



ROSSENDALE BOROUGH COUNCIL

PROCUREMENT STRATEGY

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Purpose

The main purpose of this document is to:-

- state the Council's overall policy and its medium term objectives for procurement (ie the acquisition of goods and services from third parties) and to create a framework for procurement across the authority, which will be monitored to ensure continuous improvement.
- ensure that an effective strategic and corporate approach is taken to procurement, which maximises the contribution it makes to achieving the Council's corporate priorities and the Community Strategy, disengagement from The Office of The Deputy Prime Minister (ODPM) Improvement Board and the Councils' overall service improvement mission by 2008 to have: 80% of customers satisfied with its services and 8 out of 10 of its corporate indicators in the top quartile of performance. This is generally referred to as "8 x8 by 2008".
- recognise the role that procurmenet plays in the area of work force issues, diversity, equality and sustainability. In particular the role of local businesses and SMEs to the economy of Rossendale.
- give an overview of the Council's existing approach to procurement and compare that with current best practice and where it wants to be in the future
- identify the key actions needed to ensure that in the future the Council's approach to procurement meets best practice and the guidelines set by the ODPM National Procurement Strategy and Efficiency Review.
- maintain a balanced approach to the differences involved in the commissioning of services at a corporate level to those of procuring goods and services at a departmental level.

The strategy needs to be a living, evolving and enabling document for both staff, Members, partners and ultimately customers. As with many issues facing the Council the strategy has been formulated to change the approach to the way we do things and ultimately the organisations culture and attitude to procurement.

The Council welcomes comments from any interested group or individual in the further development of this Procurement strategy.

Introduction and Context

As with a number of local authorities, Rossendale Borough Council authority finds that it needs to pull in greater investment through effective procurement and partnering arrangements due to amongst other reasons:

- In order to maximise capacity
- The councils chosen capacity building model
- The expectation of lower council tax rates
- The National Procurement strategy
- The Gershon efficiency review.

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Central Government has put demands upon all local councils to deliver efficiencies of 2.5% per annum. The Councils' ability to increase taxation revenues in the medium term is also restricted through the "capping" mechanism. The revenue support grant, for district councils, is likely to increase by no more than inflation in future years. With wage inflation now fixed at 2.95% for 06/07 and a cost base that consists of in excess of 50% being attributable to employment costs, allied with falling incomes and above inflation rises in other areas, this puts a greater pressure on the authority to deliver low single figure council tax increases. Therefore, the Council's Medium Term Financial Plan anticipates no more than a 3% increase, indeed 06/07 saw a 2.2% increase.

The Council owes a duty to the citizens of Rossendale to manage its resources efficiently and to deliver cost effective, value for money services. The manner in which it carries out its procurement arrangements to acquire the goods, services, materials and equipment it needs to operate, is an important element of this.

It is essential that the Council purchases intelligently and makes the most of competitive procurement from a mixed economy of service providers. The procurement process spans the whole-life cycle from identification of needs to the end of a service or useful life of an asset. It is vital that the Council makes the right choices to establish the optimum combination of whole-life cost and benefit and find the right trading partners.

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Procurement has a significant impact on all aspects of service delivery and council performance. The National Strategy (published by ODPM in October 2003) is the Government's chosen vehicle to raise the profile of strategic procurement nationally and to drive through improvements and the adoption of best practice.

The National Strategy for procurement has been issued by a joint ODPM / Local Government Association (LGA) Procurement Task Force. It builds on the recommendations made by Sir Ian Byatt (Delivering Better Services for Citizens - 2001) and suggests challenging targets that reinforce the Government's requirement to see the adoption of procurement best practice.

The recommendations and targets for improvement included in the National Strategy focus attention on the need for the council to raise the strategic profile of procurement and implement change and improvement. A number of actions for implementing the National Strategy are recommended in this paper. Procedures will be put into place to monitor and report on progress in implementing the strategy and meeting Government and the Councils targets for the delivery of cost effective, value for money services. The key milestone required to be met by the Council for delivering the National Strategy are detailed in Appendix 2.

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In addition to the National strategy the Government has recently published the findings of the Efficiency Review. The Efficiency Review was announced by the Chancellor in his Budget speech in the Spring 2003. It is independently led by Sir Peter Gershon, Head of the Office of Government Commerce, and is taking a radical look at the way government does its business. The government is now spending £320bn on public services with £70bn controlled by local government. The Review aims to release major resources into frontline services that meet the public's highest priorities out of activities which can be undertaken more efficiently. It also aims to reduce the bureaucracy faced by frontline professionals and free them up to better meet the needs of their customers. The Review seeks to maximise the investment going into public services by assessing measures to strengthen the transfer of best practice and support the devolution of funds to local bodies, offering new opportunities for them to collaborate and achieve better value for money.

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Baseline Position (where are we now?)

The council seeks a Corporate Procurement Strategy which:

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- Improves the Council's efficiency and its ability to invest in priority services
- Delivers cost effective, efficient, value for money services and contributes to low rates of council tax
- Considers the opportunities in the move to a capacity building model
- Meets National strategic partnership guidelines

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The Comprehensive Performance Assessment (CPA) Report (January 04) identified the lack of a robust Procurement Strategy. This had resulted in the lack of significant alternative methods of procurement being developed. The traditional approach had produced a history of poor decision making. This latter issue being exemplified in our IT support contract which amongst other things

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- did not recognise the need for technology refresh
- did not incorporate clear performance standards and measures
- having a 10 year contract commitment, is simply too long in length
- had no concept of a client function (a fault equally seen by the contractor)
- was not fully scrutinised by adequately skilled Council representatives

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The Council General Fund expenditure for 2006/07 is £17 million on all services, excluding council tax/housing benefit payments, plus £5 million on capital expenditure. The Council recognises that a Procurement Strategy will apply to all areas of expenditure regardless of whether services are provided internally or externally. The expenditure on capital items will be included in activities within the Procurement Strategy. The strategy will incorporate an identification of all the work and time spent on procurement activity and will seek to rationalise and manage all of that activity to ensure maximum efficiency and effectiveness.

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To improve investment and to reduce the burden on council taxpayers, the Council has recognised the need to move to capacity building model model. This has resulted in the transfer back to Lancashire County Council of the Highways function and the creation of Rossendale Leisure Limited, an independent trust incorporated to manage Council leisure facilities and directly employ previous Council leisure staff. In addition the Council has recently explored partnership working in the area of revenues and Benefits previously with Liverpool CC and more recently Pendle BC, Liberata and others. This has now culminated in Capita being identified as a preferred partner. The Council is now exploring the options for a strategic partner within Street Scene and Liveability.

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These projects have been managed internally bringing additional skills and experience to the Council. Until recently there has been no established mechanism for capturing learning that Council officers have experienced. This has now been addressed through the Prince II project management methodology which identifies a number of key criteria and outcomes:

- *Project management*: the planning, monitoring and control of all aspects of a project and the motivation of all those involved in it to achieve the projects objectives on time and to the specified cost, quality and performance
- *Need for a Business case*: Information that describes the setting up and continuation of a project. It provides the reasons (and answers the question 'why?') for the project and an options appraisal.
- *Due Diligence*: The process of investigation, performed by parties and potential partners, into the details of a potential partnership or other relationship such as an examination of, operations, management and the verification of material facts or assumptions.
- *TUPE*: an acronym for the 'Transfer of Undertakings (Protection of Employment) Regulations 1981 Act'. The Regulations preserve employees' terms and conditions when a business or undertaking, or part of one, is transferred to a new employer. Any provision of any agreement (whether a contract of employment or not) is void so far as it would exclude or limit the rights granted under the Regulations.
- *Post procurement project monitoring and evaluation*: The continued scrutiny of the procurement it outcomes and relationship to ensure that agreed performance criteria are being delivered to agreed cost and time constraints.
- *The need for designated client side ownership*: The ownership by an individual, group or third party who, on behalf of the Council, agree to monitor and evaluate agreed performance and outputs of a contracted supplier of goods or services and take corrective or appropriate action where agreed performance or outputs are not being met.
- *Lessons learned*: in undertaking the project including statistical data from the quality control management side of the project. It should be a formally adopted document to be used for the benefit of future projects.

Through the backing of the ODPM Capacity funding, to date, 14 of the authority's staff originally gained the Prince II registered practitioner accreditation. The Council has plans to further extend project management skills throughout the organisation based on Prince II and other recognised project management models.

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The Council is also a partner in the East Lancs. e-Partnership (ELeP) and has recently experienced the benefits of less traditional methods of procurement by the use of an electronic reverse auction in partnership with other local authorities. This has resulted in, amongst other things, a 59% saving on a

common basket of stationery consumables. The Council has engaged in other high profile joint procurement exercises with other local authorities and agencies (eg Futures Park and the Lancashire Shared Contact Centre) which again have brought new learning and skills to Rossendale.

In 2005/06, after a year of pilot running, the Council established a Cabinet structure and created a Finance & Risk Management portfolio holder, within the Cabinet membership. In doing this Members were able to demonstrate political leadership for wider financial issues, including those of procurement, within Rossendale Borough Council and the Councils' commitment to its' then current number one corporate priority of "Finance and Risk Management". This priority has evolved into an enabling role of "Financial Management" as a result of the Council's stronger financial base; this priority therefore helps support other corporate priorities for improvement. This in itself demonstrates and is evidence of how the procurement strategy supports the Council's wider corporate objectives and priorities.

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Procurement Objectives (where we want to be)

The Council has set out a clear and measurable vision of “8 x 8 by 2008” which challenges it to achieve:

- 80% of customers satisfied with customer services by 2008
- 8 out of 10 of the Councils corporate priority performance indicators being in the top quartile by 2008

This is an extremely demanding goal and will only be achieved by significant improvements to service delivery.

In the area of procurement, Rossendale is able to harness the messages of The National Strategy which highlights the potential for procurement to improve cost effective service delivery and meet, or exceed, the demands of external and internal challenges, whilst at the same time, achieving Community Plan objectives. The National Strategy sets a clear target for all councils to be delivering significantly better public services through sustainable partnerships and a mixed economy of competitive suppliers from all sectors.

The National Strategy has set a target date of 2006 and to do this suggests that all councils need to consider the cultural shifts needed to embrace procurement best practice, in order to:

- Provide leadership and build capacity
- Engage in partnerships and collaboration
- Do business electronically and
- Stimulate markets and achieve local economic and community benefits.

We can recognise that the National strategy also complements the current needs within Rossendale and the way in which this Council does business and serves its customers. In particular the Council has recognised its need to address its skills and capacity gaps together with traditional, inefficient and outdated ways of providing public service all of which clearly require improvement. It has begun this process in the 2004 management team Organisational Review which resulted in a restructure within the senior management team involving the disestablishment of historical posts and structures to be replaced by modern approach to district council management. The result saw the departure of a number of staff and the appointment of new heads of service in the early part of 2005.

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Partnership and collaboration has been a theme in this Council over the past year and is seen as key to the Councils capacity building model strategy.

The Council is also investing in modern IT systems in order to improve the efficiencies generated through electronic trading.

The Rossendale community strategy has ambitions for a prosperous local economy, the Council will seek to assist in this area by ensuring that this strategy acknowledges the role of local Small and Medium-sized Enterprises (SMEs) and the judgement of Government Ministers and the Local Government Association that "SMEs are a powerful engine for economic growth and are a crucial part of the UK economy....that small businesses can provide best value in procurement and that is why local authorities should consider engaging small businesses directly or through sub-contracting." (See: Small Business (SME) Friendly Concordat).

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Finally, the council needs to define its general principles and methods and update its information on the procurement activities of the Council, this latter part being aided by the investment in new financial management systems. Information which is required being:

- An analysis of goods and services and their costs
- Information of how goods and services are purchased
- The structure and performance of the procurement function
- Skills and training needs
- Details of current contracts with renew or replacement dates
- Future procurement exercises anticipated by the Council
- The performance of key suppliers
- Issue of probity and governance

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evaluation of systems to follow business case. Financial Service department is now currently implementing a new finance system which incorporates aspect of selection control)

- enable the standardisation, as far as possible, of consumables and equipment throughout the Council, but ensuring the involvement of users (eg through e-auction specifications) as well as maintenance, training and finance staff
- recognise the environmental and local economic impact of purchasing decisions, and incorporate this within the decision making process in line with the Councils' Environmental strategy and The Small Business (SME) Friendly Concordat.
- Incorporate procurement issues (alongside, Financial, Risk, Legal, etc.) into all formal reports to both Members and the Senior Management Team.
- Use the new Civica / Radius Financial system to end traditional paper ordering and move to IT systems based control. Amongst other things the new financial system will:
 - Restrict orders to preferred suppliers
 - Restrict consumables order to the Councils' preferred basket of goods (eg consumable type, brand & quality, etc.)
 - Enable online ordering and goods received authorisation
 - Search for goods via online preferred supplier catalogues
 - Restrict purchase where department budgets do not exist for the supply in question

ii) Procurement

The aim is to ensure that goods are ordered, received and paid for in the most efficient way possible. The Council recognises the benefits available from electronic trading and is seeking to implement a suitable system(s) at the earliest opportunity. This will in part be an outcome from the implementation of new financial systems. Currently the Council is an active member of the East Lancashire e-Partnership whose target products have recently included: baseline assessment of current procedures, supplier rationalisation, BACs, e-marketplace, payment cards and e-auctions.

The full benefits of electronic systems can only be achieved in the context of an overall strategy that enables the most effective procurement. The Council will take continual steps to achieve the following:

- reduce the cost of ordering and the number of low-value orders by rationalising the supplier base, standardising product ranges, aggregating orders across the Council, introducing minimum order

size, and examining the use of purchasing cards as considered appropriate

- have an optimal number and location of receipt points and arrangements to ensure prompt delivery of items to the point of use. (The Councils accommodation strategy will facilitate this goal).
- consolidate deliveries wherever possible and explore the potential of all deliveries via a single carrier
- develop effective payment systems (ie payment cards and BACs) including invoice matching arrangements through intelligent IT systems – features such as electronic trading systems and scanning will support these objective. These features and other are built into the new Civica / Radius financial systems.

iii) Prices

Price is an important, but not the only element of total acquisition and supply cost, which is why this Strategy addresses all aspects of supply management. The steps that the Council will take to minimise the price element of total supply costs are as follows:

- use competition wherever appropriate. In particular use new technology such as e-auctions through the East Lancashire e-Procurement partnership
- aggregate demand for products over time and across the whole Council, through effective business planning and co-ordination of contracts both internally and with other local authority partners.
- establish longer term contracts with suppliers which commit the Council to volume in return for lower prices, subject to the approval steps for entering into longer term contracts (see below)
- maximise early payment discounts
- explore how poor procurement practice at the year-end can be avoided both by appropriate spending throughout the year and some budgetary flexibility for budget holders.
- use, where appropriate, procurement procedures, such as operational requirements, to include user preference and choice within purchasing activity.
- Use Civica / Radius financial system to ensure purchase ordering from the Councils preferred supplier and product list.

- Encourage all staff to contribute to effective procurement and the drive for efficiency by considering the option of financial reward to staff where the successful outcomes of ideas have been proven.

iv) Stock

In this context we are considering stock with such quantum that is it is valued within the council's annual balance sheet. There maybe a number of stock holding areas whose value has been written off but available for continued use and forms part of the "Usage" section.

It is necessary to hold some stock to ensure ready availability of essential items, currently the only significant stock holding function within the Council, which is reported in the annual balance sheet, is Housing Repairs and therefore the following should be understood in this current context, particularly in light of a potential Housing Stock Transfer. However, that said, holding too much stock is undesirable for a number of reasons. Stock may become obsolete; it is expensive to store; it is vulnerable to damage, loss and theft; and it commits resources that could have been used for another purpose. The Council will aim to achieve best practice by:

- reviewing existing stock levels and setting target stock levels, taking account of the delivery capability of suppliers, how critical the supply is and price and handling cost considerations
- exploring contractual arrangements that would reduce on-site stockholding including supplier lead times balanced against cost
- ensuring, where appropriate, maximum use of materials management systems
- utilising, where appropriate, logistics systems to reduce local stockholding and processing cost
- monitoring high-value stocks in high spending departments
- reviewing security, ensuring a proper balance of risk and process costs.

v) Usage

The overall spend on goods and a service is heavily influenced by the amount of consumables used and the way equipment is utilised. As part of the Council's Strategy it is considered important to aim at the most appropriate usage rates. This will require the following actions:

- examination of the causes of significant and unexplained variation in usage within the Council. This will be done on a regular basis as part of ongoing financial monitoring.
- working with suppliers and partners to benchmark usage patterns in other organisations. This is particularly useful when committing to one supplier and can be built into the added value elements for the authority which the contractor is required to supply
- involving Finance and other specialist groups in the Council in the analysis of variation
- defining guidelines for the use of consumables and equipment
- increase equipment utilisation through effective pooling across different departments and staff.
- Using Civica / Radius Financials to restrict purchase ordering in those instances where service budgets are not available or bona fide virements have not been authorised.

Internal capacity, staff and skills

The council is not of a size where the National Strategy recommends that this Council should have a dedicated procurement resource, however we have identified capacity from existing resources and created new resources for procurement initiatives and development. This is demonstrated in, amongst other things, the Council's participation in the ELeP project, investment in new financial systems and technology and reorganisation of staffing structures, in particular the creation of a Resources Directorate.

Given the direction of the Council the need for resource and skills should be reviewed on a regular basis. The procurement resources assessment is particularly important as the authority takes each step of the provider to commissioner route. It may well be that at the start of each new project procurement expertise has to be brought in on an ad hoc needs basis as was the case in the recent Leisure and Highways transfers.

In the short term the skills development of staff with procurement responsibility in the Council is an essential component in meeting the objectives and understanding of the Procurement Strategy. The Strategy will assess the skills gap and ensure Council wide training and education is provided to bridge the skills gap and to change culture and working practices within the Council.

The Strategy will ensure delivery of individual training plans for staff engaged and responsible for procurement issues. The inclusion of procurement as one of the Council's continued priority areas, within the Corporate Improvement

Plan, demonstrates a commitment from Members and officers to improve the councils' capacity and skill base, and value to its' customers.

Officer Roles	Responsibilities
Officers will:	<p>Mange the process in line with the Procurement Strategy</p> <p>Vigorously evaluate alternative service delivery, including cross –service procurement</p> <p>Ensure that all stage decisions are supported by an audit trail and evidence</p> <p>Report to Members as required by Council policies</p> <p>Use the procurement function as a source of excellence</p>

Members

It is important that an informed workforce is supported by equally well informed Members in delivery of an efficient and effective Procurement Strategy, as recommended by the Byatt Report, for securing quality outcomes.

Members should take responsibility for scrutinising the procurement process and monitoring the outcomes. Clear political responsibility should be established for commissioning and securing services on behalf of the people of Rossendale. As per the national strategy commitment should come from the top: Leader, Chief Executive and procurement champion through their resourcing and strategic management.

Members oversee procurement through their following roles and responsibilities:

Member Roles	Responsibilities
Providing leadership	<p>Setting policy and strategic direction</p> <p>Sponsoring the benefits of effective procurement through the leading role given to the Cabinet portfolio holder</p>
Representing customers	Using effective procurement to deliver the Local Community Partnerships' Community

	Strategy and the Councils Corporate Improvement Plan.
Approving and scrutinising decisions	<p>Procurement Decisions for certain criteria of contract to be approved by Cabinet.</p> <p>The National strategy offers guidance on the role of overview and scrutiny (such as inquiries, challenging progress, performance review and learning lessons)</p> <p>The Standards Committee will monitor adherence to Council regulations and Codes of Conduct.</p>

Regular training updates for all members will be required on key procurement issues, such as European Union procurement law, sustainability issues, standing orders and contract management. On major procurement projects members will be asked to be part of the project steering groups, ensuring that the projects remain in line with Council policy.

The identification of training needs for members will reflect the specific requirements for members involved in major procurement projects and the general requirements of increasing member understanding in relation to application of good practice procurement. The training needs will be identified in consultation with all of the political groups.

The Strategy demonstrates the Council's political leadership in procurement. The strategic importance of procurement is reflected in a Cabinet finance portfolio and procurement champion under the wider remit of "Finance and Risk Management". The Cabinet therefore have a prime responsibility for procurement strategy and performance.

The Councils' Constitution

The Council constitution in particular Contract Procedure Rules requires review and evaluation in light of new practices and tendering techniques brought about by, amongst other things, modern IT systems. The ELeP has therefore commissioned joint work on this area. Members and Officers must ensure the standing order procedures do not put the Council at a commercial disadvantage but yet still maintain good purchasing practice, public accountability and deter corruption. Standing orders should be used positively to promote good practice, promote effective and efficient procurement whilst maintaining safeguards of probity and good governance.

Procurement Working Group

A Procurement Working Group will be established to oversee the implementation of the strategy. The group will be chaired by The Executive Director of Resources, with permanent representation from the two Heads of Legal & Democratic Services and Financial Service. Other officers and Heads of Service to be invited as and when required. The Group will have responsibility for monitoring and reporting progress of the action plan.

Electronic Procurement

It is important to understand that electronic procurement is key to delivering a successful Procurement Strategy, but it is a means to an end, not the end in itself.

The Strategy will promote the East Lancs. e-partnership and the e-procurement initiative in the use of electronic sourcing and tendering solutions (e-marketplace and e-auctions) to reduce inefficient paper/requisition systems. It will also adopt the use of purchasing cards, online ordering, BACS payment and auto-fax facilities as interim measures to further reduce the paper trail and associated transaction costs.

In the long term, the strategy will be to deliver a web-enabled electronic procurement solution that will link the supply chain from point of need to the point of payment. A system that fully integrates with the supplier base and enables electronic orders, delivery notes, invoices and returns will be the ultimate objective of the e-procurement Strategy. This system will release resource from an administration intensive activity and bring about significant financial savings in processing costs for redistribution into priority areas of the authority.

Electronic procurement will form an integral part of the back and front office platform. It will be one of the main components necessary to enable the organisation to manage its assets more effectively and efficiently.

It is envisaged that the delivery of this component will be within the first phases of the IEG programme in conjunction with the East Lancs. E-Procurement partnership. The IEG programme has facilitated the interaction and integration necessary for effective supply chain operation with our partner organisations and suppliers.

Partnering and collaboration

It was acknowledged in the Byatt Report that not all authorities are able to resource the delivery of effective purchasing strategies. The need for close collaboration, sharing of good practice and management information are key requirements in ensuring purchasing is effective. The National Strategy builds on this further by suggesting that councils should seek to create sustainable partnerships between councils and suppliers in the public, private and

voluntary sectors for the delivery of services and the carrying out of construction projects.

The Strategy will ensure Rossendale BC participates in the creation and maintenance of partnering and collaboration and the maintenance of purchasing consortia in the region. Those local public, private and voluntary sectors partners who are prepared to provide top level commitment to any prospective consortia will be engaged. In the event that the consortia are not commitment based, Rossendale BC will withdraw and seek membership of other partnerships and collaborations. This Council will seek to think outside its own size and council area in order to benefit from greater economies of scale.

The Council has already taken a cultural step change in its journey of a provider of services to that of a commissioner as evidenced through the creation of a leisure trust, its withdrawal from the highways function and its innovative proposals for the deliver of its future revenues and benefits service and customer contact arrangements. This has lead to two further service option appraisals namely those of: Environmental Services and Planning. Fulfilment of this culture change, particularly as the Council moves to the area of frontline statutory services brings with it some key challenges and skill requirements. The area of client side contract performance management is dealt with below, other considerations include:

- Negotiation and specifications based on outcomes, rather than an historical contract tendering outputs approach
- Risk assessment and management
- Performance management
- Members' leadership and scrutiny roles
- Optimisation of efficiencies and effectiveness pre transfer
- Exit strategies

Client Side Contract Performance Management

The letting of a contract is only a secondary phase in ensuring delivery of the key performance targets in any contract. Prior to contract letting the Council will endeavour to ensure that bidders are able to demonstrate their track record in achieving value for money through effective use of their supply chain. The move from traditional adversarial relationships to partnerships requires an acceptance of 'mutual benefit' in a contract, highlighted by an open book, honest and transparent relationship where trust exists between the partners.

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The Strategy will ensure that all contracts include key outcomes for performance and efficiency targets with agreed milestones and that the Council acts as an intelligent client in monitoring contracted performance.

Contract performance management will be delivered by officers who are in regular contact with service and goods providers. All officers involved in these Council roles will be trained and supported. The setting of key performance indicators will enable officers to track performance against contracts on a regular basis, thus enabling failure to meet these targets to be both identified, rectified or compensated. All suppliers will be encouraged to adopt a performance measurement system which leads to continual improvement.

Amongst other things the strategy will ensure:

- All Council medium & high value contracts above 12 months to be subject to senior management approval
- All Council medium & high value contracts above 3 years to be subject to Member approval at Cabinet level.
- All Council medium to high value contracts to include measurable performance targets and service standards with agreed milestones
- All Council medium to high contracts to have clearly identifiable Client representatives
- All medium to high value contracts to incorporate appropriate time periods to allow for formal review by all parties – minimum requirements being quarterly

This will ensure that the risk to the authority of entering into debilitating or less than best value contracts is reduced to a low and acceptable level.

NB - Low, medium & High value contracts are defined in the Councils Constitution

Social-economic Sustainability

It is recognised that public procurement policy should encourage development of environmentally sound goods/services and play an active role in socio-economic sustainability issues. Procurement policy in this area must link to the Councils Environmental strategy, economic regeneration (in particular the support for inward investment and the local economy) balanced with the need to acquire best value for the Council. In doing this the Council will actively consider the role of local SME and in particular specialist SME suppliers in delivering elements of contracts and framework agreements (the Council is able to evidence this in, amongst of things, the rebuilding of the new Whitworth Civic Hall)

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Improvement and Development Plan (to get us to where we want to be)

An Improvement and Development Plan to achieve the above objectives is to be produced (see Appendix x). The Plan will allocate responsibility for undertaking the key actions. Additionally, a target/performance indicator has been produced for each key action.

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Monitoring and Review

Progress on the Action Plan will be monitored in accordance with the corporate Performance Management Framework. In particular, an annual review will be undertaken to ensure that the strategy and other Council policies and guidelines continue to meet the Council's overall aims and priorities.

In partnership with the East Lancashire e-Partnership (Procurement) a basket of procurement performance Indicators (PI's) have been agreed as a means of benchmarking the Councils performance against other East Lancashire districts. These PIs are as follows:

Performance Indicators	
1	LIB/P4 - Percentage of corporate spend aggregated through corporate framework agreements and corporate contracts.
2	LIB/P5 - Percentage of corporate spend aggregated through collaboration with other public sector organisations
3	Based on LIB/P9 - Percentage of local government spend placed with local companies (largely small and medium enterprises - SMEs)
4	LIB/P22 - Average invoice value - Corporate spend divided by total number of invoices.
5	LIB/P24 - Average spend per supplier - Corporate spend divided by the total number of suppliers
6	LIB/P28 - Adoption of orders raised electronically - Total number of invoices divided by number of electronic orders.
7	LIB/P29 - Percentage of invoices paid electronically e.g. through BACS; CHAPs or direct debit
8	LIB/P31 - Equal Opportunities - The inclusion of equality considerations in strategies and plans and their influence at each stage of procurement and contract management.

Detailed performance indicator definitions, basis for calculation and their rationale can be found in the Improvement & Development Agency (IDeA) publication: "Modern procurement practice in local government: Local performance indicators for procurement"

Equalities and Diversity

The Council in line with the National Strategy will seek to promote and develop diverse and competitive sources of supply including procurement from small firms, ethnic minority businesses, social enterprises and voluntary and community organisations. In the right circumstances this supply source may offer better value for money to the Council than larger organisations.

The Council has:

- concluded a “compact” with local voluntary and community groups
- developed guidance for integrating Equalities into Procurement
- published a guide on ‘how to do business with the Council’
- carried out a full equalities impact assessment on its procurement strategy
- signed up to the Small Business (SME) Friendly Concordat

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