughout the procurement cycle to ensure that risks are identified and managed by the most appropriate stakeholder. Risk registers shall be prepared for all procurement processes in accordance with the Risk Management Strategy and will be revisited at key milestones in the procurement process and throughout the life of the contract.

When suppliers and contractors handle information on behalf of Braintree District Council, then we will ensure where possible, that equivalent standards are applied or seek to influence our supplier's and contractor's standards.

### ***eProcurement***

To achieve efficiencies in the procure-to-pay cycle including reduction in cycle time and reduction in transaction costs. This will free resources that can be directed into front line services.

The Council uses an electronic marketplace (The Essex Marketplace) to place orders.

An electronic supplier portal is linked to the Council's website to enable potential suppliers to register their interest in trading with the Council.

### ***Action Plan***

Each year an action plan for procurement is produced. This sets out the key work areas and provides a set of measurable targets for the coming year. Progress against those key work areas is monitored regularly through the Procurement Hub. The action plan for 2009/10 is attached at Appendix 2.

### What are the procedural rules governing procurement?

The Constitution provides guidance on the commissioning of goods and services and is managed through the Contract Procedure Rules and Financial Procedure Rules. Officers are required to adhere to these rules when purchasing on behalf of the Council.

Broadly the guidelines can be summarised as follows:

1. A Buyer identifies the need to purchase goods/services
2. Before any tender is conducted or order placed, a budget needs to be approved, following the Financial Procedure Rules
3. Once a budget has been determined, current contracts and frameworks in place should be reviewed to determine whether a supplier is already available
4. If yes, then the Marketplace Purchase Order Process is followed.
5. If no contract or framework is available then the buyer will need to follow the Contract Procedure Rules, gaining at least three quotes (spend less than £20,000), conducting a full tender process (spend £20,000 or more) or conducting a full EU tender process (spend on Goods or Services over 4 years >£139,893 or Works >£3.497M, at January 2008 values).
6. If the spend is of a capital nature, then a project initiation document will need to be completed.
7. All contract spend should be assessed on a lifetime value basis.
8. Once a contract or framework is in place, buyers should follow the Marketplace Purchase Order Process to secure the order and record the financial transactions correctly.

## APPENDIX 2

### Action Plan 2009/10

Action	Outcome	Lead Officer	Target Date
Conduct a spend analysis	Savings achieved by means of:  Areas where contracts can be introduced are identified and action plan agreed to implement.  Areas of 'maverick' spend identified and action taken via appropriate Head(s) of Service to address	Senior Procurement Consultant	31 <sup>st</sup> May 2009
Review Contract Procedure Rules in the Constitution	Updated Contract Procedure Rules in the Constitution. Publicised to staff within Council.	Procurement Manager	Cabinet meeting June 2009
Instigate half-yearly meeting for staff using the Marketplace ordering system.	Improved staff satisfaction with the ordering system	Senior Procurement Consultant	30 <sup>th</sup> September 2009
Implement electronic invoice module within Marketplace	Efficiencies achieved.  Reduction in paper invoices received by the Council.	Senior Procurement Consultant	January 2010
Implement interface between Marketplace and Finance General Ledger systems.	Efficiencies achieved.  Improved performance in payment of invoices.	Procurement Manager	January 2010
Complete and maintain an Equality Impact Assessment of the Strategy.	Implement any priority remedial actions identified	Procurement Manager	March 2010