

Report to Cabinet
17 October 2012
Report of Executive head of business relationship management
Subject Procurement strategy

Item

8

Purpose

To consider and approve an updated procurement strategy

Recommendation

To approve the updated procurement strategy

Corporate and service priorities

The report helps to meet the corporate priority “Value for money services”.

Financial implications

There are no direct financial consequences from this report.

Ward/s: All wards

Cabinet member: Councillor Waters – Deputy leader and resources

Contact officers

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Background documents

None

Report

1. Since the first procurement strategy in 2007 the council has continually improved its procurement performance.
2. Good procedures are now in place which ensures that tenders and quotations are well prepared and significant savings have been achieved through consideration of required specifications and wide advertising and encouragement of competition.
3. The updated procurement strategy is an incremental change that sees the focus for the next phase on wider social, environmental and economic issues and consistency of contract management.

Integrated impact assessment



NORWICH
City Council

The IIA should assess **the impact of the recommendation** being made by the report

Detailed guidance to help with completing the assessment can be found [here](#). Delete this row after completion

Report author to complete

Committee:	Cabinet
Committee date:	17 October 2012
Head of service:	Anton Bull
Report subject:	Procurement strategy
Date assessed:	8-10-2012
Description:	Procurement strategy

	Impact			
Economic (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Finance (value for money)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other departments and services e.g. office facilities, customer contact	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ICT services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Economic development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Financial inclusion	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Social (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Safeguarding children and adults	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>S17 crime and disorder act 1998</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Human Rights Act 1998	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Health and well being	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Equality and diversity (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Relations between groups (cohesion)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

	Impact			
Eliminating discrimination & harassment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Advancing equality of opportunity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Environmental (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Transportation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Natural and built environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Waste minimisation & resource use	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Pollution	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sustainable procurement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Energy and climate change	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
(Please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Risk management	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Recommendations from impact assessment

Positive

Negative

Neutral

Whilst the assessment of the strategy itself is that there is a neutral impact, wider consideration of social, environmental and economic influence within procurement should have a positive impact on many of the areas above. This will be down to individual procurement exercises adhering to the principles set out in the procurement strategy.

Issues



NORWICH
City Council

Norwich City Council Procurement strategy

Draft 17 October 2012

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Foreword by Councillor Alan Waters



This strategy sees an incremental change to our vision for procurement as we have now established good procurement practice across the council. Systems and processes are now firmly in place to ensure that contracts are let that deliver value for money. Service users inform the specifications and evaluation to ensure that the suppliers will deliver the required services.

Since the previous strategy the council has introduced a commissioning strategy that provides the framework within which this procurement strategy now sits.

The first strategy from 2007 focussed on systems, process and procedure. The 2010 strategy focussed on key principles. This strategy now builds on the previous strategy and focuses on maximising benefits from relationships that have been established. The council has a number of contracts and monitors performance to ensure that they deliver.

We are using our procurement spend to create opportunities for employment through requiring apprenticeships and where practicable, to include a requirement in new works contracts for suppliers to provide 10% of the workforce from the "Building Futures" project. This is a joint partnership initiative that was started by the council and Homes and Communities Agency. We also work with local businesses to make sure they are aware of our tenders and also how to complete the application in the best way. We have also procured a collective energy switching partner to support the programme to enable residents to access better deals on energy prices.

The strategic aim as we go forward is to ensure that contract management is consistent across the council and that all social, environmental and economic factors are measured and monitored as part of contract management. Good relationships with suppliers will see continuous improvement encouraged through strong performance management and creating an environment where either party can promote changes to reduce costs and improve service delivery for the customer.

This procurement strategy will support the council to ensure that every pound spent on bought in goods, services or works delivers value for money and contributes towards achieving our wider social, economic and environmental objectives.

Introduction

This latest version of the council's Procurement strategy builds on the last two strategies from 2007 and 2010. The council now has clear information on its contracts and this information provides a strong basis for sound decision making.

Since the last strategy the council has re-let major contracts for housing repairs and maintenance, gas servicing and window replacements as well as a number of other contracts. These multi million pound contracts form the backbone of our significant contracts. However the council has more than one hundred further contracts which combine with our shared services, in house delivery and grants to create the commissioned services for the council.

Significant pressures continue on council budgets and procurement continues to try to balance quality with affordability. Increasingly the council is using wider objectives within its procurement to support social and environmental objectives. Monitoring of these to ensure that objectives are turned in to results is now the focus for the next phase in our procurement journey.

This strategy forms the high level procurement aims for the council.

Strategic aims of the *Procurement strategy*

The strategic aims remain similar to those of the previous strategy

1. To assist in the delivery of the council's key objectives as reflected in the councils blueprint and the Corporate plan.
2. To be an integral element in the council's effective use of resources and delivery of value for money services.
3. To provide a strategic framework to inform all council employees involved with procurement whether at operational or managerial level.

Key principles

The key principles remain the same as the previous strategy

- a. Value for money – all procurement at Norwich City Council will be made with the intention of making sure best value for money is obtained. This is a balance between cost and quality and will be assessed on a case by case basis.
- b. Open, fair and transparent – all procurement within Norwich City Council must be and must be seen to adhere to these three key principles of public procurement.
- c. Sustainability – procurement must be completed in a manner that does not compromise resources for future generations.
- d. Through life costing – procurement decisions will be made by including due consideration to through life costing, not just cost at point of contract.

- e. Equality and diversity - we will use appropriate mechanisms to make sure our suppliers promote equal opportunity for the people they employ and in recruitment practices.
- f. Stimulating markets and developing supply chain.

In addition to the above key principles, the additional ones listed below are also fundamental to delivering the aims of the strategy:

- g. Strong leadership and effective contract management – options analysis and clear decision making processes must be promoted at the highest level in the council.
- h. High professional standards – all those involved in procurement must make sure they maintain high professional and ethical standards and understand fully the importance of adhering to the key principles.
- i. Legislative changes – central procurement should ensure policies and processes reflect the most current legislation and contract law.
- j. Staff development – to increase the capabilities of all officers involved in procurement through guidance and training.
- k. Effective stakeholder involvement – to ensure the product or service provided meets the requirements of all stakeholders. This will involve effective information sharing and consultation with stakeholders.
- l. Cost minimisation – take proactive steps to reduce the administrative cost of procurement.

Implementation of the strategy

The key focus for this stage of our procurement journey will be on contract management. The council has pockets of excellent contract management and the aim is to ensure that this becomes consistent across the council.

The council will develop contract management guidance for officers. An integral part of this will be ensuring that all elements of the contract are monitored to ensure they are being delivered. This will include not only monitoring of key performance indicators for quality of service delivery and customer satisfaction but also social considerations such as employment terms, training and development and also environmental aims such as reduction of carbon emissions.

The guidance will be supported by training and development as well as exchange of good practice between officers and our partners.

Monitoring and reporting

The council has segmented its contracts and will concentrate resources on managing those that are of high value and high risk. Those that are low value and low risk will be managed by exception.

Reports will be provided by contract managers to the central procurement team so that information can be collated and reported as part of the corporate reporting process. This will provide clear evidence that all contract objectives are being met.