

# The Corporate Procurement Strategy

**Draft 3**

**March 2006 – March 2009**

## **Document History**

### **Revision History**

<b>Date</b>	<b>Issue No</b>	<b>Summary of Changes</b>
31/10/05	Draft 1	Initial draft for review.
25/11/05	Draft 2	Minor changes made as a result of consultation.
17/01/06	Draft 3	Restructure of document - actions removed from body of document and replaced with summary of actions. Action plan in appendix further streamlined and developed. Other minor changes as a result of consultation and approval process.

### **Approvals**

This document requires the following approvals.

<b>Meeting</b>	<b>Name</b>	<b>Title</b>	<b>Date</b>	<b>Version</b>
CMT	Carol Mills	Executive Director of Corporate Services	14.11.05	Draft 2
Cllr Wyatt	Cllr K Wyatt	Member for Customer Services and Innovation	16.01.06	Draft 2
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## **Corporate Procurement Strategy ( Feb 2006- Feb 2009 )**

### **Introduction from Cllr Wyatt**

“Over recent years procurement has been an increasingly important activity for the council.

In simple terms procurement is about buying the goods and services that the council needs to operate, but it also includes the commissioning and construction of new buildings. It is true to say that procurement is about everything from pens and paper-clips to PFI and strategic partnerships.

The process should not be seen as an end in itself, rather procurement should be seen as the way that the Council uses its’ purchasing power to deliver the strategic objectives of the authority.

Procurement can and will play a significant role in helping to deliver the five priority themes adopted by the authority and set out in our Corporate Plan :- Rotherham Learning, Achieving, Alive, Safe, Proud and the two cross cutting themes of Sustainable Development and Fairness.

The procurement process is about seeking best value for our citizens and contributing to the social, economic and environmental well being of the Borough. The starting point for better procurement is the development of a procurement strategy and I am very pleased therefore to write this introduction to the document.

The Councils’ Procurement Panel will continue to oversee the performance of the strategy. In addition to obtaining value for money we shall seek to ensure procurement activity is coherent and controlled, that equality and sustainability is factored in and that staff have the development opportunities that will enable continuous improvement.

As to recent developments, our newly introduced e-procurement system can be a powerful tool and officers from the Audit Commission have given us positive and encouraging feedback.

Political and managerial leadership will continue to drive the agenda on capacity building, effective partnerships, stimulating markets and seeking to achieve community benefits. We will seek to strengthen our links with the Voluntary and Community sector so that through our commissioning processes we are better placed to improve the economic and social wellbeing of the local community.

All who are involved in the procurement process recognise the key factor their work plays in meeting service users’ needs. I would like to thank them all for their hard work and dedication.”

*Councillor Ken Wyatt - Cabinet Member Customer Services and Innovation.  
Procurement Champion RMBC*

## **Executive Summary**

The previous Corporate Procurement Strategy focused on the centralisation of the procurement function and the introduction of e-procurement - both through RBT - a joint venture company formed between the Council and BT plc in 2003. RBT procures the Council's bought in goods and services, but there is still substantial procurement activity carried out elsewhere in the Council. The other main areas of procurement and commissioning are to be found in Construction, PFIs (private finance initiatives) and other partnership procurements, and Social Services.

The Council recognises that following the successful creation of the RBT Procurement Service, there is a need for an overarching Corporate Procurement Strategy which guides and informs all procurement activity within the Council. This strategy aims to fulfil that purpose.

The profile of procurement has increased nationally in the last few years, with the Efficiency Review and the National Procurement Strategy setting targets and milestones for local authorities to achieve. The Efficiency Review applies to procurement because of the savings that can be achieved by the reduction of total cost of acquisition and the efficiencies that can be made by improving our internal processes. The National Procurement Strategy also addresses this but also tasks local authorities to achieve community benefits through procurement. This strategy sets the agenda to enable the Council to meet these demands.

This strategy supports Rotherham's Community Strategy and the Council's Corporate Plan showing throughout how each action will contribute to at least one of the Council key priorities.

The procurement vision directs this strategy:

"The Council will procure goods, services and works by the most economic, efficient, effective, and sustainable means to ensure that the needs of the community are met, within a clear framework of accountability and responsibility. In doing so, the Council will strive to become best in class by adopting world-class procurement practices and techniques".

Following the four main themes of the National Procurement Strategy; leadership, partnering, electronic procurement and achieving community benefits, the strategy will in turn describe the Council's current position, the vision for the next three years, and what actions will be required to achieve that vision.

In order to drive this strategy through, the Council will form a Procurement Panel which will consist of procurement managers from across the Council, and representatives from departments with a stake in what is achieved. This panel will develop an action plan for the implementation of the strategy, and set local performance indicators to help the Council measure the success of this strategy and the procurement function as a whole.

## **Definition of Procurement and Value for Money (VFM)**

The National Procurement Strategy for Local Government defines procurement and value for money as:

“Procurement is the process of acquiring goods, works and services, covering both acquisition from third parties and from in-house providers. The process spans the whole 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.”

“...obtaining “best value for money” means choosing the bid that offers the optimum combination of whole life costs and benefits to meet the customer’s requirement. This is not the lowest initial price option and requires assessing the ongoing revenue/resource costs as well as initial capital investment. The council’s requirement can include social, environmental and other strategic objectives and is defined at the earliest stages of the procurement cycle. The criterion of best value for money is used at the award stage to select the bid that best meets the requirement.”

With a procurement spend of approx £140m per annum, the Council has a duty to deliver value for money coupled with effectiveness and quality. The taxpaying public expects no less and those involved in the procurement of works, goods and services, whatever their capacity, are uniquely placed to directly impact on that.

## **The Wider Context**

In recent years it has been widely recognised that procurement has a large part to play in contributing to the efficiency and success of local government. This has dramatically increased the profile of procurement in Central Government leading to a number of recent Government policies and agendas:

### The Efficiency Review

The Government's Spending Review statement effectively sets every local authority a target for efficiency gains of 2.5 % per annum for each of the next three years - with the current year acting as the baseline. A key point with the overall target is that at least one-half of efficiency gains should be "cashable" (i.e. resources actually able to be redirected rather than securing improved efficiency through heightened productivity).

The review envisages that efficiencies will fall into 4 broad categories:

- Corporate services
- Procurement
- Transactional services
- Productive time

The Regional Centre of Excellence (RCE) – The Yorkshire and Humberside RCE in this case - working in partnership with other key regional players, will be the lead change agent in each region. Originally set up to lead on procurement, they will now have a much broader role, particularly in relation to transactions and corporate services, and they may also work with authorities across the service sectors. They will act to identify and disseminate best practice, promote partnerships, act as a focus for procurement consortia, strengthen training in procurement skills and monitor progress towards efficient ways of working across their regions. The Council will actively respond to the Efficiency Review requirements, by contributing to and working with the RCE, and fulfilling the requirements laid down by the agenda.

### The National Procurement Strategy

The Council is required to respond to the requirements of the National Procurement Strategy for Local Government (2003), which sets out how local government, working together with partners from the public , private and voluntary sectors should set about improving procurement. Taking its lead from the key messages and milestones prescribed by the National Procurement Strategy, this document will look at the actions required to ensure Rotherham Council's procurement processes are effective, efficient and sustainable.



## **Community Strategy and Corporate Plan**

The Council and its partners have worked together to develop a new vision for the borough under 5 priority themes which will steer progress over the next 5 years.

*Rotherham Learning* - people will be recognised as being informed, skilled and creative, innovative and constructively challenging. They will be self-confident and have a sense of purpose. They will aspire to develop and achieve their full potential in their chosen careers, work, leisure and contributions to local life. Learning and development opportunities will be available and accessible to all. Through this enabling, learning environment, involvement and entrepreneurship will be encouraged.

*Rotherham Achieving* - Rotherham will be a prosperous place, with a vibrant, mixed and diverse economy, and flourishing businesses. Inequalities between parts of the borough and social groups will be minimised. There will be an excellent town centre known for the high quality design of its public spaces and buildings, specialist and quality shops, markets, and cultural life for all age groups. Rotherham will be accessible from other areas and will have a wide choice of integrated transport options available. Villages and rural areas will be revitalised and provide high quality of life among Rotherham's beautiful countryside.

*Rotherham Alive* - Rotherham will be a place where people feel good, are healthy and active, and enjoy life to the full. Health services will be accessible and of a high quality for those who require them. Rotherham will celebrate its history and heritage - building on the past, and creating and welcoming the new. People will be able to express themselves and have opportunities to be involved in a wide range of high quality cultural, social and sporting activities. The media, arts, literature and sport will flourish. As a society, we will invest in the next generation by focusing on children and young people.

*Rotherham Safe* - Rotherham will be a place where neighbourhoods are safe, clean, green and well maintained, with well-designed, good quality homes and accessible local facilities and services for all. There will be attractive buildings and public spaces. Communities will be peaceful but thriving, relatively free from crime and the fear of crime, drugs and anti-social behaviour. Environments, people and businesses will be protected and nurtured. Children will be safe from harm and neglect. A preventative approach will be taken to minimise crime, accidents and hazards; and to further strengthen resilience and thus safeguard all Rotherham citizens.

*Rotherham Proud* - Rotherham people, businesses and pride in the borough are at the heart of our vision. Rotherham will have a positive external image and its people will be renowned for their welcome, friendliness and commitment to the values of social justice. Active citizenship and democracy will underpin how Rotherham works. Achievements and diversity will be celebrated. Rotherham will be a caring place, where the most vulnerable are supported. It will be made up of strong, sustainable and cohesive

communities, both of place and interest, and there will be many opportunities for people to be involved in civic life and local decision making. The means to do this will be clear, well known and accessible.

*And two cross cutting themes:*

*Sustainable Development* - Rotherham will be a place where the conditions are right to sustain economic growth, the well-being of its citizens is prioritised and there is a high quality living environment sustained through minimising harm from development. Rotherham will be recognised locally, nationally and internationally for the positive impact of all organisations being excellent in sustainable development best practice.

*Fairness* - All individuals in Rotherham will have equality of opportunity and choice. Rotherham will provide open and accessible services. We will treat each other with fairness and respect, and our diverse needs and strengths will be understood and valued. Rotherham will actively challenge all forms of prejudice and discrimination and ensure that all the priorities encompass an equalities approach.

In addition to these themes, the Council is aiming to continue improving its own effectiveness and efficiency, and so be rated “Excellent Council” by the Audit Commission’s CPA process by 2008. A Corporate Improvement Plan 2005-08 has been developed to help focus the organisation on strengthening the following areas

- Translating our ambitions into action
- Strengthening governance arrangements
- Strengthening performance management
- Delivering Value for Money
- Providing effective political leadership and management
- Effective consultation, involvement and community leadership
- Effective workforce development
- Delivering higher quality services

In order to achieve Excellent Council status, we must evidence efficient use of the resources block, of which value for money is an important element. A use of resources score of less than 3 (consistently above minimum requirements – performing well) will prevent a council from becoming excellent.

## **The Vision for Procurement**

“The Council will procure goods, services and works by the most economic, efficient, effective, and sustainable means to ensure that the needs of the community are met, within a clear framework of accountability and responsibility. In doing so, the Council will strive to become best in class by adopting world-class procurement practices and techniques“.

## **Approach**

The Council’s approach to procurement is to achieve best value through effective procedures and robust option appraisal leading to a clear mix of service and goods provision. The Council can demonstrate its strength in building sound relationships through a variety of models such as PPPs, PFIs and JVCs whilst recognising the value for money that small, local businesses can offer. It has also built firm foundations on which to strengthen its links with the Voluntary and Community Sectors via a Compact with the third sector. In addition to this, having already met level 2 of the Equality Standard for Local Government, we have set the clear target of achieving level 3 by the end of December 2005 and Procurement will contribute to this achievement.

## **Who this strategy is aimed at:**

Members

Executive Directors

Procurement Officers

Budget Holders

ODPM, The Audit Commission and other external inspection agencies

## **Objectives of Procurement Strategy**

### *VFM Achieved*

To improve procurement processes and systems in a way that savings and VFM are achieved so that money can be directed to Council priorities.

**This supports the Excellent Council Priority**

### *Legal Procurement*

To implement best practice procurement through the training and communication of robust policies and procedures, so that all procurement is carried out within the context of procurement legislation and the Council's financial regulations and standing orders.

**This supports the Excellent Council Priority**

### *Governance*

To capitalise on our partnerships by implementing and working within robust frameworks so that effective governance and contract management is achieved.

**This supports the Excellent Council Priority**

### *Sustainable Procurement*

To develop procurement processes and procedures to foster sustainable development so that the well being of Rotherham's environment is maintained and VFM is achieved.

**This supports the Excellent Council Priority and the Sustainable Development Priority**

### *Stimulated Markets*

To operate a range of service providers by using inclusive procurement procedures and robust option appraisal, in order to contribute to the health of Rotherham's economic community and achieve VFM.

**This supports the Sustainable Development Priority, the Fairness Priority, the Rotherham Achieving Priority and the Excellent Council Priority**

## **The Current Procurement Framework**

The Council has made some complex and innovative decisions to develop major strategic partnerships with the clear aim of improving services to customers and achieving financial savings.

### RBT (Connect)Ltd

In 2003 the Council and British Telecommunications plc (BT) created a 12 year joint venture company, RBT (Connect) Ltd, in order to provide essential business services its on behalf, in the following functional areas:

- Information Communications & Technology
- Revenues & Benefits
- Human Resources & Payroll
- Procurement
- Rotherham Connect

RBT Procurement has a target of £30 million savings to achieve over the length of the contract and through efficient working practices it aims to reduce its staff requirements saving a further £x.

We have completed stage one of the RBT / RMBC Service Improvement Plan (SIP) which involved:

- Centralising all procurement activity into one office space
- Setting standards and establishing best practice
- The introduction of Category Management
- The setting up of two teams -
  - Purchase to Pay (P2P) to handle all the transactional work
  - The Best Practice Procurement Team (BPPT) to concentrate on achieving savings

We have completed stage two of the SIP which mainly involved the introduction of e-procurement and across the Council.

Phase 3 of the SIP - which will be concerned with further e-enabling the procurement function - will form part of this strategy (see section 3 - "systems that allow business to be done electronically")

### Schools PFI Project

The Schools PFI Project involves a partnership between the Council and Transform Schools (Rotherham) Ltd, a special purpose company based on consortia of Balfour Beatty companies. The contract is to Design, Build, Finance and Operate 15 schools and linked community facilities for a period of 30 years from 1<sup>st</sup> April 2004.

The contract, signed in June 2003, includes 10 new build and 5 new build/refurbished schools (6 Comprehensives and 9 Primaries), integration of Young Peoples Centres, general community use, Space for Sports and Arts, Sure Start Centres, Children's Centres, Primary Care Trust, Social Services and Families Unit facilities.

Construction started in April 2003 and is programmed to be completed in December 2006. The first integrated Primary School, Young Persons Centre and Sure Start opened in April 2004. The capital cost of the project is over £94M. The Council was awarded £71.4M of PFI credits from the DfES as a contribution towards the costs of the scheme.

All of the existing schools came under the contract for facilities maintenance from April 2004. Caretakers transferred to Haden Building Management but cleaning and catering services were successfully won by the Council's in-house services (PSS and ECS).

The Council pays for services delivered via a monthly Unitary Charge, which is subject to reductions under a Payment and Performance Mechanism for Availability or Service failures. However the payment is based on the schools reaching full services availability, and the full unitary payment will not be reached until 2007/08 when all the schools will be complete and operational.

#### *Sport and Leisure Facilities and Maltby Joint Service Centre*

The above project is to be a Partnership contract to Design, Build, Finance, Operate and manage for 25 years. Part PFI, part private finance with an estimated value over £35M.

The project involves rationalisation of the Council's current swimming pools with the provision of four strategically located new build pools and a Joint Service Centre housing Council services and several partner organisations including the Primary Care Trust and the Police.

Currently the project is in the procurement phase with an anticipated contract close in summer 2006. Construction will take a further 2/3 years.

#### *Future Projects where Partnerships may be appropriate*

*Bereavement Services* – Including crematorium, cemeteries/burial services. This is likely to be a Public Private Partnership and is currently at OJEU notice for pre-qualification. The Invitation to Negotiate document to selected bidders is programmed for issue in December 2005.

*Waste Management* – There is a total package of services within the scope of project which is awaiting a Council decision on the preferred procurement option of service delivery.

#### *Rotherham Construction Partnership (RCP)*

RCP is the Council's strategic Construction partnership, covering the Council's own construction professionals, five external consultant partners and ten contractor partners. Managed by the Council's Asset Management service within its Economic & Development Service programme area, RCP was created, following a best value review, to deliver the National Construction Reform Agenda and provide greater Value for Money whilst improving the quality of the built environment. RCP procured its partners through OJEU and provides building construction expertise and delivery to all areas of the

Council, its partners and external clients. In 2004/05 RCP issued £31 million of construction works through delivering buildings such as:-

Schools, Health Buildings, Libraries, Offices, Customer Service Centres, Customer Contact Centres, Sure Start & Early Years, Community Buildings, Business Incubation Centres and Sports Facilities

### 2010

The Housing ALMO (Arms Length Management Organisation), 2010 Rotherham Limited, took over the running of the Borough's council houses in May 2005. The company is responsible for the management, repair and improvement of the Council's 23,000 houses. Its creation means that up to £330 million could be available in Rotherham in the period up to 2010 for the repair and improvement of homes through the Decent Homes Scheme.

It is intended that the Decent Homes Project will be run on a strategic partnering basis – similar in some respects to RCP with particular emphasis on supply chain issues.

The Borough Council will still own the houses but the authority will now delegate managing, repairing and improving them to the ALMO. Although fully owned by the Council, the company will not be controlled by it. 2010 Rotherham Ltd will have its own management board, made up of five tenants, five Councillors and five independent members.

### Social Services

Social Services commission a range of care and support services from external providers in both Adult Services and Children and Young People's Services. These services are procured in a context of a mixed economy of care and Best Value. Through partnership working with a wide range of national and local providers including organisations in the Voluntary Sector, other care and support services are also commissioned.

Social Services also procure a range of products and services which are ancillary to principal care but are necessary to operate care homes and other services – eg Food provisions, window cleaning, transport.

Specific work is being undertaken with providers to stimulate growth in the domiciliary market where capacity is stretched to meet existing and predicted future demands.

**Adult Services** - has its own dedicated Contracts Section which deals with all aspects of service procurement including writing service specifications, tendering process and monitoring contract performance. A Revenue and Payment Team deals with all invoicing and payments. Service contracts are also operated to support technology systems such as Community Care Call Alarm Systems and Service User Record System.

**Children and Young People's Services** - In August 2004 a dedicated Contracts and Commissioning function was established within Children and Young People's Services. This was undertaken as recognition of the increasing importance of obtaining successful outcomes and ensuring service deliverables were met through the firming of relations.

The majority of the procurement within Children and Families Services is met by Service Providers within the voluntary and charity sector due to the nature of the social care services being procured.

The Contracts and Commissioning function has become an active member of the Regional Contracting Steering Group; this Steering Group has been working towards the establishment and maintaining of a Regional Provider List for residential care and residential school placements. The overall purpose is to support the welfare of children looked after by the participating authorities (as defined in Every Child Matters) but such a collaborative exercise will also increase our buying power, reduce the risks and improve quality.

In furtherance of resource savings through collaboration, we have recently acted as the lead Authority in the drafting, negotiation and placing of a contract with a large charitable organisation. This was a joint enterprise between Rotherham MBC, Doncaster MBC and Barnsley MBC. This has not only secured resources savings for the charitable organisation and ourselves but has improved relations between the represented Local Authorities.

In accordance with the requirements under the Children Act 2004 we are now entering a new phase with our counterparts in Education Services. The structural changes that will result provide a most exciting opportunity in the area of joint commissioning and procurement.



## **Structure**

The structure of the strategy will be based on the broad themes laid down in The National Procurement Strategy:

- 1. Processes and structures that provide leadership, effective management and build capacity**
- 2. Approaches to partnering, collaboration and the management of expenditure and the supply base**
- 3. Systems that allow business to be done electronically**
- 4. Processes that seek to stimulate markets and achieving community benefit**

For each of these themes the strategy will outline a position statement and a vision for the future. This will be followed by any actions that will be necessary in order to achieve that vision. Each of the actions will be related to one or more of the strategy's objectives which in turn can be mapped back to the Corporate Plan.

## **1. Leadership, Management and Capacity**

### **1.1 Leadership and Management**

#### **1.1.1 Current Situation**

The Council recognises that commitment from the top is necessary to realise the full potential of procurement to provide better public services.

This Procurement Strategy is owned by the Member responsible for Customer Services and Innovation who is supported by:

- His advisors
- **Scrutiny**
- The Executive Director of the Resources Programme Area, the Procurement Client and the wider Client Team, and the Procurement Champions forum
- A programme of regular Internal Audits
- Risk Management Process
- Performance Management Process
- Transparent Processes
- Separation of Duties

#### *Members*

The Cabinet Member for the portfolio of Customer Services and Innovation is responsible for procurement through RBT and for the development and implementation of the corporate procurement strategy ensuring its alignment with our corporate goals. It is his responsibility to:

- Oversee procurement activities to ensure VFM and efficiencies are achieved
- Monitor RBT's performance
- Make key decisions on major projects - such as the roll out of e-procurement
- Ensure that our procurement system contributes to the Corporate Plan's cross cutting themes of sustainable development and fairness.

The Cabinet Member for Economic and Development Services is responsible for procurement through the Rotherham Construction Partnership and Streetpride. It is his responsibility to:

- Oversee procurement activities to ensure VFM and efficiencies are achieved
- Monitor performance
- Ensure that our procurement system contributes to the Corporate Plan's cross cutting themes of sustainable development

PFI and PPP procurement is undertaken under the leadership of the relevant programme area cabinet member.

### *Scrutiny*

Scrutiny examines how services are delivered and may make recommendations for change. Partnership monitoring is regularly reported to Scrutiny which enables them to review performance and challenge progress.

### *The Executive Director of Resources*

The Executive Director of the Resources Programme Area has the lead responsibility for the strategic development, management and governance of the Council's key resources. Within this remit is the Partnerships and Governance Team which has been created to give Council-wide assistance in promoting partnership working and to assist in the procurement and delivery of such partnerships. The Executive Director of Resources fulfils the role of chief officer champion for procurement and ensures that procurement is seen as a strategic, rather than a narrowly based, technical issue.

### *The Executive Director of EDS*

The Executive Director of EDS has a wide ranging remit over a variety of services including responsibility for construction procurement on both building and engineering projects. The former projects are dealt with by the in-house building design consultancy and the projects and partnerships section of the Asset Management Service, and the latter projects are dealt with by the Streetpride Service. EDS staff also provide assistance to the PFI team in Resources and to 2010 Rotherham Ltd on construction related work.

### *The Client Team*

The Procurement Client (reporting directly to the Client Manager) is responsible for:

- Co-ordinating the Council's strategy for procurement of goods and services, and managing the delivery of this strategy through the Council's contractual relationship with its strategic partner RBT (Connect) Ltd.
- Providing advice and guidance to programme areas on procurement
- The negotiation, review and monitoring of SLAs and SIPs to ensure that RBT delivers value for money.
- Working where appropriate with local, regional and national partner agencies to ensure a collaborative approach to procurement.
- Ensuring that the Council's procurement of goods and services complies with the Council's Standing Orders and Financial Regulations and EC legislation on public procurement.
- Managing the procurement savings process, including the authorisation of savings initiatives and the verification of savings claims.

### *Procurement Champions*

Champions represent their Programme Area at monthly Champion meetings which monitor:

- Declarations of new savings initiatives and current savings initiative status
- Monthly performance to date of service measures and those forecasted for preceding months.

- Annual plan against actual, as well as forward projection over contract duration.
- Procurement Issues Log/Report
- Ongoing actions and risks

Other duties:

- To raise issues with the Client and /or Procurement Team on behalf of their PA and see through to resolution
- To manage effective general communication with their PA
- To actively participate in problem solving around procurement issues
- To actively participate in the escalation procedure for non-compliance with Standing Orders and Financial Regulations and / or general maverick procurement behaviour
- To be part of the user acceptance of new systems, procedures and documents
- To coordinate any activities between the Procurement Team and their PA

*Internal Audit*

Internal Audit manage a programme of audits that check and ensure that procurement activities comply with the agreed procedures regarding the requisitioning and approving of orders and invoices. Internal Audit will investigate any cases where there has been divergence from the agreed procedures. All staff should be aware that Procurement procedures are part of Financial Regulations and failure to comply will leave staff open to potential disciplinary action in accordance with Conditions of Service. All areas of procurement must be carried out in accordance with the Council's Financial Regulations and Standing Orders, and current EU Procurement Legislation and other UK legislation in relation to the tendering process.

*Risk Assessment*

The Council has a Risk Management Strategy and Policy that are reviewed annually as part of the Council's overall Internal Control Framework.

The risks associated with procurement are analysed in relation to the value of the goods or services being procured as part of the category management procedure which is described in full in the Partnership, Supplier management and Collaboration section. The high-value, high-risk requirements are strategically important and are treated accordingly. For these, a partnering approach is often used. A sound business case, option appraisal, proper planning and resourcing, effective project and risk management, a robust team based training plan and project management are key to the Council's approach to ensuring successful delivery. Risk Registers are produced for all major projects using the Council's well proven facilitated risk workshop approach.

In terms of managing risk, one of the key lessons learned has been to acknowledge the importance of undertaking risk transfer exercises at an early stage, leading to early clarity about ownership, responsibilities and budgetary provision. This is developed further in the Partnership Protocol.

The Council appreciates that the formation of Contracts, Obligations, Commitments and Agreements (COCA's) is a key moment in risk management as it is the first and best opportunity to manage and distribute risk. Contracts must be drawn up in consultation with the legal department and the question of risk, insurance and indemnity must be considered when contracts, obligations, commitments and agreements are being created, in order to mitigate the risk of post contract problems.

#### *Performance Management*

Performance is managed through a number of fora. Performance is reported on a monthly basis by RBT to the Client Officer Team and to the Cabinet Member for Customer Services and Innovation. On a quarterly basis, performance is reported at the Joint Service Review meeting and to the Performance and Scrutiny Overview Committee.

Regular audits are carried out against the work streams, systems audits by internal audit, and process audit against reported performance by the Resources Performance Manager. Performance Clinics are also held on a quarterly basis with Resources Heads of Service, and where appropriate, RBT performance is also considered within the clinic.

On a wider perspective - the Corporate Plan drives what the Council does - ie efficiencies through procurement. This is then measured against targets set within the Corporate Plan and therefore Service Plans. The Corporate Plan is reported against on a quarterly basis. Finally, Performance Managers meet at the Performance Management Group where any issues/new initiatives can be discussed.

RCP for example is managed by the management team and on a month by month basis and a board which consists of Directors our partner companies, senior council officers and the EDS Cabinet Member. There are eight working groups formed from representatives from all the partners – each chaired by a different partner. They are responsible for exploring best practice in their particular areas, identifying and setting up key performance indicators, and monitoring performance against these.

#### *Transparent processes*

The procurement process within RBT is held transparent by a number of measures:

- An annual plan is produced at the beginning of the financial year outlining projected savings for that year. Each saving needs the cooperation and sponsorship of members of the Council and the whole process is monitored by the procurement client.
- Service Level Agreements have been agreed by RBT and the Client and are reviewed on a regular basis. The Head of Procurement presents achievement against the targets at the Procurement Champions Meeting and they are published in regular reports to CMT and Cabinet Member for Customer Service and Innovation meetings.
- Service Improvement Plans are agreed between RBT and the Council and progress against them is monitored in regular Portfolio meetings. Issues and

delays are flagged up to the Resources Executive Director and the Procurement Champion Member.

These plans feed directly into the Council's:

- Annual Efficiency Statement
- IEG statement
- Use of Resources CPA score
- Delivery of the ODPM Priority Outcomes

#### *Separation of Duties*

As a minimum requirement and in accordance with the basic principles underlying the separation of duties concept, the Council believes that it is good practice for a minimum of two people to be responsible for the following key activities

- Identifying the need – including specification and budget
- Undertaking the procurement – sourcing and commitment
- Affecting the financial aspects such as authorising the payment of the invoice.

It is for this reason that the Council specifies through its Financial Regulations and Standing Orders that one transaction cannot be requisitioned and authorised by the same person. As our e-procurement system currently will not stop this happening if one person is set up on the system with both roles, it is protocol for a person to be set up as either requisitioner or authoriser – not both. Exceptions to this protocol will only be made where there is a sound business case, and Internal Audit will monitor spend profiles in these cases. A hierarchy of delegated powers has been developed setting expenditure limits against each authoriser and this list has been incorporated into the procurement system.

#### *Roles and Responsibilities*

So that officers are clear regarding their roles and responsibilities, it is clearly documented how the Council and RBT interact in the procuring of goods and services (see appendix C).

### **1.1.2 Vision for Leadership and Management**

**Rotherham will maintain its excellent record for lawful and transparent procurement. Due to robust governance frameworks and performance management, the performance of our partners will be excellent and achieve all targets resulting in win/win contracts and value for money. Risk Management will be fully employed during the formation of partnerships and contracts, with all stakeholders – from officers and members to partners - engaging in the process leading to well planned, successful contracts and partnerships. Communication between our partners and the Council will be concise and effective and all staff will have bought in to the advantages of the partnership. All procurement managers will contribute to, and take on the responsibility for driving the Corporate Procurement Strategy through in a standardised and efficient way. The role scrutiny plays in the procurement process will be increased and formalised.**

### 1.1.3 Key Areas of Development

The Council will form a Procurement Panel to contribute to and drive through this strategy. The panel will be chaired by the Cabinet Member for Customer Services and Innovation and will consist of procurement managers across the Council. The panel will agree on and develop a set of local performance indicators which will measure the effectiveness of the procurement function as a whole. The Council will review and develop as necessary all policies that exist to prevent fraud within procurement and the Council's Financial Regulations and Standing Orders. **The role of Scrutiny within procurement will be reviewed to ensure that their role is fully developed and incorporated into the procurement process wherever relevant.**

(Please see part 1 of the Action Plan in the Appendices for details of specific actions)

## 1.2 Capacity

A key task set by the National Procurement Strategy is to build the capacity and capability of the Council for a modern strategic approach to procurement.

### 1.2.1 Current Position

By forging the partnership with RBT the Council has developed both the capacity and capability within procurement. A centre of excellence has been established where best practice can be developed and efficiencies achieved. We have brought in procurement experts from outside the Council who have been tasked with instigating the process of skills transfer so that the necessary people, processes and technologies are in place.

Specialist expertise in Construction Procurement has always been available throughout the Council but in recent years this has developed along the lines of the Egan and Latham Reports (Rethinking Construction). As a result expertise has been developed in partnering and supply chain management and new forms of contract such as NEC 3.

The Council has achieved liP status seeing all officers involved in procurement provided with job descriptions, set standards and targets, and regular reviews within the Council's personal development framework.

### 1.2.2 Vision for Capacity

**Procurement within the Council is conducted by skilled and trained officers achieving value for money and community benefits within the constraints of the law and following Council processes. Procurement procedures will be based on best practice and will be written and reviewed to achieve continuous improvement.**

### **1.2.3 Key Areas of Development**

The Council will conduct a skills audit to ensure that everyone involved with procurement is sufficiently trained. Procurement Managers will ensure that written procedures are compiled so that best practice is enshrined and procedures can be audited.

(Please see part 1 of the Action Plan in the Appendices for details of specific actions)



## **2. Partnering, Collaboration and Supplier Management**

### **2.1 Partnering**

Strategic Partnerships are one of the main service delivery options available to local authorities in their quest for efficient and effective high quality services.

In his foreword to the report by the ODPM's Strategic Partnering Taskforce (March 2004), Nick Raynsford MP, the then Minister for Local and Regional Government, stated:

“Strategic Partnerships can bring about the radical improvements in service quality that are needed by combining the skills and expertise of diverse organisations. They can provide the means for new and innovative approaches. They can also secure economies of scale, access specialist skills and secure a more effective use of them and lever in new capital investment. They have the potential to deliver real and lasting benefits to local people through quality improvement and by increasing the type of services on offer and making them more responsive. We want to see more authorities adopting a partnership approach so that the benefits are derived more widely”.

#### **2.1.1 Current Position**

It is against this background that the Council has developed its own Strategic Partnering Protocol incorporating lessons learnt from experience so far with Partnerships.

The environment in which local services are delivered is a changing one and has also become a challenging one. Customer expectations of accessibility, responsiveness and improvement are higher than ever before, requiring changes to the traditional style of service delivery. The Council needs to respond positively to these changes.

Working together provides a key opportunity for the Council to demonstrate continuous improvement. In the context of new local government legislation, new cost-efficient delivery mechanisms can now be sought to underpin such improvement. For example, the Local Government Act 2003 provides new ways of financing change through prudential borrowing, rather than the former regulated structure, and constraints affecting local authority involvement in companies are being significantly reduced.

Working with others is not restricted to the private sector. Other public sector bodies and the voluntary sector can bring benefits to the Council, opening up a range of opportunities for new ways of working, while adding value and improvement to service delivery for the Council's customers.

## **2.1.2 Vision for Partnering**

**Partnerships and high value contracts will be the end result of a clearly developed business case and robust option appraisal along with effective project and risk management. All processes will be transparent to major stakeholders including elected members, the corporate management team, Council officers and all citizens of the borough.**

## **2.1.3 Key Areas of Development**

Procurement Managers will follow the guidance laid down in the Council's Strategic Partnering Protocol. The Council will standardise pre-qualification documents to allow the development of an approved supplier list across the Council. It will baseline and set targets to reduce the period of time from OJEU notice to contract award – in line with the National Procurement Strategy.

(Please see part 2 of the Action Plan in the Appendices for details of specific actions)

## **2.2 Collaboration**

### **2.2.1 Current Position**

Collaboration describes the various ways in which councils and other public bodies can work together to meet agendas, combine spend or share services leading to economies of scale or accelerated learning. If conducted effectively, it can result in increased performance and cost effectiveness.

This can be done through:

- Joint Procurement or Commissioning
- Shared Services
- Purchasing Consortia
- Open Framework Agreements
- E-Marketplaces

The Council currently makes intelligent use of Purchasing Consortia, and use framework agreements or contracts put into place by a number of public bodies such as OGC. Rotherham also works with the Regional Centre of Excellence and the South Yorkshire Procurement Forum.

There are a number of examples of joint procurement currently within the Council for example

- Breathing Space – a joint project on behalf of the Council, the Primary Care Trust and the Coalfields Regeneration Trust.
- The Junction Project – A Rotherham led joint contract run by the Children and Young People's Service along with Barnsley and Doncaster with Barnado's.

- Key membership of the Yorkshire and Humber Contracting Steering Group

Additionally, as Rotherham is classed as a Fair Council, we can now consider how best to use the powers to trade and charge presented by the Local Government Act, 2003. Councils in the top three CPA categories can establish companies for the purpose of trading. This enables stronger performing councils to jointly develop solutions for other local authorities, and provides new opportunities to achieve service improvement and better VFM.

### **2.2.2 Vision for Collaboration**

**Rotherham Council will continue to fully participate with initiatives, projects and schemes within the Regional Centre of Yorkshire and Humberside. We will seek ways in which to better disseminate good practice and share our successes and we will seek to achieve better VFM by incorporating the decision of whether to procure or commission collaboratively into our option appraisal processes. We will set a clear policy for using the new trading and charging powers**

### **2.2.3 Key Areas of Development**

The Council will develop a policy on its use of the Trading and Charging Powers and Duties for Local Authorities as required by the National Procurement Strategy and further opportunities for collaborative procurement and commissioning will be explored.

(Please see part 2 of the Action Plan in the Appendices for details of specific actions)

## **2.3 Managing Expenditure and the Supply Base**

### **2.3.1 Current Position**

Procurement projects go through the following key stages:

- Identifying the need and developing the project brief
- Making the Business Case – options appraisal and establishing VFM
- Defining the approach
- Supplier selection
- Tender evaluation
- Award and Implementation of Contract
- Managing the contract and assessing the outcomes
- Lessons Learnt

Competition will be used effectively and efficiently, with equity and transparency applying throughout the process. Contract award will be by reference to the most economically advantageous tender and will integrate price, quality and risk factors in determining whole life cost and overall value for money.

It is recognised that there are a number of methods available to the Council within this process by which to procure goods, services and works. However, the underlining consideration of the chosen option will be the total cost of acquisition to ensure that the Council receives Best Value for its money.

*Total cost of acquisition* is the whole cost of owning and using the goods, services and works and includes the process of identifying the need; the selection of the appropriate goods, services and works; the method of selecting the provider; the initial price; the support costs required to continue to gain benefits from the goods, services and works; the disposal costs and any subsequent replacement costs.

All these costs will be considered when making procurement decisions and they will be monitored and measured for future reference to enable the Council to become more effective in driving down the total cost of acquisition.

*Risk Value Analysis* - The table below introduces four commodity classes based on their strategic importance and overall financial value. Commodity management is made possible only after effective corporate spend analysis. Strategic importance is measured using three elements: the reliability of suppliers in the class, the importance of that class to the delivery of Council priorities and the ability of the Council to influence, control and replace suppliers as required. In broad terms the Council's procurement strategy is to approach the different classes of commodities as follows:

Commodity class	Commodity characteristic	Commodity management technique
Strategic	High risk, high value.	These are the most important commodities and often the most difficult to achieve value for money. Responsibility is best allocated to specialists in service departments. These lend themselves to a wide consideration of options for delivery including strategic partnerships and joint ventures, as well as innovative in-house delivery
Bottleneck	High risk, low value.	Less important commodities where risk is disproportionate to cost. Requires active management, either centrally or locally, to control and minimise risk, perhaps through dual sourcing or stocking.
Leverage	Low risk, high value.	Select the suppliers which present the greatest potential to achieve savings as there will normally be strong competition due to high values and greatest potential for commercial profits. It is in this area that framework contracts or consortia purchasing can be beneficial.
Routine	Low risk, low value.	The approach will be to minimise the administrative burden of procurement and streamline processes (eg call offs) or manage the expenditure out to the leverage category.

### 2.3.2 Vision for Managing Expenditure and the Supplier Base

**The Council will continue to achieve VFM by employing fair and transparent procurement processes that seek to reduce the total cost of acquisition. Through option appraisal and product analysis we will provide a mix of service provision.**

### 2.3.3 Key Areas of Development

The Council will create central data systems to better control contracts and approved supplier lists.

(Please see part 2 of the Action Plan in the Appendices for details of specific actions)

### **3. Systems that allow business to be done electronically**

#### **3.1 Current Position**

*ODPM Priority Outcomes* – As one response to the Efficiency Review, the Office of the Deputy Prime Minister (ODPM) and the Local Government Association have identified a set of priority areas for local authorities to address as we implement a step change towards e-enabling our systems in order to drive through efficiencies. Within those highlighted areas are a number of procurement processes which need to be focused on.

*BVPI 157* – the Best Value Performance Indicator 157 measures the percentage of e-enabled transactions that an authority can conduct. Along with all other local authorities, the Council has a target of achieving 100% by the end of 2005. It is therefore imperative that the procurement function is appropriately e-enabled.

*RBT SIP phase 3* - Prior to the contract with RBT, a Service Improvement Plan (SIP) was formulated. The first two phases of this - which have been completed - were concerned with the centralising of the procurement function, the introduction of category based procurement and the implementation of an e-procurement system. The third and final phase – “e-Purchase to Pay” - will look to further automate the purchase to pay cycle.

#### **3.2 Vision for the development of electronic systems**

**In meeting all e-targets set by the ODPM, Rotherham Council will maintain its progressive approach to implementing technology to provide up-to-the minute solutions in order to achieve greater efficiencies within its processes.**

#### **3.3 Key Areas for Development**

The Council will further e-enable the procurement function and introduce e-ordering, e-invoicing, e-tendering and evaluation, e-RFQs (requests for quotations), and e-auctions. The Council will introduce Open Framework agreements and procurement cards where they can provide efficiencies, and will investigate the opportunities for integrating the two computer systems – ROCC and CedAr.

\_(Please see part 2 of the Action Plan in the Appendices for details of specific actions)

## **4. Stimulating Markets and Achieving Community Benefits**

### **4.1 Background**

Local Authorities must procure their goods within the law. Current legislation is found in:

- EC Treaty Principles
- EC Procurement Directives (proposed amendments to come into force January 06)
- UK Procurement Legislation
- Government Procurement Agreement (GPA)

Legislation demands that all procurement is conducted on the basis of:

- No discrimination on the grounds of nationality
- Equal treatment of all potential bidders and suppliers
- Fair competition
- Proportionality
- Transparency
- Requirements of tenders must be relevant to the subject matter of the contract.

In addition to this all Goods, Works and Services must be bought on the basis of Best Value and the Government's Value for Money Policy. This means that procurement decisions must be based on an assessment of whole life costs and fitness for purpose rather than lowest price alone.

Procurement legislation and the requirement to purchase to best value principles are the main perceived barriers to achieving the wider community benefits prescribed by the National Procurement Strategy. However there are ways of achieving community benefits through the application of carefully considered procurement processes. The employment of these coupled with an active dialogue with potential and existing suppliers can result in significant VFM and community benefits being achieved. This strategy will set out an agenda for examining ways in which we might fully realise this potential.

The Sustainable Development Unit describe Sustainable Development as 'development which meets the needs of the present without compromising the ability of future generations to meet their own needs'

According to the NHS Purchasing and Supply Agency it means meeting "four objectives at the same time:

- social progress which recognises the needs for everyone
- effective protection of the environment
- prudent use of natural resources
- maintenance of high and stable levels of economic growth and employment."

As the largest employer within the boundaries of Rotherham and with a corporate spend of approximately £140m a year, it is vital that the Council

procures its products responsibly and fully exploits its position to stimulate and promote Corporate Social Responsibility within its market.

**In this section we will consider:**

- **Environmentally Friendly Procurement**
- **Sustainable Communities -**
  - **Equality and Diversity Issues**
  - **Engaging with the Voluntary and Community Sector**
  - **Engaging with SMEs and Local Businesses**
  - **Fair Trade**

#### **4.1.1 Strategy Inputs**

- Corporate Plan – Rotherham Achieving and Proud, Sustainable Development and Fairness
- National Procurement Strategy
- IEMA (Institute of Environmental Management and Assessment) guidance – Environmental Purchasing in Practice
- The Corporate Environmental Policy
- RMBC Corporate Equality Strategy and Action Plan
- RMBC Race Equality Scheme 2
- Sustainable Procurement and Procurement Efficiency Implementation OGC Feb 05
- Procurement and the efficient use of material resources – Good Practice – WRAP May 05
- The Race Relations Code of Practice for the elimination of racial discrimination and the promotion of equality of opportunity in employment, as approved by Parliament in 1983
- Race Relations (Amendment) Act 2000
- CRE Guidance on Race Equality and Procurement in Local Government
- Public Procurement and Race Equality Guidelines for Local Government
- The Rotherham Compact January 2004
- Technical Companion for the Rotherham Compact
- The Council's Response to Consultation Questionnaire on Compact Plus
- Think Smart – Think Voluntary Sector
- [www.fairtrade.org.uk](http://www.fairtrade.org.uk)
- The SME Friendly Concordat and associated Good Practice Guidance
- Regeneration Strategy – Master Plan



## **4.2 Environmentally Friendly Procurement**

Sustainable procurement is seen as all “policy-through-procurement” issues where procurement is seen as a lever to achieve wider community objectives. The key to achieving this within the directives is to ensure that sustainable issues are taken into consideration right at the very beginning of the procurement process – in the initial business case and specification processes.

Issues such as renewable sources of energy and materials, recycling, waste and pollution are all high on the sustainable procurement agenda.

Areas of procurement to highlight for consideration are:

- Construction
- Highways
- Estate management
- Paper and print
- Food
- Energy

But this is by no means an exhaustive list.

## **4.3 Sustainable Communities**

### **4.3.1 Equality and Diversity**

The importance of promoting equality and diversity within the borough is recognised by the Council’s Community Strategy and Corporate Plan in the two themes of Rotherham Achieving and Rotherham Proud, and in its cross cutting themes of Fairness and Sustainable Development.

Further to this, the Council has set itself the target of achieving level 3 of the Equality Standard for Local Government by Dec 05, and level 5 by 2007, and Procurement is committed to helping the Council achieve this.

The amended Race Relations Act has important implications for local authorities, outlawing discrimination in all our functions including Procurement. It also gives a clear, more direct, positive legal duty to eliminate discrimination and to promote equality of opportunity and good race relations. The new legislation requires proactive steps to be taken to assess whether there is equality of opportunity for everyone: staff, the public, and the businesses who work for us – and to make changes where this is not the case.

We cannot “contract out” that duty, so we must ensure that race equality considerations are built into the procurement process.

Promoting equality through procurement matters. All groups in our community have a right to expect that public money is spent on local services which suit their needs – and that it is spent in a way which promotes equality of

opportunity, delivers high quality goods and services and benefits the local community. In turn this contributes to the Council's wider role of reducing inequalities and building a strong cohesive community in Rotherham.

As a major procurer within Rotherham, it is important that the Council is committed not only to managing and developing its own equalities and diversity policies, but also to encouraging its market to comply and improve its approach. Therefore it is essential that firstly we set systems in place to ensure that suppliers meet our standards and secondly to offer assistance to potential suppliers who may need to further develop their systems and policies. In addition, it is vital that we ensure that our partners fully accept their role in contributing to this activity. This is increasingly important as the Council moves ever further away from being a deliverer to being a commissioner.

#### **4.3.2 Engaging with the Voluntary and Community Sector**

Nationally, a Compact on relations between Government and the Voluntary sector was launched in 1998, followed by the 5 Codes of Good Practice. As a result, Local Authorities are expected to have in place a Compact in partnership with the voluntary and community sector. At the Rotherham Partnership Board meeting held on the 27<sup>th</sup> July 2005, it was agreed that compliance with Codes from all partners will take place with effect from the 1<sup>st</sup> April 2006.

The 5 Codes of Good Practice apply to the following named areas:

- Black and Minority Ethnic Voluntary and Community Organisations
- Community Groups
- Community Involvement / Consultation and Policy Appraisal
- Funding and Procurement
- Volunteering

Supporting the Voluntary and Community sectors through the procurement of their goods and services contributes to the local economy by keeping money local and providing an alternative means of sustainability for the sector outside of funding which can be sporadic and uncertain. In addition, voluntary and community sectors can often deliver personalised public services and in many cases are better placed to do so than the private sector. Working towards this Compact supports the Council's Community Strategy and Corporate Plan of Achieving, Sustainable Development and Fairness.

Advantages of working with the Voluntary and Community Sectors can include:

- Flexibility – an ability to reflect and respond to service user needs
- Innovative and flexible ways of delivering services
- Better access to hard to reach groups
- Added value in supporting other services delivered to local people

### **4.3.3 Engaging with SMEs and Local Businesses**

The National Procurement Strategy asks Councils to seek to achieve community benefits through procurement by actively engaging with a diverse range of suppliers. Small and Medium-sized Enterprises (SMEs) are a powerful engine for economic growth and are a crucial part of the UK economy. The Council recognises that small businesses can provide best value in procurement and that is why we will seek to enable small businesses to engage with us directly or through subcontracts. We have signed up to the Small and Medium Enterprise Friendly Concordat and its associated guidelines in order to incorporate these principles into our standard processes. <http://www.rcoe.gov.uk/rce/aio/10230>

Small firms can offer real benefits to Local Authority clients, some of which are outlined below:

- They can often respond quickly and flexibly to customer needs.
- They can be a source of innovation, ideas and products.
- They can offer cash savings, improved quality, service and effectiveness.
- They are frequently close at hand.
- Some, like social enterprises and those operating in the voluntary and community sector, may have better access to hard to reach customer groups.
- They may attach more importance to doing business with a Local Authority.

Procurement legislation however will not allow us to favour small or local businesses over others. Our supplier selection and tender evaluation procedures must be transparent, non-discriminatory and based on Best Value. However this does enable sustainability and quality to be taken into account when service delivery options are being considered. For example, the consideration of whole life costs allows factors such as fuel efficiency and replacement cycles to be taken into account, as well as social (e.g. benefits to local people, good workforce management, community safety, diversity and fairness). Successful procurement activities should be based on whole life cost considerations that include subsequent revenue implications, and not simply the lowest initial tender price. The correct stage to address these issues is right at the beginning of the procurement process - during the formation of the business case and in the writing of the specification.

### **4.3.4 Fair Trade**

The Fairtrade Foundation is an organisation which seeks to work with world farmers and producers in a non exploitive way. By buying direct from farmers at better prices, helping strengthen their organisations and marketing their produce directly through their own one world shops and catalogues, they aim to offer consumers the opportunity to buy goods which were bought on the basis of fair trade.

By purchasing Fairtrade products the consumer is actively taking part in the task to combat global poverty. In order to support the Corporate Plan's priority themes of Fairness and Sustainable Development, the Council recently made a commitment to become a Fairtrade Town.

In order to achieve this, five main criteria must be met:

- The local council must pass a resolution supporting Fairtrade, and serve Fairtrade coffee and tea at its meetings and in offices and canteens.
- A range of Fairtrade products must be readily available in the area's shops and served in local cafés and catering establishments (targets are set in relation to population).
- Fairtrade products must be used by a number of local work places (estate agents, hairdressers etc) and community organisations (churches, schools etc).
- The council must attract popular support for the campaign.
- A local Fairtrade steering group must be convened to ensure continued commitment to Fairtrade Town status.

#### **4.3.5 Vision for Stimulating Markets and Achieving Community Benefits**

**We will work in partnership with our contractors and suppliers to minimise the environmental impact of their goods and services. All tenders will be conducted by officers fully trained in sustainable procurement, leading to tenders that consider sustainable issues from the offset. Where practicable we will purchase goods and materials that can be manufactured and disposed of in an environmentally sound way. Rotherham will be an inclusive community where all businesses are equipped and able to compete for Council contracts. Council buyers engage with the market to actively reduce the barriers experienced by some businesses to competing. The Council operates a mixture of service provision, working with a range of entities from large JVC's to BME businesses, SMEs and the V&C Sector. The Council will be recognised as a Fairtrade Town.**

#### **4.4 Procurement Actions Required to achieve the vision for environmentally friendly procurement and sustainable communities.**

The Council will conduct a review to assess current procurement processes in order to develop robust policies to achieve real community and environmental benefits through procurement. Guidelines will be produced for procurement officers and suppliers or potential suppliers and the Council will hold workshops and Meet the Buyer events to encourage supplier engagement. Processes will be made more transparent and the information on the procurement pages of the intranet and internet will be improved upon. Details of contracts to be let in the medium term future will be made available to the Council's market place so that organisations are better able to manage their resources in order to bid successfully.

## **Appendices**

- A Action Plan
- B Terms of reference for the Procurement Panel
- C Roles and Responsibilities: RBT Procurement and Council Officers
- D Consultation
- E The Role of Scrutiny within Procurement**

## 1. Action Plan for achieving the vision for leadership, management and capacity

Action Plan Reference and Completion Date	Action	Action Owner	Resources Required	Update
APR1.01 March 2006	Review and develop where necessary the Council's framework of policies to prevent fraud and corruption in procurement: <ul style="list-style-type: none"> <li>• Gifts, Hospitality and Other Inducements;</li> <li>• Declaration of Interest;</li> <li>• Conflicts of Interest;</li> <li>• Private Transactions;</li> <li>• Fraud, Theft and Corruption;</li> <li>• Anti-competitive Behaviour;</li> <li>• Fair Dealing;</li> <li>• Confidential Information;</li> <li>• Offers of Employment; and</li> <li>• 'Whistleblowers'.</li> </ul> Outcome –Legal Procurement	Brian Leigh	Staff time for review, development and consultation.	
APR1.02 February 2006	Review with Internal Audit the current Financial Regulations and Standing Orders to ensure that they are written in line with current arrangements such as e-procurement, the JVC with RBT, and the new EC Procurement Directives.  Outcome –Legal Procurement	Helen Leadley	Staff time for review, development and consultation	
APR1.03 February 2006	Ensure that mechanisms are in place to monitor savings made against projections on the Annual Plan via the Champions Meetings.  Outcome – VFM Achieved	Helen Leadley	Staff time	
APR1.04 April 2006	To increase and formalise the involvement of scrutiny within the procurement process (see appendix E)	Helen Leadley	Staff time	

APR1.05 April 2006	To develop an approach to complying with the Freedom of Information Act whilst maintaining commercial integrity.  <i>Outcome – Legal Procurement</i>	Brian Leigh	Staff time	
APR1.06 November 2005	In order to contribute to and drive this procurement strategy through, form a Procurement Panel under the leadership of a Cabinet Member and made up of managers from those areas directly responsible for procuring or commissioning goods, works and services whilst periodically inviting managers from related areas of expertise such as Sustainable Development, The Voluntary and Community Sector, and Buy Local to provide help and advice. The procurement panel to take ownership of this strategy and allocate and monitor progress of (as a group) actions identified by this strategy and their agendas.  <i>Outcome – Strategy delivered</i>	Helen Leadley	Ongoing staff and member time	
APR1.07 March 2006	Conduct a review of the volume and content of communication between the Council and RBT  <i>Outcome –Governance</i>	RBT Transformation Team	Staff time	
APR1.08 March 2006	To develop a set of local indicators in order to measure the Council's procurement function in terms of delivery of the procurement strategy and day-to-day management of the procurement process based on a proven model such as 4Ps or IDeA. Benchmarking to be part of this process.  <i>Outcome – Strategy Delivered</i>	Procurement Panel (via a representative working party TBA)	Staff time	
APR1.09 May 2006	To strengthen the Council's arrangements for managing High Value / High Risk Procurement by reviewing: <ul style="list-style-type: none"> <li>• <u>Consultation:</u> <ul style="list-style-type: none"> <li>○ A Self-Assessment Survey to be undertaken of Members, M4 and M3 Managers on Partnership Risk Management</li> </ul> </li> <li>• <u>Process :</u> <ul style="list-style-type: none"> <li>○ Formation of a Partnership and Contracts Register with Intranet access</li> <li>○ Review of clauses in contracts covering risk management arrangements</li> </ul> </li> <li>• <u>Communication / Training:</u></li> </ul>	The Procurement Panel to work in alignment with the newly reviewed Council's Capital Project's Procedures.  RBT Transformation to lead on the Contracts	Staff time  Costs to be covered by Phase 3 of the RBT Service Improvement plan.	

	<ul style="list-style-type: none"> <li>o Skills audit on risk management</li> <li>o Training on risk management where required</li> </ul> <p><i>Outcome - VFM Achieved</i></p>	Register.		
APR1.10 June 2006	<p>To set a minimum skills matrix for all personnel involved with procurement – members and officers. To conduct a skills audit against this matrix and address any gaps with a training plan.</p> <p><i>Outcome – Contributes to all objectives of this strategy</i></p>	All procurement Managers via the Procurement Panel.	Staff time and training costs to be met by the relevant programme area.	
APR1.11 October 2006	<p>Procurement Managers to compile written procedures for their officers covering all major processes. These procedures to be regularly reviewed and audited to check that they embody best practice and are in line with Financial Regulations and Standing Orders, EU Procurement Legislation and other UK legislation.</p> <p><i>Outcome – Legal Procurement and VFM Achieved</i></p>	<p>All procurement Managers via the Procurement Panel.</p> <p>- Each manager to ensure procedures are written for their area.</p>	Staff time	
APR1.12 October 2006	<p>To create a central and up to date “lessons learnt” page on the procurement pages of the intranet.</p> <p><i>Outcome – VFM achieved</i></p>	Helen Leadley	Staff time	
APR1.13 May 2006	<p>To review the system for ensuring procurement managers are familiar with and complying with external procurement rules.</p> <p><i>Outcome – Legal Procurement</i></p>	All Procurement managers via the Procurement Panel.	Staff time	



## 2. Action Plan for achieving the vision for partnering, collaboration and supplier management

Action Plan Reference and Completion Date	Action	Action Owner	Resources Required	Update
APR2.01 October 2006	To standardise pre-qualification documents to allow the development of an approved supplier list across the council. (See also APR4.06)  <i>Outcome – Sustainable Procurement</i> <i>Outcome – Stimulated Markets</i>	The Procurement Panel in conjunction with Jeff Wharfe from the LEGI Project.	Staff time	
APR2.02 March 2006	To ensure that continuous improvement is built into future contracts.  <i>Outcome – VFM achieved</i>	All procurement Managers via the Procurement Panel.	Staff time	
APR2.03 March 2006	To baseline and set targets to reduce the period of time from OJEU notice to contract award, in line with National Procurement Strategy  <i>Outcome – Stimulated Markets</i>	All Procurement Managers via the Procurement Panel	Staff time	
APR2.04 December 2006	To develop a policy on the Council's use of the Trading and Charging powers and duties for Local Authorities in the 2003 Local Govt Act. Considerations should include: <ul style="list-style-type: none"> <li>• Financial and social objectives of trading and charging</li> <li>• The candidates</li> <li>• Market analysis</li> <li>• Charging / tariff policy</li> <li>• Is charging integrated into service management and budgeting process?</li> <li>• Collection and recovery</li> <li>• Exit strategy</li> </ul> <i>Outcome – Legal Procurement</i>	Procurement Panel (via a representative working party TBA)	Staff time	
APR2.05 April 2006	To develop a Commissioning Policy for care provision as stated by the 2005/06 Adult Services Service Plan. This policy to be extended to a Joint Commissioning Strategy with our Health Partners.	David Lisgo	Staff time	

	<i>Outcome – VFM Achieved</i>			
APR2.06 January 2007	The potential for regional or multi authority contracts for care provision to be investigated by Council representatives in the Regional Contracts Managers Group  <i>Outcome – VFM achieved</i>	Laura Townson	Staff time	
APR2.07 February 2007	To incorporate collaborative procurement / commissioning into the option appraisal process.  <i>Outcome – VFM achieved</i>	All Procurement Managers via the Procurement Panel	Staff time	
APR2.08 October 2006	To create one central contracts register for the Council, to enable the completion of the EU Statistical Returns requirements. (See also APR1.09)  <i>Outcome – Governance</i>	RBT Transformation Graeme Winton	Costs to be covered by Phase 3 of the RBT Service Improvement plan.	
APR2.09 October 2006	To create a central approved supplier list and a means of ensuring it remains up to date.  <i>Outcome – Governance</i> <i>Outcome – Stimulated Markets</i>	The Procurement Panel in conjunction with Jeff Wharfe from the LEGI Project.	Staff time	

### 3. Action Plan for achieving the vision for systems that allow business to be done electronically

Action Plan Reference and Completion Date	Action	Action Owner	Resources Required	Update
APR3.01 May 2006	To implement e-Invoicing within Cedar to accept XML invoices directly in the Cedar Application.  <i>Outcome – VFM achieved</i>	RBT Transformation Graeme Winton	Costs to be covered by Phase 3 of the RBT Service Improvement plan.	
APR3.02 May 2006	To implement e-Ordering to change the format of all purchase orders to XML which can readily be printed, faxed or sent by e-mail to XML-compliant high transaction volume/strategic suppliers.  <i>Outcome – VFM achieved</i>	RBT Transformation Graeme Winton	Costs to be covered by Phase 3 of the RBT Service Improvement plan.	
APR3.03 May 2006	To implement e-RFQ (Request for Quotation) as an automatic process to direct simple requests to P2P for competitive quotation.  <i>Outcome – VFM achieved</i>	RBT Transformation Graeme Winton	Costs to be covered by Phase 3 of the RBT Service Improvement plan.	
APR3.04 May 2006	To introduce Open Framework supplier agreements to achieve maximum discounts from non-catalogue spend with strategic suppliers.  <i>Outcome – VFM achieved</i>	RBT Transformation Graeme Winton	Costs to be covered by Phase 3 of the RBT Service Improvement plan.	
APR3.05 April 2006	To implement document imaging  <i>Outcome – VFM achieved</i> <i>Outcome – Governance</i>	Brian Leigh	Costs to be covered by RBT Procurement	
APR3.06 October 2006	To implement: <ul style="list-style-type: none"> <li>• ROCC and Cedar integration (dependant on the future plans of 20/10)</li> <li>• Procurement Cards where there is a business case</li> <li>• e-Auctions where there is a business case</li> <li>• e-Tenders and e-Evaluation via the collaborative Alito Roadmap</li> </ul> <i>Outcome – VFM achieved</i>	RBT Transformation Graeme Winton	Costs to be covered by Phase 3 of the RBT Service Improvement plan.	

<p>APR3.07 March 2006</p>	<p>To encourage supplier take up and adoption of electronic systems via Meet the Buyer Events and similar methods. (See also APR4.08)</p> <p><i>Outcome – Stimulated markets</i></p>	<p>Procurement Panel</p>	<p>Staff Time Cost of events to be shared by the appropriate programme areas.</p>	
<p>APR3.08 August 2006</p>	<p>To update the Council's procurement section on the intranet and internet. (See also APR4.05)</p> <p><i>Outcome – VFM achieved</i> <i>Outcome – Stimulated Markets</i></p>	<p>Procurement Panel</p>	<p>Staff time</p>	

#### 4. Action Plan for achieving the vision for stimulating markets and achieving community benefits

Action Plan Reference and Completion Date	Action	Action Owner	Resources Required	Update
APR4.01 February 2006	<p>Review and assess how well our current procurement processes contribute to sustainable development - including:</p> <ul style="list-style-type: none"> <li>• Product Specification and eco labels</li> <li>• Tendering and Evaluation</li> <li>• Supplier Selection</li> <li>• Terms and Conditions</li> <li>• Contract Compliance</li> <li>• Promoting Sustainability within the Council's Market</li> <li>• Competency Framework for Procurement Officers</li> </ul> <p><i>Outcome – Sustainable procurement</i></p>	Procurement Panel (via a representative working party TBA)	Staff time	
APR4.02 February 2006	<p>Review and assess procurement activities across the Council in relation to:</p> <ul style="list-style-type: none"> <li>• The Race Relations (Amendment) Act using the Equality and Public Procurement in Local Government Guidelines</li> <li>• The SME Friendly Concordat</li> <li>• The Rotherham Compact with the Voluntary and Community Sector</li> </ul> <p>Procurement activities to be considered include:</p> <ul style="list-style-type: none"> <li>○ Developing the business case</li> <li>○ Writing the specification</li> <li>○ Standard Documents (pre-qualifications, tender documents, terms and conditions)</li> <li>○ Supplier selection process</li> <li>○ Contract delivery</li> <li>○ User satisfactions</li> <li>○ Promotion of Equality throughout the supply chain</li> <li>○ Training</li> <li>○ Consultation</li> <li>○ Impact Assessment</li> </ul>	Procurement Panel (via a representative working party TBA)	Staff time	

	<i>Outcome – Stimulated Markets</i>			
APR4.03 March 2006	<p>Baseline (where applicable) and set targets for:</p> <ul style="list-style-type: none"> <li>• % of spend / contracts where sustainable procurement methods have been utilised</li> <li>• use of recycled and/or environmentally friendly products</li> <li>• reduction of use of resources</li> </ul> <p><i>Outcome – Sustainable procurement</i> <i>Outcome – Stimulated Markets</i></p>	Procurement Panel (via a representative working party TBA)	Staff time	
APR4.04 April 2006	<p>Develop a Sustainable Procurement Policy which outlines how the Council will achieve the targets set above for achieving community benefits through procurement.</p> <p><i>Outcome – Stimulated Markets</i> <i>Outcome – Sustainable procurement</i></p>	Procurement Panel (via a representative working party TBA)	Staff time	
APR4.05 August 2006	<p>Produce a "How to do Business with the Council" guide which clearly states the Council's standards including:</p> <ul style="list-style-type: none"> <li>• Health and Safety</li> <li>• Equality and Diversity Issues</li> <li>• Environmental standards</li> </ul> <p>This guide to be made available on the Council's website. (See also APR3.07)</p> <p><i>Outcome – Sustainable procurement</i> <i>Outcome – Stimulated Markets</i></p>	Procurement Panel (via a representative working party TBA)	Staff time	
APR4.06 October 2006	<p>Create a standard pre-qualification form which encompasses the above standards. To develop a central register of pre-qualified suppliers and to investigate the opportunities for working with our neighbouring councils and other public bodies to standardise and share the registration mechanism across the region. (See also APR2.01)</p> <p><i>Outcome – Sustainable procurement</i> <i>Outcome – Stimulated markets</i></p>	Procurement Panel (via a representative working party TBA)	Staff time	

<p>APR4.07 October 2006</p>	<p>To consider a sliding scale of compliance to our standards so that smaller organisations are better able to compete with larger organisations.</p> <p><i>Outcome – Stimulated Markets</i></p>	<p>Procurement Panel (via a representative working party TBA)</p>	<p>Staff time</p>	
<p>APR4.08 March 2006</p>	<p>To hold a Meet the Buyer Event every 18 months (first to be held in March 2006) in order to:</p> <ul style="list-style-type: none"> <li>• Educate potential and existing suppliers about our standards</li> <li>• Discover and remove barriers to competing</li> </ul> <p>(See also APR3.06)</p> <p><i>Outcome – Stimulated Markets</i> <i>Outcome Sustainable Procurement</i></p>	<p>Procurement Panel (via a representative working party TBA)</p>	<p>Staff time</p>	
<p>APR4.09 November 2005</p>	<p>To ensure that Fairtrade products are available on its e-procurement catalogue and highlighted as an option.</p> <p><i>Outcome – Stimulated Markets</i> <i>Outcome – Sustainable procurement</i></p>	<p>Procurement Panel (via a representative working party TBA)</p>	<p>Staff time</p>	

## **Appendix B**

### **Procurement Panel Terms of Reference**

#### **1. Aims and objectives of the Group**

To drive through the Corporate Procurement Strategy in a way that achieves the Strategy's vision:

“Procuring goods, services and works by the most economic, efficient, effective, and sustainable means to ensure that the needs of the community are met, within a clear framework of accountability and responsibility. In doing so, the council will strive to become best in class by adopting world-class procurement practices and techniques“.

To ensure a corporate approach to procurement

To ensure consistency of actions across different programme areas where appropriate

To ensure that all policies developed as a result of the strategy are set within an over arching framework (Community Strategy, Corporate Plan, Corporate Procurement Strategy)

To identify barriers to delivery and find appropriate solutions

To contribute to efforts relating to achieving and maintaining Beacon Status in procurement and any other awards in procurement that the council may aim to achieve.

To work and liaise with the Procurement Champions where appropriate

To provide a focal point for dissemination of ideas both within the Council and relating to regional and national procurement work.

#### **2. Role of the Group**

To contribute to the Corporate Procurement Strategy

To ensure delivery of the strategy on budget and within timescales.

To contribute to regular strategy reviews.

To contribute to efforts relating to achieving and maintaining Beacon Status in procurement and any other awards in procurement that the council may aim to achieve.

To work and liaise with the Procurement Champions where appropriate



### **3. Membership of the Group**

Cllr Wyatt	Cabinet Member - Customer Services and Innovation
Cllr Smith	Cabinet Member - Economic Regeneration and Development Services
Keith Thompson	Acting Head of Partnerships and Governance – Resources
Ian Smith	Head of Asset Management Service – EDS
Simeon Leach	Economic Strategy Manager RIDO – EDS
Brian Leigh	Head of Procurement – RBT
Jill Dearing	Performance and Improvement Manager - RBT
Helen Leadley	Procurement Client – Resources
Sarah Whittle	Joint Deputy Director of Strategic Planning – Social Services
Laura Townson	Contracts Officer – Children and Families Services
David Lisgo	Commissioning and Contracting Manager – Adult Services
Michael Dobson	Business Support Manager – 2010
Matthew Gladstone	Head of Performance and Quality – Chief Executive’s Dept
David Rhodes	Property Environmental Manager - EDS
Carol Adamson	Equalities and Diversity Officer – Chief Executive’s Department
Waheed Akhtar	Partnership Officer – Chief Executive’s Department

### **4. Frequency of Meetings**

Monthly

### **5. Meeting Agendas**

Initial meetings to contribute to, and provide feedback for the procurement strategy.

Once the strategy is agreed and approved, meetings should establish a plan of action and assign owners of actions.

Consider themed meetings based on issues that need to be addressed throughout the implementation. These meetings could involve contributions from stakeholders such as the V&CS and the South Yorkshire Buy Local Partnership.

### **6. Roles**

Chair	Cllr K Wyatt
Admin Support	Richard Bellamy

## Appendix C

### *Roles and responsibilities*

#### *RBT Procurement*

On behalf of RMBC, RBT Procurement will buy in goods and services [BIGS] at best value, simultaneously protecting RMBC's commercial interests in appropriate purchase contracts [whether corporate agreements, contracts and/or purchase orders]

In particular:

- For Corporate Agreements [where no commitment is placed on RMBC budgets]
  - Review current agreements, contracts and working practices
  - Apply category process to determine appropriate procurement strategies
  - Schedule agreed activities in the Annual Plan
  - Manage savings initiatives identified in the Annual Plan
    - Establish RMBC sponsorship
    - Create cross-functional initiative team
    - Undertake competitive market enquiries
    - Appoint suppliers
    - Monitor and collate savings realised [normally both corporately and against budget holder usage]
  - Manage the relationship/ agreement with appointed suppliers including
    - Performance management including issue resolution
    - Scope and price variations[both increases and decreases]
  
- For Programme Area specific requirements [where there is a commitment made on RMBC budgets]
  - Offer help and guidance on best practice procurement
  - Undertake, where capacity exists, or support, where there is no spare capacity, competitive market enquiries on behalf of the programme area
  - Place orders and contracts in line with end-user specified requirements and available funds
  - Issue variation orders [scope and/or price] at the request of the end-User

## RMBC End-user

Engage with RBT fully on both Corporate Agreements and Programme Area specific requirements by providing resource, detailed requests and approved budgets for BIGS which meet their operational requirements and Council priorities, providing the maximum time scales for achieving Best Value.

In particular:

- For Corporate Agreements [where no commitment is placed on RMBC budgets]
  - Review activities scheduled in the Annual Plan [Procurement Champions]
  - Support savings initiatives identified in the Annual Plan by
    - Providing RMBC sponsorship
    - Resourcing cross-functional initiative teams
    - Defining RMBC needs in terms of non-discriminatory specifications
    - Evaluating competitive market enquiries [to ensure that offers meet RMBC requirements]
    - Recommending suppliers to RBT Procurement
    - Agree mechanism for monitoring and collating savings realised [Sponsor]
  - Manage the relationship with appointed suppliers by:
    - Resolving simple and non-recurring supplier issues
    - Identifying complex and/or recurring Performance issues
- For Programme Area specific requirements [where a commitment on RMBC budgets results]
  - Identify [specify] requirements via requisition or otherwise
  - Undertake, with RBT support, competitive activities when RBT has insufficient capacity to undertake the activity itself
  - Evaluating competitive market enquiries [to ensure that offers meet RMBC requirements]
  - Recommend suppliers to RBT Procurement
  - Place authorised requisitions and process acknowledged provision of goods and services as soon as is practicable
  - Manage the day-to-day relationship/ contract/ order/ receipt/ rejection with the appointed supplier as long as such management does not result in the need for a variation [scope and/ or price] to the contract/order

## **Appendix D**

### **Consultation**

Service Users, Procurement Officers and other stakeholders have been consulted throughout the development of this strategy. Their feedback has been sought and incorporated into the document.

IDeA

Trade Unions:

- GMB
- Unison
- T&G

Voluntary Action Rotherham

The Rotherham Partnership

Rotherham Chamber Construction Liaison Group

RBT Procurement and Transformation

Procurement Champions

Procurement Panel

Executive Director of Resources

Cllr Wyatt – Member for Customer Services and Innovation

Scrutiny – sent to Cath Saltis 17/11/05

CMT

## **Appendix E**

### **The Role of Scrutiny within Procurement**

#### **Proposals**

##### **1. The Corporate Procurement Strategy**

Scrutiny should be consulted about the strategy prior to (?) approval by Cabinet in order that they might:

- Ensure the strategy is aligned with the objectives of the council,
- Ensure that competing objectives are identified and correctly prioritised
- Ensure that appropriate resources are in place

Following the strategy's approval Scrutiny should monitor the delivery of the strategy perhaps via participation with the procurement panel.

##### **2. The Procurement Plan**

The Council intends to publish a 3yr rolling plan of contracts and procurement projects that it plans to renew or let. This plan will help the Council with its mid term financial plan and add to the efforts around better engagement with our local SMEs / BMEs / Voluntary and Community Sector.

Scrutiny should be provided the opportunity to examine this plan in order to

- Assess the potential impact on the public
- Assess how the procurement plan sits with financial plans
- Plan reviews on the procurement process associated with the letting of a contract

##### **3. Building Capacity**

In order that Scrutiny feel confident to participate in the procurement process, Scrutiny should embark on a programme of building capacity. This could be achieved via:

- Officer briefings
- Externally provided training
- Visits to other Local Authorities to learn how scrutiny works in procurement elsewhere

##### **4. Structure**

PSOC should be involved in high level analysis such as reviews of the strategy, examining the 3yr plan and assessing the effectiveness of the Council's procurement and commissioning partnerships.

Working Parties within Scrutiny should be involved with the procurement process of individual projects either via the gateway procedure or the Council's Capital Projects procedure.