

London Borough of Hounslow

Procurement Strategy 2004/06

Version 1.0

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1 Introduction

1.1 Hounslow's Executive Business Plan

The Executive has recently agreed a business plan for the Council. It is important that the Procurement Strategy is clearly linked to the Council's strategic vision and its ten priorities as set out within the Executive Business Plan (EBP):

The purpose of the Procurement Strategy is to help the Council deliver its EBP by enabling the best value procurement of works, goods and services to the benefit of Hounslow's diverse Community.

Procurement activity will play a critical role in the achievement of the Council's ten strategic priorities. The achievement of value for money and economy continue to be important, especially given the current climate and outlook as described in the Council's Medium Term Financial Plan. Of equal importance however, is the impact that procurement decisions have on the Council's priorities. Balancing social outcomes and financial gains will therefore continue to be important in ensuring effective procurement across the board. To understand the guiding principles and community benefits the Council is seeking to achieve it is necessary to consider the revised priorities as set out within the Executive Business Plan. In particular the priority covering Resources for Future Improvement which is set out below:

- ✓ Resources for future improvement: Developing the Medium Term Financial Plan's objectives and **improving procurement to deliver cost effective, value for money services for the borough**; revising our Human Resources strategy and achieving Investors in People across the Council; and improving management of the Council's property

The Council's Procurement Strategy will seek to support the delivery of the Council's vision, and to underpin the implementation of the best value regime.

1.2 A vision for procurement

The vision for procurement in Hounslow is:

"Hounslow Council is committed to excellence in procurement across all Council services, to support the delivery of efficient, value for money services which are accessible to the needs of our diverse communities. This supports the Executive Priorities of One Hounslow and Resources for Future Improvement. We aim to achieve this in accordance with the policy principles outlined below."

1.3 Hounslow's Key Drivers

- The Procurement Strategy will support the achievement of the Executive's One Hounslow and Resources for Future Improvement priorities as set out in the Executive Business Plan. These priorities revolve around corporate working across the Council and securing best value from our staff, budgets and assets.
- In addition efficient and effective corporate and departmental procurement will help the Council to continue to achieve solid financial performance in the difficult financial climate outlined in the Medium-Term financial Strategy.

- Following the recommendation of the Leader in July 2003 the Council agreed that:

“All Chief Officers are required to operate a continuous process of service efficiency, alternative procurement and market testing for the services for which they are responsible”

1.4 Hounslow’s Corporate Agenda

1.4.1 Diversity and Equalities

The Council’s approach to procurement and the operation of this Strategy will take place in the context of our published Equal Opportunities and Diversity Policy.

The Council aims to achieve a consistent approach to equality in the delivery of all our services.

The Council will ensure that its procurement policies and practices support its corporate Equal Opportunities and Diversity policy by

- ensuring our appointed contractors share and help deliver our equal opportunities and diversity commitments and objectives;
- making sure our selection and tendering processes avoid discrimination at all stages of the procurement process and positively address and include equality considerations;
- rigorously monitoring our contracts for compliance;
- including appropriate terms and conditions for promoting equality and
- training staff in equalities issues for procurement
- being responsive to change including changing legislation

We expect all organisations wishing to provide services on behalf of the council to be able to demonstrate that all reasonable and practicable steps will be taken to allow equal access and equal treatment in employment and service delivery for all.

1.4.2 Local First Policy

As per BV review report (Recommendation para 9.20) - That the Council implement a “local first” policy for suppliers and encourage local companies to register with the Council for supply and service activities up to a particular value¹.

1.4.3 Approach to Competition

The Council is committed to fair and open competition. The objective of our policy is to use competition to best effect in securing broad ‘best value’ objectives – not simply lowest cost but the most competitive price that will secure continuous improvements in service quality and cost. Competition is an important component of the Procurement Strategy and will be used to assist the Council in reviewing quality and costs across the Council’s services, utilising the benefits of market testing when this is in the interests of residents, the Council, the service and the staff who work in the function in question.

¹ The registration process to ensure the basic financial and employer standing of the business.

The Council is in broad agreement with the published Government policy that retaining work in-house is only justifiable if this proves more competitive than external provision, but is clear that there can be limitations to achieving this in practice because of the resource intensiveness of frequent competitive tendering on a large scale. This options appraisal is not solely restricted to published Government options (e.g. those in Best Value guidance) and the Council is committed to using these creatively at a local level where this is appropriate. The commitment to competitive procurement extends beyond the Best Value programme itself across the full range of Council services, regardless of whether they are currently undergoing, or are due to undergo, a Best Value review. We aim to consult appropriately to secure the best possible services for local people, and where this involves decisions in relation to frontline services the Council is strongly committed to full and open public consultation as part of the process. In addition to this the following criteria will be adopted:

- Where direct competition is deemed appropriate and the in-house provider is competing, the in-house provider will be given the opportunity to compete on equal terms with external providers.
- Services already subject to direct competition will be continually reviewed to ensure that the manner in which the service is provided remains the most appropriate to deliver Best Value.
- Contracts should be awarded to the provider offering the most economically advantageous balance of quality and cost.
- The Council's values and priorities shall be protected and adhered to.

1.4.4 Staff Resources

Staff in the Corporate Procurement Unit and key purchasing staff within the Directorates and the departments will need to be suitably trained and qualified for the purpose. An assessment of competencies required against those available will enable training to be targeted at specific individuals and be relevant to roles. Training will also need to be extended to relevant Members.

1.4.5 Risk Management

The Council has recently approved a Risk Management Strategy for Hounslow. Risks associated with all procurement activity shall be assessed having full regard to the principles contained within it.

1.4.6 TUPE and other relevant legislation

Any procurement that potentially involves the transfer of staff employed by the Council shall, as far as legally possible, fully protect the future terms and conditions of employment of such staff so that they continue to enjoy the good employment practices of the Council.

Other relevant legislation such as the Race Relations (Amendment) Act 2000 which places a duty on all local authorities to take race equality into account when procuring goods, works or services from external providers. Compliance with this duty is compatible with our obligations under EC rules, Best Value and other national policies and strategies.

1.4.7 Client Side Arrangements

Arrangements will be put in place to ensure that all outsourcing and other contracts are properly managed and monitored. Regular monitoring and performance management reports must be produced for these areas with reports on the most significant and strategically important contracts being prepared for Members on at least a half yearly basis. A register of contracts meeting this criteria will be maintained by the Corporate Procurement Unit.

1.4.8 Partnerships

The Government has encouraged partnerships both between local authorities, other public sector agencies and suppliers, as a way of providing more flexible and cost effective services. The Council already has in place a number of contractual and non-contractual partnership arrangements i.e. CIP, Hounslow Homes etc. The Council will continue to encourage the development of new methods or approaches to procurement that will deliver services more efficiently, effectively and economically. Work in this area will support the Executives priorities and will involve the Client/Partnership Scrutiny Panel.

1.4.9 e-Procurement

The Government is urging local authorities through its “Implementing Electronic Government” (IEG) statements to set themselves targets to increase the number of routine purchases carried out electronically and to increase the percentage of interaction with suppliers and contractors². Future work to extend e-Procurement initiatives will follow the introduction of an e-procurement module as part of the transfer to a new financial system from April 2004.

1.5 Procurement objectives and strategies

The Procurement Strategy is built around a set of objectives and strategies for their achievement. In addition, we have set out a list of actions required by all departments and service areas in the Council. Initially, The Procurement Corporate Improvement Team will provide leadership for implementation of this strategy. This responsibility, together with ownership of the strategy will then be passed onto the Head of Procurement when appointed, for implementing the strategies.

In developing the procurement objectives the Council have incorporated the Byatt Report’s recommendations where appropriate

This document is the starting point to adopting recommendation four in the Byatt Report.

² The Council has begun work in a number of areas i.e. introducing and extending payments by BACS, work to develop a West London approved list of contractors, initiatives to reduce volumes of manual payments etc

2 Procurement Strategy

2.1 Definition of Procurement

“Procurement” is the process of acquiring goods, works and services from third parties. The process spans the whole life cycle from identification of needs, through to the end of a services contract or the end of the useful life of an asset. It includes options appraisal and the critical “make or buy” decision. In the context of a procurement process, 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 seldom the lowest price option and depends on local circumstances³.

The effective management of procurement is therefore crucial to achieving best value in accordance with the Council’s key objectives.

2.2 Key Drivers – National Agenda

One of the key recommendations flowing from the recent Best Value Review of procurement was that a Procurement Strategy was required to ensure that all those involved in the procurement process followed best practice and that the whole approach to procurement was more structured across the authority.

Key developments that influence Hounslow’s Procurement Strategy include:

- **Best Value** – the Best Value Framework requires local authorities to deliver services to clear standards by the most economic, efficient and effective means available, and to achieve continuous improvement in all their services. The Audit Commissions report on *Competitive Procurement, March 2002* emphasises the importance of Procurement in the Best Value Framework stating, “effective procurement is fundamental to improving services”.
- **Strong Local Leadership – Quality Public Services: The Local Government White Paper** – the White Paper with the Local Government Act 2003 gives local authorities the power to charge for discretionary services and provide goods and services to other partners. It also emphasises the need to understand and develop markets to encourage diversity, innovation and competitiveness.
- **Delivering Better Services to Citizens (The Byatt Report)** – The Byatt Report (June 2001) and the Government and LGA response (July 2002) set out the importance of developing Procurement as a core strategic process with an emphasis on cost effectiveness and efficiency. See Appendix 1 for a cross-check of Hounslow’s Procurement Strategy against the Byatt Report Recommendations.

³ National Procurement Strategy for Local Government – ODPM & LGA Draft Consultation Document 25 July 2003

- **National Procurement Strategy for Local Government** – aimed at key decision makers, this strategy paper complements The Byatt Report and sets out a timetable and a series of actions – “*what councils should be doing*” in order to attain the strategic objectives through five key themes:
 - Providing leadership and building capacity
 - Partnering and Collaboration
 - Doing Business Electronically
 - Stimulating markets and achieving community benefits
 - How to achieve community benefits through procurement

It also states that strong performance in Procurement and project management will be rewarded in the Beacon Council Scheme (2007/08).

- **PFI/ PPP / Partnering** – there are many service delivery options available to Hounslow and we need to ensure that all these options are adequately and objectively assessed before the start of any major procurement. Hounslow needs to develop skills in the area of PFI and partnering, and to ensure that the knowledge and experience gained from these procurements is shared across the Council.
- **Modernising Government agenda** – the Government’s modernising agenda, as set out in its IEG Statement, requires local authorities to use electronic service delivery to improve the quality and responsiveness of services. A key target is for all transactions that are capable of being carried out electronically to be done so by 2005.
- **Other Statutory requirements including equalities** – For example, Procurement is relevant to the duty to promote race equality, making it appropriate to include these duties in the contract terms and conditions.

The development and adoption of a Procurement Strategy is the first important step to undertaking a transformation of the Council’s Procurement function. In particular the Council will:

- Develop a Procurement Strategy to ensure that it aligns with the EBP and provides the framework necessary to facilitate the procurement of best value goods and services in Hounslow
- Resource and implement a Corporate Procurement Unit with responsibility for implementing the Procurement Strategy.

This document is the new Procurement Strategy. It is the outcome of extensive consultation with all service areas and reflects the Council’s current and anticipated corporate procurement needs.

The Procurement Strategy is a living document – it will therefore require regular updating to ensure that it continues to reflect the needs and priorities of the Council. This will be the responsibility of the CIT until the CPU has been established who will then own the responsibility.

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3 Procurement Strategy Targets

Under this strategy the Council is committed to the following targets as the high level measurements of its success in procurement:

- Continued successful implementation of the best value review recommendations, building on the work of ATOS KPMG Consulting
- The implementation of the Category Wave plan to achieve economies in the procurement process across the Council – each ongoing review to be set a realistic savings target
- A rationalisation of number of individuals authorised to undertake purchasing activities with consequent measurable reduction in maverick spend, the ultimate target to reduce maverick spend to nil within xxmths.
- To develop the medium term market testing schedule by April 2004 and to review this annually under the direction of the Head of Procurement

4 Definition of terms

In this document we refer to the following terms:

- **Procurement Strategy** – this refers to the whole document. The Strategy is structured in the form of an overarching vision for the authority, a set of objectives for achieving that vision, strategies and consequent actions necessary for delivering each objective;
- **Vision** – the vision sets out the Council’s long-term aim for its procurement function;
- **Objectives** – the objectives set out in more detail how the Council will achieve its vision for procurement;
- **Strategies and actions** – the strategies, and consequent actions, explain how the Council will deliver each objective.

4.1 Hounslow’s procurement objectives and strategies

Objectives	Strategies	Actions for the Procurement CIT/CPU
<p>1. To provide clear policy guidance and strive for sustainable procurement</p>	<ul style="list-style-type: none"> ■ Executive Member to be responsible for procurement in Hounslow and to provide assurance to the Council that the Procurement Strategy is being implemented (BR10) ■ A Council Officer to be responsible for procurement in Hounslow and to provide assurance to responsible Member that Procurement Strategy is being implemented (BR4) ■ CIT/CPU to provide leadership on policy issues, including: <ul style="list-style-type: none"> ● Hounslow’s financial regulations and Contract Procedure Rules ● Statutory Council Policy requirements ● Race Equality Scheme ● Equalities and accessibility ● Regeneration and local employment (see objective 9) ● Sustainability including the Mayor of London’s Green Procurement Code(see objective 9) ■ CIT/CPU to provide further guidance on: <ul style="list-style-type: none"> ● UK and EU procurement regulations ● Staff related issues including TUPE and pensions (BR38) ● Health and Safety obligations ■ Work with Members and Service Areas to include sustainability as a key criteria in procurement 	<ul style="list-style-type: none"> ■ Responsible Executive Member for Resources for Future Improvement and Council Officer to identify information requirements necessary in order to provide assurance to the Council that the Procurement Strategy is being implemented ■ Advice to be made available to all Service Areas on strategic issues and procurement regulations ■ Work with Service Areas to: <ul style="list-style-type: none"> ● Include, where appropriate, contract terms and conditions which require the use of green fuel, waste minimisation and maximum use of recycled materials ■ Consider green issues when compiling approved supplier lists

Objectives	Strategies	Actions for the Procurement CIT/CPU
<p>2 Establish a Corporate Procurement Function</p>	<ul style="list-style-type: none"> ■ Executive Member to provide support and impetus to the Council for the establishment of a Corporate Procurement Unit (BR5) 	<ul style="list-style-type: none"> ■ Establish the post of Head of Procurement and recruit ■ Develop the Organisation Design ■ Identify roles & responsibilities required ■ Compile a register of all those staff engaged in procurement, at any level and asses competencies to target training needs ■ Recruit CPU team members, either internally or externally ■ Identify a set of key performance measures for the CPU ■ Make statistical returns as required under EU procurement regulations ■ Have systems in place to ensure compliance with mandatory policies
<p>3. To contribute to the local economy</p>	<ul style="list-style-type: none"> ■ Work with Members and Service Areas to encourage the use and development of local labour ■ Local first policy 	<ul style="list-style-type: none"> ■ Work with Service Areas to: <ul style="list-style-type: none"> • Promote the use of approved lists and selection processes which are inclusive of local and small businesses • Encourage the Council's major contractors to engage local subcontractors • Encourage the Council's contractors to use and train local labour

Objectives	Strategies	Actions for the Procurement CIT/CPU
<p>4. To consider the full range of funding and service delivery options</p>	<p>CIT to work with Members and Service Areas on an ongoing basis to:</p> <ul style="list-style-type: none"> ■ challenge the provision of the existing service ■ undertake options analyses of the funding and service delivery alternatives available ■ understand the procurement implications of corporate investment decisions ■ take a more strategic approach to market testing on a planned basis 	<ul style="list-style-type: none"> ■ Develop guidance on options analysis, evaluation and appraisal ■ Provide skilled staff to work with Service Areas on the following: <ul style="list-style-type: none"> • Strategic service challenges • options analyses • development of business cases ■ Provide strategic procurement advice to Best Value Reviews (BR1) ■ Provide expertise on the competitive tendering process and procurement options including PFI, PPPs and partnering arrangements ■ Promote the full range of service delivery options including in-house, private sector and not-for-profit organisations ■ Develop the medium term procurement/market testing plan

Objectives	Strategies	Actions for the Procurement CIT/CPU
<p>5. To optimise services delivered, both internally and externally, through effective and efficient procurement</p>	<p>Work with Service Areas to:</p> <ul style="list-style-type: none"> ■ Meet the needs of the customer ■ Optimise the quality of services provided ■ Optimise the value of services provided 	<ul style="list-style-type: none"> ■ Work with Service Areas to: <ul style="list-style-type: none"> • promote a consultative and partnering approach to procurement including staff and the Trade Unions, as well as external suppliers • support and develop the partnering approach to procurement ■ Tailor best value criteria to the specific needs of the service ■ Provide assistance and information on the competitive tendering process ■ Re-package and re-negotiate existing and future contracts ■ Develop market knowledge, together with the Service Areas development teams ■ Monitor compliance with Procurement Strategy ■ Regularly review contracts

Objectives	Strategies	Actions for the Procurement CIT/CPU
<p>6. To minimise procurement and contract costs and overheads</p>	<p>Work with Members and Service Areas to:</p> <ul style="list-style-type: none"> ■ improve contract development ■ develop competent suppliers base ■ improve contract management and monitoring ■ maximise appropriate use of approved supplier lists whilst minimising Hounslow's procurement overheads ■ maximise use of corporate contracts and consortia purchasing ■ minimise Hounslow's procurement overheads 	<ul style="list-style-type: none"> ■ Provide guidance on contract development including: <ul style="list-style-type: none"> • the requirements for project managers (BR31,32) • all types of contracts • risk / reward sharing in contracts ■ develop existing and new London-wide initiatives to standardise contract documentation, terms and conditions and monitoring arrangements in consultation with Service Areas ■ provide guidance on contract monitoring including: ■ maximising self monitoring of outputs ■ adopting a partnering approach to contract management ■ work with Service Areas to ensure they have contract management and monitoring functions with responsibility for each of their key services ■ Standardise tender documents (BR27) ■ Work with Legal to further develop standard contract terms and conditions for each of the major purchasing areas ■ Establish, maintain and promote the appropriate use of approved supplier lists if practical and of value ■ Increase the number of corporate and framework contracts held for Council-wide services (BR9) ■ Enforce and monitor the use of corporate contracts where appropriate ■ Develop and manage contract database ■ Develop co-ordinated approach to procurement with other local authorities, public and private sector organisations ■ Regularly benchmark procurement overheads with other Boroughs

Objectives	Strategies	Actions for the Procurement CIT/CPU
<p>7. To be a good council for suppliers to do business with</p>	<p>Work with Service Areas to:</p> <ul style="list-style-type: none"> ■ adopt a partnering approach where appropriate (BR37) ■ simplify procurement processes (BR27) ■ improve the flexibility, efficiency and transparency of the procurement process ■ encourage SMEs & BMEs 	<ul style="list-style-type: none"> ■ Develop open-book accounting with suppliers (BR33) ■ Develop web-based guides for suppliers (BR27) including: <ul style="list-style-type: none"> • Current advertisements and contract awards • A Prospectus Of Future Procurements (BR21) • A How To Do Business With The Council guide ■ Modernise Purchase-to-Pay process (see objective 8) ■ update standing orders regularly to improve flexibility and efficiency, in consultation with Service Areas (BR11) ■ Communicate contract award early ■ Pay suppliers on time (see Objective 7) ■ Give preference to suppliers that adopt good workforce practice

Objectives	Strategies	Actions for the Procurement CIT/CPU
<p>8. To apply robust risk assessments to procurement process and contract delivery</p>	<ul style="list-style-type: none"> ■ Develop a strategy and guidance for identifying and managing risks associated with large/complex procurements (BR28) 	<ul style="list-style-type: none"> ■ Introduce a standardised approach to risk assessment for large/complex procurements (BR26). This could be based on the current OGC Gateway Review process and should include: <ul style="list-style-type: none"> • using project plans for the procurement process and contract delivery (BR25) • identifying procurement costs • developing, monitoring and updating risk registers • undertaking robust financial evaluations of prospective suppliers • using tender evaluation criteria which incorporate quality and sustainability considerations and whole life cost calculations (BR30) ■ Develop a check-list and standardise the procurement process to ensure transparency (BR27) ■ Provide project management services on a request basis for large/complex procurements ■ Promote the use of partnering for strategic services, and the introduction of performance based contracts ■ Provide assistance in the development of monitoring frameworks for complex contracts

Objectives	Strategies	Actions for the Procurement CIT/CPU
<p>9. To improve the procurement process through investment in IT and business process re-engineering</p>	<ul style="list-style-type: none"> ■ Review and simplify existing procurement processes ■ Reduce number of processes ■ e-enable the purchase-to-pay process 	<ul style="list-style-type: none"> ■ Undertake business process re-engineering of procurement processes across the authority, in consultation with Internal Audit ■ Introduce where appropriate: <ul style="list-style-type: none"> • e-purchasing • e-tendering • e-invoicing ■ Electronic payment mechanisms, including Purchase Cards (BR17) ■ Provide training on all new systems ■ Make the contract registers and databases available on the intranet

Objectives	Strategies	Actions for the Procurement CIT/CPU
<p>10. To share procurement knowledge and expertise across the Council</p>	<ul style="list-style-type: none"> ■ ensure procurement information is readily available to The Council, and suppliers where appropriate ■ Ensure key procurement is effected by suitably skilled staff 	<ul style="list-style-type: none"> ■ Develop a procurement portal on the Hounslow intranet site to house all procurement information including guides, best practice case studies, contract database etc. ■ Communicate the key messages of the Procurement Strategy to the authority ■ CIT/CPU to: <ul style="list-style-type: none"> • provide market knowledge, analysis and expertise to the Service Areas (BR20) • develop relations with other local authorities and public sector organisations to share market knowledge and develop new purchasing opportunities ■ Provide procurement expertise through specialist procurement advisors, the category management function and externally sourced specialist advice ■ Identify procurement skills needed across the organisation (BR14) ■ Provide competency based training to employees involved in procurement (BR14)

5 Delivering the Procurement Strategy

The Procurement CIT will initially own the task of implementing the Procurement Strategy. Longer term it is envisaged that the Head of Procurement in his/her capacity as manager of the Corporate Procurement Unit will own this. The detailed roles and responsibilities of the Corporate Procurement Team will be set out in an Organisation Design Document.

It is anticipated that the CPU will take six months to set up and a further two years to implement the proposed changes and actions as set out in the Strategy.

Appendix 1

Cross check with Byatt Report recommendations

Table – A1: Cross check with Byatt Report recommendations

No	Recommendation	Cross-reference
1	Procurement expertise should be integrated into best value reviews and represented in every local authority on the body which oversees best value.	Objective 3
2	Best value reviews should incorporate a wide-ranging approach to a local authority's key strategic objectives and be aligned to outcomes rather than the existing patterns of service provision.	n.a.
3	Local authorities should adopt policies which ensure the effective involvement of staff in service reviews and in the procurement process.	n.a.
4	Local authorities should set out their Procurement Strategy in a document which includes principles and information on current and planned activities. This should be regularly reviewed and updated.	See Procurement Strategy and CIT/CPU policy document.
5	Local authorities should develop a corporate procurement function to collect information, oversee devolved buying, co-ordinate training and act as an internal source of expertise.	See CIT/CPU policy document
6	Smaller local authorities without the resources to set up a corporate procurement function should work with others to share resources. The LGA should work with the private sector to build up centres of excellence available to such authorities.	n.a.
7	Local authorities should review their procurement structures and processes as part of the best value review programme.	See CIT/CPU Policy Document
8	Local authorities should, at an early stage, map their procurement activities using techniques such as low/high risk and low/high value matrices. They should identify the areas where procurement resources can have most impact and the appropriate skills and techniques for each type of procurement.	See roles and responsibilities of CIT/CPU
9	Using the analysis set out in Recommendation 8, local authorities should seek to aggregate demand and reduce costs by setting up central contracts	Objective 5

No	Recommendation	Cross-reference
	for commonly used items and by requiring consolidated invoices.	
10	Elected Members should take a strategic role in securing quality outcomes. This should include scrutinising the procurement processes and monitoring the outcomes of procurements. There should be clear political responsibility for procurement with appropriate training.	Objective 1
11	Local authorities should review their standing orders to ensure they promote efficient and effective procurement whilst maintaining safeguards of probity and good governance. Standing orders should be used positively to encourage good practice. Changes to standing orders should be accompanied by an effective education programme.	Objective 6
12	The Audit Commission should guide and train auditors and inspectors to support a strategic approach to procurement. This should emphasise a risk-based approach and aim to equip auditors and inspectors to deliver effective scrutiny in a mixed economy	n.a.
13	To help local authorities, the Audit Commission should clarify the roles of inspectors and auditors in relation to procurement and seek to co-ordinate their activities locally.	n.a.
14	Local authorities should identify all those engaged in procurement within the organisation and identify the skills needed in each post across the authority. It should set out a strategy to meet these needs, including recruitment of suitable staff, training, and ways of retaining trained staff.	Objective 9
15	The Improvement and Development Agency (IDeA) and the Local Government Employers Organisation (EO) should lead on developing a suite of training programmes. This should particularly be developed in partnership with the Chartered Institute of Purchasing and Supply (CIPS) and the Society of Purchasing Officers in Local Government (SOPO). This should build on the work done by the Office of Government Commerce (OGC).	n.a.
16	Pump-prime funding should be provided to support the development of training programmes and to subsidise costs of local government staff who use the courses. This could be provided through the	n.a.

No	Recommendation	Cross-reference
	IDeA or EO as part of the annual settlement or through the funding referred to in Recommendation 18.	
17	Local authorities should increase their use of simple forms of e-procurement such as purchasing cards and BACS payments. They should adopt a modular approach to the implementation of e-procurement solutions.	Objective 8
18	Government should consolidate its funding for improvements in local government's capacity into a single fund, designed to provide both revenue and capital support on a pump-priming basis for key priorities. Such a fund could usefully absorb the resources currently made available in support of PFI projects so as to allow a wider range of partnership options related to outcomes to be pursued.	n.a.
19	Government funding for e-solutions (such as Local Government Online) should be used to support the development of a variety of different e-procurement models in local government. Projects should be designed to encourage joint working between local authorities.	Reference London Marketplace
20	Local authorities should identify the information they need about the markets for local authority goods, works and services. The LGA, together with IDeA and the 4Ps, should lead in devising better systems of information.	Objective 9
21	Each local authority should produce a prospectus for suppliers. This could usefully be adapted from the Procurement Strategy document described in recommendation 4. It should include the significant items which the council expects to buy in the future, with an indication as to how and when it will procure them.	Objective 6
22	A joint national forum, convened by ODOM, the LGA and the CBI, should broker a dialogue between local authorities and suppliers. Matters affecting the wider local authority market should be raised and resolved in this forum. This should be underpinned by an open dialogue, conducted through a variety of media such as workshops, web enabled discussion groups, training and development opportunities and case studies.	n.a.
23	Buying consortia should publish annual accounts and performance information which is sufficient to	n.a.

No	Recommendation	Cross-reference
	allow local authorities to make informed decisions.	
24	Buying consortia should review their services and their structures in the light of the need to retain and win new business in a competitive environment. They should pay particular attention to the needs of smaller councils.	n.a.
25	A project plan should be drawn up at the beginning of each procurement exercise, setting out all the strands of work, how they will be undertaken and the time for their completion.	Objective 7
26	The Greater London Authority and ODPM should explore how a Gateway project review process can be developed to support local authorities who are involved in major, complex or high risk projects. It should include a strategy for providing high quality project review teams with an understanding and experience of the commercial sector. It should take advantage of the work done by Office of Government Commerce (OGC).	Objective 7
27	Local authorities should, in conjunction with suppliers, rationalise their procurement processes e.g. by using common documents and pre-qualification processes or by using websites to exchange information	Objective 6 & 7
28	Each local authority should develop a corporate strategy for managing risk which recognises the trade-off between risk and reward. That strategy should be applied to individual procurement strategies.	Objective 7
29	The Audit Commission should continue to develop good practice on risk assessment for auditors and inspectors which supports a balanced view of the risks and benefits of various procurement techniques.	n.a.
30	Local authorities, with the support of IDeA and other organisations, should develop evaluation criteria which incorporate quality and whole life costs. The criteria chosen should not detract from the need for clear and prioritised objectives.	Objective 7
31	The project plan for all major procurements should include a requirement for client managers to be recruited or receive training and development prior to contract award. It should specify the skills needed by the client manager. Whenever possible, client managers should be party to the negotiation of the contract. The skills needed by the client	Objective 5

No	Recommendation	Cross-reference
	managers should be discussed with potential service providers.	
32	Suppliers should provide managers who are experienced or trained to understand the local authority environment	Objective 5
33	Suppliers should be prepared to adopt an open book approach to the contract in complex contracting environments where change is likely. The DTLR-led R&D programme <i>Supporting Strategic Service Delivery Partnerships in Local Government</i> should look at the definition of open book and its use.	Objective 6
34	Suppliers should help local authorities by publishing data to support performance measurement (though where they have legitimate commercial concerns about confidentiality, these should be respected and assured). This issue should be considered by the joint national forum.	n.a.
35	Government should give a clear lead on how intelligent procurement might be achieved within the European public procurement rules.	n.a.
36	Changes are required to the European public procurement rules to simplify them and make them more flexible. Changes should support the setting up of framework arrangements and greater use of discussion and negotiation.	n.a.
37	Central government should use the opportunity presented by the recent review of legislation on partnership working to relax restrictions which prevent effective joint delivery of goods, works and services.	Objective 6
38	Local authorities and contractors should understand and make best use of statutory and non-statutory arrangements to protect the legitimate interests of staff during transfers, including TUPE regulations, the Cabinet Office Statement of Practice on Staff Transfers in the Public Sector and the provisions to allow admission to the local government pension scheme.	Objective 1
39	Central government and the LGA should set up arrangements to monitor the effects of TUPE and local pension scheme regulations which particularly look at what happens on subsequent tender of contracts.	n.a.

Appendix 2

Roles & Responsibilities

This section of the strategy sets out the roles and responsibilities of the key groups and individuals involved in the procurement process.

1. Lead Member for Resources for Future Improvement

- Monitor compliance with the strategy across the Council
- Providing leadership - Delivery of the resources for future improvement priority through overseeing and monitoring progress in improving procurement to deliver cost effective, value for money services for the borough.
- Representing their Constituents - bringing relevant/related constituent issues to the attention of the Executive via the Corporate Improvement Team.
- Approving and championing decisions – key strategic and best value procurement decisions made by the Executive.
- Member support and a regular reporting back procedures are essential to ensure compliance with the policies and procedures laid down in this strategy and supporting manual.
- A quarterly review process will be used for monitoring compliance and performance and the Executive will have a role in setting targets against which the Procurement activities will be measured.

2. Chief Executive

- Initially to be responsible for the Establishment of the Corporate Procurement Unit, through the Head of Procurement (the ongoing management may then transfer, if appropriate, to the Borough Treasurer once fully established)
- Supporting the Head of Procurement

3. Corporate Improvement Team

- Communication of the Procurement Transformation programme objectives to the Council as a whole
- To take ownership of the Procurement Transformation programme (until Head of Procurement appointed)
- To take the initial version of the Procurement Strategy through the Councils approval and adoption process

4. Borough Treasurer

- Financial Stewardship - Probity of the regulations in relation to the use of Select Lists of Contractors
- Responsibility for the Register of all contracts
- Implementation of a purchasing system linked to the new proposed Financial System
- Take delivery of the established CPU and ongoing management through the Head of Procurement

5. Head of Procurement

- To develop and implement a Corporate Procurement Strategy.
- To design, build and manage the new Central Procurement Unit to deliver the strategic requirements.
- To establish appropriate and strong links across the Council's Directorates and their departments
- To develop performance measures for both the CPU and the devolved purchasing functions across all The Council's service areas.
- Put in place a change management strategy to overcome resistance to the implementation of the Procurement Strategy and the Procurement Transformation programme
- To monitor the performance of the CPU and Council wide purchasing activities and implement a continuous improvement programme cycle.
- Ensure that all officers responsible for procuring goods, services and works have the appropriate expertise and undergone the required training.

6. Scrutiny

Scrutiny will have a role in procurement and will be scrutinising the:

- Client & Partnership Panel
- Budget & Performance Panel