



ALLERDALE BOROUGH COUNCIL

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Procurement Strategy

Revised January 2010

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Introduction and background

Allerdale Borough Council has recognised the important contribution that a corporate approach to procurement can make. Over the last ten years local government procurement has been shaped by reports from Byatt¹, Gershon² and The National Procurement Strategy³.

The Council's first Procurement Strategy was approved at Full Council in January 2005. It was revised in November 2006 and has now been updated to take account of significant developments in procurement including emerging technologies, procurements contribution to efficiency savings, shared services agenda and regional developments both within the North West and Cumbria. This Procurement Strategy sits alongside the Council's Corporate Improvement Plan and the Financial Regulations on Procurement and Contracts.

Implementation of this strategy will continue to be monitored through the Council's performance management system and external auditing. Actions completed from the previous strategy are summarised in Section Nine.

Allerdale Borough Council spends approximately £17.5 million every year with external suppliers on a wide variety of goods, services and works. This strategy aims to set out our priorities for improving procurement.

Having a strategy does not, by itself, lead to effective procurement. It is the commitment of senior management and offices council-wide to use this strategy which will lead to its success and ultimately improving value for money.

This strategy is not intended to be a procurement manual, but to set out:

- The link between the Council's priorities and procurement.
- The principles which underpin the Council's procurement activity.
- The Council's current procurement arrangements.
- The objectives for developing procurement within the council.

What is meant by procurement?

Procurement is not purchasing. It is at the heart of the Council's ability to obtain goods, works and services that best meet the needs of users and the local community, at the best price, quality and to the correct timescale. Procurement relates to all services provided by the Council, either directly or indirectly via other organisations, and it is the process by which the Council obtains, monitors, controls and completes the acquisition and service delivery required to meet its objectives and secure Best Value.

¹ Delivering Better Services for Citizens, Sir Ian Byatt, June 2001

² Releasing Resources to the front line, Independent Review of Public Sector Efficiency, Sir Peter Gershon, July 2004

³ National Procurement Strategy for Local Government, Office for the Deputy Prime Minister, October 2003

In the context of a procurement process, obtaining best value means selecting the solution which provides an optimum combination of whole life costs and benefits to meet the requirement. This may not be the lowest initial price but requires an assessment of ongoing revenue, maintenance or disposal costs along with any initial investment.

Procurement is about making choices and can be defined as the process of acquiring goods, works and services.

The process covers the whole lifecycle from identification of needs, through to the end of life of the asset or service. The process starts with the Identification of a need, moves through the acquisition stage, into the receipt and usage stage, and if the procurement was goods related finally into the disposal stage.

Procurement therefore has a broader meaning than that of simply purchasing.

Please contact us if you have any questions or comments about this strategy:

Telephone: 01900 702960

Email: procurement@allerdale.gov.uk

Website: <http://www.allerdale.gov.uk/business/doing-business-with-us.aspx>

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Allerdale Borough Council
Allerdale House
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Please phone 01900 702960 if you would like this document in alternative formats.

Corporate Procurement Function

The Corporate Procurement Team offer advice and assistance to staff and members in understanding the procurement process and associated procedures. A range of guidance and tools for staff has been developed and is available on the Councils intranet e.g. standard tender templates.

The team have a corporate oversight on what is procured across the Council and also seek to establish corporate contracts where the Council would benefit from these. Beyond common-use items/services, responsibility for procurement and commissioning is with individual service areas directly involved in the delivery of a service, as they have an appreciation of what service-users want. They should also have specific knowledge of the market for that service.

The fundamental objectives to improving procurement within the Council are;

- improving **what we spend our money on** to ensure the best value for money is obtained
- improving the **way money is spent** so that the processes for purchasing are as efficient as possible.
- Improving **how and where the money is spent** to assist in the stimulation of the local economy, consideration must be given to identifying and maximising community benefits.
- Improving **a sustainable approach to procurement** to ensure that sustainable and responsible considerations are made in any decision.

The structure of the procurement service within the Council currently consists of one full time Procurement Officer.

The department sits within the Financial Services Department in the Strategic Resources directorate. Councillor David Wilson has responsibility for Procurement within his portfolio.

The Corporate Procurement Function provides the following service;

Strategic


- To develop, implement and manage the Council's Procurement Strategy
- To develop and maintain all necessary policies, systems and procedures to support the Corporate Procurement Strategy and CIP

- To develop, implement and manage procurement activities that support the local economy & the sustainable development agenda
- To provide an administration and training service for the IdeA Marketplace.
- To manage and maintain the Councils contract register.
- To manage and maintain supplier expenditure analysis.

Advice and Assistance

The Corporate Procurement Officer can offer advice and assistance to staff throughout the procurement process and in understanding the procedures. A range of guidance and tools for staff have been developed and are available on the intranet i.e. standard tender templates.



- To provide advice and assistance on procurement in respect of legislative requirements (including EU Procurement Regulations)
- To help ensure compliance with EU Directives and other procurement legislation.
- To provide advice and assistance on procurement in respect of the Council's own Financial Regulations on Procurement and Contracts.
- To establish contracts and purchasing arrangements to cover goods and services in areas lacking contract.
- To identify and provide advice on the use of suitable government framework contracts.

| ACTION | Who |
|--|---|
|  <p data-bbox="235 1157 1201 1228">To investigate the use of Government Framework agreements for Vehicle Purchase / Lease.</p> | <p data-bbox="1226 1157 1502 1186">Procurement Officer</p> |

- To provide advice and assistance to Service Managers and members where required with tendering including;
 - identifying and challenging the business need
 - estimating the value of a procurement
 - researching the market
 - targeting suppliers
 - advertising tender opportunities
 - developing and issuing a specification
 - receipt, custody and opening of tenders
 - tender evaluation
 - notifying successful and unsuccessful suppliers
 - contract award
 - contract management.
 - document retention
- To identify, advise and support service areas in securing efficiency savings through improved procurement.


e-Procurement - IDeA marketplace

- Managing the administration and maintaining the content of the system including; system users and defining their roles, the maintenance of account codes, and the setting up of suppliers.
- Managing the administration, preparation and approval of supplier's electronic catalogues and loading onto the system.
- Developing and maintaining user guides and manuals.
- Delivering training and support to staff, who are required to use the system, ensuring they understand its purpose and how the system can benefit their service.
- Assisting staff in getting maximum use from the IDeA marketplace and troubleshooting problems.

| ACTION | Who |
|--|---------------------|
|  <p>To establish additional on line catalogues – IdeA Marketplace in cooperation with other local authorities.</p> | Procurement Officer |
|  <p>To train an additional IDeA administrator to provide cover for the present administrator</p> | Procurement Officer |

Information and Communication

- To provide support and information to staff on procurement best practice and standard documentation via the Intranet
- To provide support and information to current and potential suppliers to the Council via the Council's website.

| ACTION | Who |
|---|---------------------|
|  <p>To Continually monitor the information held on the intranet site to ensure that the information is up to date.</p> | Procurement Officer |

Effective and efficient procurement

National and Regional influences

This section briefly sets out influences nationally and regionally and how this impacts upon this Procurement Strategy.

Comprehensive Spending Review (CSR) 2007

All public services have been set a target of achieving at least 3% net cash-releasing value for money gains each year over 2008/09 - 2010/11. For Allerdale Borough Council this equates to approx £460,000 of cashable identifiable savings. Procurement plays a key role in helping the Council to deliver efficiencies to meet this target. This will be monitored by a single measure in the National Indicator Set as follows;

“The total net value of ongoing cash-releasing value for money gains that have impacted since the start of 2008/09 financial year”.

North West Improvement and Efficiency Partnership (NWIEP)

The NWIEP (formally the North West Centre for Excellence) is one of 9 regional centres set up by the Department for Communities and Local Government (DCLG). It aims to deliver the National Improvement and Efficiency Strategy (Dec 2007). The NWIEP provides North West local authorities with a major body of support to enable them to broaden their improvement and efficiency horizons and benefit their communities.

Opportunities for collaboration, joint work and sharing best practice are identified and undertaken, in order to achieve significant savings through collaborative procurement.

Effective Procurement in Cumbria (EPiC)

EPiC is an electronically enabled shared procurement service which covers the procurement of commodity goods and services across Cumbria. It has been in operation since April 2007 and involves each district Council in Cumbria as well as Cumbria County Council and the Lake District National Park Authority.

The arrangements, which are still being developed, are designed to not only maximise the efficiency benefits gained through collaborative procurement, but to ensure a joint commitment to sustainable procurement throughout this sub-region.

Controls and Standards

The Office of Government Commerce identifies the stages of a procurement process as:

- pre-procurement (identifying the need and considering the market)
- specification
- selection (for invitation to tender, negotiate, or participate in a competitive dialogue, depending on the procedure being followed)
- Contract award and contract performance.

Procedures for procurement

At present all Council officers must operate in accordance with the Councils Financial Regulations on Procurement and Contracts. Each procurement will fall into one of the following categories in the table below. When making purchases on behalf of the Council, it is necessary that the responsible officer follows the correct procedures appropriate with the value of the purchase they are making.

| Procurement type | Value of purchase | Current purchasing process |
|--------------------------|-------------------|--|
| Minor procurement | £0 - £1,000 | No minimum number of quotations required. The officer authorising the procurement must be satisfied it represents value for money. Quotations / tenders shall be returned to and held in the custody of the relevant Budget Holder. These can be in a hard copy or electric format. |
| Minor procurement | £1,000 - £10,000 | Minimum of 4 competitive prices obtained from supplier's published information or verbal quotations. Details must be recorded and retained. Quotations / tenders shall be returned to and held in the custody of the relevant Budget Holder. These can be in a hard copy or electric format. |
| Intermediate procurement | £10,000 - £25,000 | Formal sealed written tenders shall be obtained. (Minimum of four). Hard copy tenders to be returned and held in the custody of Democratic Services. To be opened and witnessed by an officer who has not and will not be involved in the procurement |
| Intermediate procurement | £25,000 - £75,000 | Formal sealed written tenders shall be obtained. (Minimum of four). Hard copy tenders to be returned and held in the custody of Democratic Services. To be opened and witnessed by an officer who has not and will not be involved in the procurement |

| | | |
|--------------------------|---------------------|---|
| | | Please remember that your procurement may require involving Scrutiny if the total value exceeds £75,000.00. If in doubt please contact Scrutiny for advice. |
| Major procurement | £75,000 - £125,000 | Formal sealed written tenders shall be obtained. (Minimum of four). Hard copy tenders to be returned and held in the custody of Democratic Services. Opening witnessing and recording of tenders by an officer, who has not and will not be involved in the procurement, and the relevant Executive Member (or another nominated Member representative) |
| Major procurement | Exceeding £125,000. | Formal sealed written tenders shall be obtained. (Minimum of four). Hard copy tenders to be returned and held in the custody of Democratic Services. Opening witnessing and recording of tenders by an officer, who has not and will not be involved in the procurement, and the Chief Executive or Director. (For procurements above £139,893 please also read Section 4 “EU Procurement Directives”). |

Please refer to the Council’s Financial Regulation E67 for complete details of this regulation including “who may award and method of award”.

The 'rules' which set out how purchasing must be conducted are detailed in the Councils ‘**Financial Regulations on Procurement and Contracts**’. All Council officers must operate in accordance with the Councils “Financial Regulations on Procurement and Contracts”. These are part of the Council’s Constitution.

By following the Council's Financial Regulations, it is ensured that the Council acts in a way that is compliant with public sector legislation on procurement, promotes good procurement practice and deters corruption. Following the rules is the best defence against allegations that a purchase has been made incorrectly or fraudulently.

All purchase orders must be placed through the IDeA marketplace system.

Efficiency and value for money

The Council has conducted a comprehensive review of its expenditure and this is monitored on an ongoing basis. This gives us an understanding of our spending patterns and allows us to identify areas for potential efficiency savings.

The Council aims to be as efficient as possible in the way purchasing related transactions such as ordering, approval, receipt and invoicing are dealt with. We will work with suppliers to consolidate transactions, such as invoices, and are implementing e-procurement solutions to improve transparency and speed in the procurement process.

Collaborative Procurement

Joint Procurement and Collaboration

Collaboration is defined by the National Procurement Strategy as;

“Various ways in which councils and other public bodies, come together to combine their buying power to procure or commission goods, works or services jointly or to create shared services. Collaboration is a form of public-public partnership. Its major benefits are economies of scale and accelerated learning.” This might include:

- procuring or commissioning work jointly;
- sharing services;
- using purchasing consortia and e-Marketplaces; and
- developing open framework agreements.

The Council is committed to joint procurement and this is evidenced already by Effective Procurement in Cumbria as well as a number of successful joint procurement projects with other Cumbrian authorities. These include projects across all seven authorities as well as projects with neighbouring authorities.

Shared Services

Local Government is increasingly seeking to identify ways in which Councils can effectively deliver services to one another, especially since some authorities have greater expertise in delivering certain services whilst others have strengths in other areas and this is true across Cumbria. Through the Achieving Cumbria Excellent (ACE) project a number of options for shared services are being developed. The Council is also currently exploring shared service opportunities with other Cumbrian authorities.

Examples of this include IT Services and Procurement.

Partnering in Service Delivery

The Council is committed to working in partnerships and has partnership arrangements for two of its major contracts. The Allerdale Environmental Partnership for waste collection, street cleaning, recycling and ground maintenance is a partnership with two private sector contractors. A partnership with a not-for-profit organisation is also in place to manage and deliver its sports and leisure centres and Destination Maryport heritage centre.

Legal & contractual issues in procurement

There are a number of legislative requirements affecting procurement, some of which are detailed below.

Freedom of Information Act 2000

The Freedom of Information Act 2000 (FOI) came into effect on 1st January 2005. Individuals and organisations are able to request access to information held by public authorities. For information related to procurement this may include information held about suppliers which they may deem to be commercially confidential. A guidance note providing further information has been published on the Council's website.

The Transfer of Undertakings (Protection of Employment) Regulations 1981 (TUPE)

TUPE legislation is relevant when a local government service or activity is outsourced or re-tendered and staff are transferred with it. It ensures that staff are transferred to the new contract on similar terms and conditions experienced in their existing contracts. If any procurement involves the transfer of staff, Human Resources section must be fully involved.

Equality and Diversity

To protect the Council's integrity, as part of the tender process it is recommended that prospective suppliers are asked to confirm that they work and comply with the following Acts:

- Disability Discrimination Act 2004 and Code of Practice 2006
- Race Relations (Amendment) Act 2000.
- Employment Equality (Religion or Belief) Regulations 2003
- Employment Equality (Age) Regulations 2006
- Sex Discrimination Act 1997
- Sex Discrimination (Indirect Discrimination and Burden of Proof) Regulations 2001
- Sex Discrimination (Gender Reassignment) Regulations 1999
- Maternity & Parental Leave etc. Regulations 1999
- Protection of Harassment Act 1997
- Employment of Equality (Sexual Orientation) Regulations 2003

This recommendation should form part of the Council's duty to help eliminate discrimination, promote equality or opportunity and good race relations and take proactive steps to assess if there is equality of opportunity for everyone, including the businesses who work for us. Contractors do not have the same legal duty as councils to promote equality of opportunity, so it is important that race equality considerations are built into the procurement process.

The Corporate Procurement Officer is happy to help officers consider how this might be accomplished. The Commission for Race Equality also provides some detailed guidance in this area.

Reserved Contracts

In January 2006 a public sector Procurement Directive gave provision for Councils to reserve contracts for organisations providing supported employment opportunities to disabled people. A supported factory or business is such where disabled people comprise of more than 50% of its workforce. OGC guidance is available “Supported Factories and Businesses: OGC guidance on reserved contracts in the new Procurement Regulations”. For a nationwide directory of supported businesses, visit www.supportedbusiness.org.uk.

Acts of Parliament – United Kingdom.

All United Kingdom councils are governed by Acts of Parliament, together with Regulations and Guidance made there under. Acting outside these statutes is “Ultra Vires” - “beyond the powers” – unlawful.

The principal Acts of Parliament relating to local authority contracting and procurement include:

- Local Government Act 1999 Part 1 – Chapter 27 – Best Value duties.
- Local Government Act 2000 – Chapter 22 – Community Plan – economic, social & environmental well – being.
- Local Authorities (Goods & Services) Act 1970 – Chapter 39. – To make agreements with certain other public bodies for the supply of goods, material or services.
- Local Government (Contracts) 1997 – Chapter 65. – Power to enter into contracts.
- Local Government Act 1988 – Chapter 9. – Precludes the consideration of “non-commercial matters” when awarding contracts.
- Local Government Act 2003 – Chapter – Moved the policy context for procurement forward, provided new opportunities in partnering.
- The National Procurement Strategy for Local Government – April 2008 – Collaboration among councils to create a platform for transformation of public services.

EU Procurement Directives

All public sector organisations must comply with European Procurement Directives on public sector procurement. The purpose of the Directives is to remove barriers to the free movement of goods and services between EU member states. All goods, work and services (above set monetary thresholds) procured by the Council are subject to these rules and procedures. Where the EU Directives apply, contracts must be advertised in the Official Journal of the EU (OJEU) and the rules surrounding the Directives must be followed.

Directive EU 2004/18/EC – now superseded by The Public Contracts Regulations 2006 which came into effect on 31st January 2006 refers to this for public supplies, works and services.

The Directive covers amongst others, the following common areas:

- Tender Specifications.
- Tender Award

- Advertising of Tenders
- Tender Thresholds

The minimum financial thresholds applying from 1st January 2010 are;

| | Supplies | Services | Works |
|---|------------------------|-------------------------------------|---|
| Entities listed in Schedule 1 ¹ | £101,323 (€125,000) | £101,323 ² (€125,000) | £3,927,260 ³ (€4,845,000) |
| Other public sector contracting authorities | £156,442 (€193,000) | £156,442 ² (€193,000) | £3,927,260 ³ (€4,845,000) |
| Indicative Notices | £607,935 (€750,000) | £607,935 (€750,000) | £3,927,260 (€4,845,000) |
| Small Lots | £64,846 (€80,000) | £64,846 (€80,000) | £810,580 (€1,000,000) |

¹ Schedule 1 of the Public Contracts Regulations 2006 lists central government bodies subject to the WTO GPA. These thresholds will also apply to any successor bodies.

² With the exception of the following services, which have a threshold of £139,893 (€206,000)

- Part B (residual) services
- Research & Development Services (Category 8)
- The following Telecommunications services in Category 5
 - CPC 7524 - Television and Radio Broadcast services
 - CPC 7525 - Interconnection services
 - CPC 7526 - Integrated telecommunications services

³ Including subsidised services contracts under regulation 34

These thresholds are for the total value of the contract e.g. a four year contract at £50,000 per annum would be over the threshold and subject to the rules. **The Corporate Procurement Officer must be contacted for any contracts above this threshold.** Additional guidance on the new EU Directives is available on the intranet.

Contracts outside the scope of the EU Directives are still subject to EU Treaty based principles of non discrimination, equal treatment, transparency, mutual recognition and proportionality, appropriate to the scale of the contact.

Developing a Business Case

Particularly for higher value intermediate and major procurement projects, it is important that the requirements are clearly thought out and that the need for the procurement is based on a sound and robust business case. Any procurement project of this nature should seek approval through the Council's project management processes. Most importantly the development of the business case is

a crucial stage to clear and get approval for before the project can commence. As well as giving visibility to the progress of the project, a business case will assist staff in planning their procurement activity to ensure the procurement process is robust and well articulated.

Options Appraisal - For high value and large scale procurements such as engaging a contractor to deliver a service on behalf of the Council, a thorough options appraisal should be undertaken. This is vitally important in the development of shared services as there are certain statutory obligations on the Council.

Expressions of Interest.

This stage (EOI) is designed to identify those suppliers most capable of satisfying your requirement, while the award stage addresses how those chosen will deliver it.

Therefore the award stage should not involve an evaluation of the competency of the supplier, this should have been completed at the EOI stage.

It should be ensured that the award criteria is first when developing a tender – in that way it can be decided precisely what is needed and, through next setting the EOI criteria, how those best placed to deliver it can be identified.

This process will help avoid assessing EOI-specific criteria at the award stage and potentially acting illegally.

General

The Council enters into contracts with a range of suppliers and, as with any purchase, the Council's Financial Regulations must be adhered to. Officers can contact the Legal Section to seek advice and approval for any contracts, but must do so for any contracts with a value of £25,000 or more before they are agreed and signed.

The Council has a Corporate Procurement Officer, who works with standard terms and conditions for the purchasing of goods and services, which have been approved by the Legal Section (refer to website). The Corporate Procurement officer will continue to develop standard terms and conditions for contracts to minimise the risk to the Council.

Case law relating to procurement must be adhered to, including the following:

- There is contractual obligation to ensure all tenders that comply with the bid criteria are considered.
- All bidders have to be treated fairly, e.g. they should receive identical information at the same time. Be given the same opportunities. If additional information is given to one party in order to offer clarification or change of specification etc, it must be offered to all parties without exception or qualification.

- Any order arranged without the express permission of the correct authority, or not in full compliance with the financial regulations of the council, may not be the responsibility of the Council.
- Telaustria – “That obligation of transparency which is imposed on the contracting authority consists in ensuring, for the benefit of any potential Tenderer, a degree of advertising sufficient to enable the services market to be opened up to competition and the impartiality of procurement to be reviewed” – *Contracts below the thresholds*.
- Alcatel – “The Standstill Period”. “For affected contracts, there must be a minimum of 10 calendar days between the despatch of the notification of the award decision and contract conclusion. Note that “day 1” is therefore the day after the award decision is issued by fax or e-mail and in writing to all tenderers. If the standstill period ends on a UK non-working day, it must be extended to the end of the next working day”. – *Contracts exceeding the EU threshold*.

Document Retention.

There is an obligation on the Council and its officers to retain contractual documents for a specified period. These documents must be available for inspection by outside bodies in addition to the appropriate Council officers and the elected members.

The guidelines relating to the retention of procurement records are available in the Procurement section of the document store, or by following the following link.

<http://intranet/documents/Procurement/Retention%20of%20Procurement%20Records%20Mar%202009.doc>

Branding Guidelines.

There is an obligation on all officers to ensure that the correct branding is used whenever this is required, whether this is used on any documents or reproduced on goods.

The guidelines relating to the branding guidelines are available in the Procurement section of the document store, or by following the following link.

<http://intranet/documents/Procurement/Branding%20Guideline%202009.pdf>

Responsible Procurement

In order to procure in a responsible manner, any individual acting on behalf of the Council, should ask the following questions, in order to show that the Council is, and will act in, a professional manner towards climatic & environmental changes:

The following questions should be asked, and issues addressed, which may assist identify and explain the above considerations:

- What is the need for this product, is it already in use by others, can it be shared?
- Can an existing unit be refurbished economically?
- Is the new product disposable or recycle able?
- Is the material of a hazardous nature; is a less harmful product available?
- Is the timber from a quality assured source of sustainable supply?
- Does the Design source that you are dealing with have a recycling policy for paper, ink & containers?
- Can the printing requested be provided on recycled paper?
- When hiring a car, if a video conference is not suitable, always request a car with the lowest emission. Car sharing and public transport should be considered
- Are the goods / materials required, available from a local source, in order to reduce transport of goods and hence carbon emissions?
- Do the companies you are dealing with have green policies?
- Consider the anticipated life of the goods. A cheap alternative may require replacing frequently, the whole life needs considering in the costing evaluation.
- Do you need expensive wrapping and packaging? If yes, make it a condition that the supplier removes the packaging for recycling.
- Will the supplier remove the old unit for recycling?

While the above points are a guideline towards responsible actions, the list should in no way be regarded as complete. This subject is not in exhaustive.

Community Benefits through Procurement

Where possible, and without breaching EU Procurement Directives, the Council aims to support and encourage suppliers to compete for Council work who are based locally or manufacture locally. The Council recognises that local companies are an important provider for work, careers and opportunities for local people. In 2004/5 around 60% of the money we spend was spent in Cumbria and overall around 46% was within Allerdale*

* This is where spend is 'invoiced' to, so suppliers may not be absolutely local; for example, an invoice could be from regional office.

A 'Selling to the Council Guide' has been published on the Council's website to provide information to suppliers wanting to trade with the Council. The Council also provides details of its current contracts on its website and aims to publish forthcoming opportunities.

A mixed range of suppliers are encouraged to bid for Council contracts, including small firms, social enterprises, voluntary and community sector organisations and ethnic minority businesses.

Research is presently being undertaken by the Centre for Regional Economic Development (CRED), within the University of Cumbria.

"This research is analysing the spatial pattern of public expenditure on goods and services by sub-region and local authority. The project is focusing in particular on the level of expenditure retained within the region and the extent to which work on contracts leads to regional leakage."

An attempt is being made to identify the factors that appear to influence the levels of leakage or retention.

The findings and recommendations of this research will be incorporated into future policies

.

Community Strategy

Cumbria Strategic Partnership and Local Area Agreements.

The basic aims behind this strategy are:

- Shared services – identifying further opportunities to work more closely with all Cumbrian Local Authorities.
- To review any local area agreements / procurement practices, to ensure that the right agreements are being put into place for the benefit of the local tax payers.
- To identify further opportunities to increase the range of goods and services that may be put under Local / Cumbrian contract agreements.

Small and Medium sized Enterprises National Concordat

The Council is working towards ensuring that it has the necessary practices in place to sign up to the SME National Concordat which will provide a commitment to working with SME's.

The Council have not signed up to the concordat at this time, though the following practices which the concordat states, are already in place and being followed by the Council:

- *We will apply our own rules and policies fairly.*
- *At pre-tender stage and during the tender process, we will ensure that all tenderers have equal access to relevant information.*
- *We will keep the tender process as simple as possible in order to help minimise the costs to suppliers.*
- *If a pre-qualification stage is to be used we will use a Council-wide pre-qualification questionnaire containing common core questions with limited bespoke additions for each contract.*
- *We will assess potential suppliers against published pre-qualification and tender evaluation criteria. These criteria will be proportionate to the risks of the individual contract process. In particular the criteria relating to financial standing will not be set to unreasonably exclude newer businesses.*
- *We will publish a corporate procurement strategy.*
- *We will publish on our website: guidance on how to do business with the Council, details of forthcoming bidding opportunities.*
- *We will advertise contracts using publications and other means.*
- *We will offer meaningful feedback to suppliers following the procurement process in order that suppliers can improve for future tenders.*
- *We will publish a complaints procedure.*
- *We will pay suppliers on time.*

Third Party Accreditations

In keeping with the Council's Policy of placing business with SME's we have been made aware of new guidelines relating to any request in pre-qualification questionnaires relating to a requirement for "third party accreditations" e.g. ISO 9002.

These guidelines have been issued by Office of Government Commerce as part of the revised recommendations relating to the evaluation of tenders. This action results from a recommendation taken from the Glover Review 2009.

The following extract is a clear statement of the intentions of these guidelines;

"Procurers should ensure that, where they rely on a particular accreditation scheme or standard as part of the process of prequalification or contract award, that they take a flexible approach. Businesses should be given the opportunity to provide evidence that they can meet the contract requirements by reference to other similar equivalent accreditations or standards they may already hold – especially where these have been recognised or required by other public sector procurers".

This should ensure that organisations have access to contract opportunities without the necessity to pay a fee to an accrediting body, such as Lloyds or similar, in order to obtain a specific accreditation requested as a condition of bidding for a contract.

To obtain full details of these guidelines, follow these links;

http://www.ogc.gov.uk/procurement_documents_best_practice_guidance_.asp

Or for additional information use: servicedesk@ogc.gsi.gov.uk

Environmental and Sustainability

The world's natural resources are being exploited beyond their limits – in the last 30 years we have used one third of the world's natural resources. This is not surprising as the world's population has doubled in size between 1950 and 2000, reaching 6 billion people, and is estimated to reach 9 billion by 2050. *Source: "ogcbuyingsolutions."*

All businesses make an environmental footprint on the world in some way or other and the Council recognises the need to work with suppliers to minimize this. Good environmental practice involves looking at the full life cycle of the purchase, i.e. designing, sourcing, using, and disposing requirements.



The government's 'Sustainable Procurement Task Force' (SPTF) launched the Sustainable Procurement National Action Plan in June 2006, which sets out a number of recommendations and requirements for local authorities to address sustainable procurement. Allerdale Borough Council is currently working with its neighbouring authorities in Cumbria to establish a joint approach to delivering the SPTF's National Action Plan.

The council is committed to contribute to the Cumbria Strategic Partnership's Climate Change Strategy and Action Plan and aims to match best practice on sustainable procurement and expand joint procurement arrangements in Cumbria through sustainable procurement partnerships.

We need to recognise the need to take a whole life value perspective in relation to the costs of the procurement of projects, goods and services.

Everyone involved in the procurement process needs to understand that delivering value for money requires decision makers to take a long term view and to include consideration of a range of cost elements, including end-of-life management costs.

The objective behind a sustainable procurement policy is to progressively reduce the carbon content of goods, services and major infrastructure contracts.

The actions required, which should always be considered as part of the evaluation, may include:

- Consideration of carbon analysis and climatic resilience into key procurement decisions, although this consideration should form part of any decision in relation to procurement.
- Consideration of the life cycle assessment of goods and services.
- Consideration of procuring the most energy efficient goods and equipment.
- Consideration of the reduction of packaging.
- Consideration of the adverse environmental impact.
- Consideration of using suppliers who demonstrate the most positive approach to using sustainable processes through innovation and practice.
- Consideration of Social, Economic and Environmental factors in any procurement decision.
- Consideration of decisions which favour low environmental impact, low carbon content, and locally sourced goods and services within an open, fair and competitive process.

What else should we consider when we buy?

The Council is not obliged to award contracts based on the cheapest price alone and a range of factors should be considered prior to appointing a successful supplier. Staff should ensure that they include all requirements when developing a specification for goods, work or services and to include in this the criteria that they propose to use in the evaluation of the tenders.

Examples may include, but are not limited to:-

- Quality (fit for purpose intended)
- Costs (whole life)
- Compliance with the specification
- Experience / track record / reliability
- Performance history
- Environmental issues
- Insurance cover
- Company details
- Risk management issues
- Corporate social responsibility issues
- Health and Safety issues

Health and safety

The Council's Health and Safety Section can offer advice and guidance on any aspect of Health and Safety when purchasing goods and services. Staff should contact the Health and Safety officers in any case where they feel that the Health and Safety of the Council and its employees might be compromised, however minor it may seem. **It is the responsibility of the person making the purchase to ensure the goods comply with the relevant health and safety regulations and (The supply of machinery [Safety] Regulations 1992). All goods should be supplied with the relevant CE certification and marking. Possible risks should be identified prior to the purchase.**



For additional details of the procurement responsibilities, please refer to The Council's "Health & Safety Procedure when Procuring Works, Services and Goods" which is available by following this link:

<http://intranet/documents/Corporate%20Health/Employee%20information/FOHS1procuringworksetc.doc>

Health and Safety compliance is also still the responsibility of the Council where it contracts out a service.

The Council has guidance on '**Controlling visitors to the Building**⁴' which must be followed. This provides guidelines on the issuing of passes to visitors, contractors and temporary workers to Council premises. **Any procurement which involves visitors to the building to carry out any repairs, maintenance or erecting equipment must be approved through Asset Management to ensure the proper procedures are followed.**

The Council also has in place measures to protect the Health and Safety of all non-employees and visitors to the Council's buildings where accidents and incidents occur. **If any accident or incident occurs or something happens which does not result in a reportable injury, but could have done, officers must contact the Health and Safety section immediately.**

RISKS

With any project there are inevitably risks. Risks throughout the procurement process should always be managed and the Council's project management documentation provides a framework for managing risks. For advice on the type of risks identified through the procurement process, contact the Corporate Procurement Officer. The Council also has a Risk Management Officer.

DISPOSAL OF ASSETS

Any sale or donation of materials or goods to a third party must conform to The Sale of Goods Act 2006, The Supply of Machinery (Safety) Regulations 1992 and the Provision of Works Equipment Regulations (PUWER) 1998. It is the person responsible for these transactions to ensure that these conditions are met.

CORPORATE SOCIAL RESPONSIBILITY

Nowadays, particularly in the private sector, an organisation's success is not based solely on its financial merits. Increasingly suppliers are judged on areas such as business ethics, environmental policies, approach to community development, workplace issues, etc. Throughout the procurement process, it might be relevant to ask suppliers to demonstrate a commitment to socially responsible business practices or to ask what additional community benefits they might bring.

⁴ Health and Safety Policy and Procedures - 'Controlling visitors to the Building' available on H&S Intranet site

E-procurement

What is e-procurement?

'E-procurement' describes the use of electronic tools to support the process of purchasing. The Council has a three year strategy to investigate and adopt, when suitable, various methods and processes introduced in the field of e-procurement. The processes which have been adopted to date include the following, which are either fully adopted or in the final stages of adoption:

- **Electronic purchase order processing;**
Fully in use, all orders are now being processed through the IdeA Marketplace.
- **Stand alone systems to seek tenders or quotations (e-sourcing)**
The "Chest", which is the tendering portal of the North West Centre Of Excellence, is being used to advertise appropriate tender opportunities.
The Chest has been widely used by EPiC and is being adopted across the North West.
- **Web-based systems which enable ordering from approved catalogues (e-marketplaces)**
Through the IdeA Marketplace, approved catalogues are in use for a wide range of commodities including IT consumables.
- **Systems to facilitate e-auctions**
This option is available through the systems that we have available as members of EPiC, but to date we have had no occasion to make use of it
- **Procurement cards for ordering and payment**
Procurement cards registered to the Council are in use for areas of travel & accommodation, areas where payment is required on ordering / reserving.
- **Payment through BACS and CHAPS**
The use of BACS has increased, a section of the information which is collected from potential suppliers, as part of the registration process for the IdeA Marketplace, is the banking details which are used to complete the BACS registration process.
CHAPS is available, but only for emergency use.

The priorities for the Council on e-procurement are;

- implementation of electronic purchase order processing
now complete
- e-RFQs (electronic request for quotations)
available through the IdeA marketplace and the "Chest"
- visibility of contracts and suppliers through an electronic 'marketplace'
now active through the reports facility of the IdeA Marketplace.

- increased use of BACS for payment
all suppliers being registered on the IdeA Marketplace are requested to supply information to allow payment by BACS .

The named priorities have been met, with the exception of “electronic invoicing” which is not being considered at this moment.

Other e-procurement initiatives which the Council will be working towards in the longer term include;

- web-based information for suppliers (e.g. web portal for supplies through CPI)
this information is now available through our website – contracts information, tendering opportunities through the various portals linked to our site, full details on how to do business with the council.
- online publication of contract notices (i.e. councils website, OJEU)
this development is ongoing, but contract notices are available through the named portals.
- e-tendering system.
This is being encouraged through the “Chest”.
- use of procurement cards for low value purchases
these are in use in certain areas, fuel & accommodation as two examples
- e-auctions
no movement.

Skills and Training

With the focus from government on cost reduction and efficiency savings, the increased profile of procurement and to ensure the Council procures as effectively as possible, effective procurement skills are critical to the organisation. Where staff has a full understanding of the procurement process and have received the appropriate training. This can have significant benefits to the Council in ensuring that it obtains value for money.

To build capacity and skills in procurement, a survey was carried out in cooperation with EPiC, which has resulted in areas of training that individuals have identified. That will be carried out in 2009. This will take into account the different training needs required for the different levels of procurement and may include: basic procurement awareness; contract management and monitoring; training on EU Directives; financial regulations for procurement; developing supplier relationships; negotiation skills, etc.

Training will also take place to broaden individual's knowledge of the tendering portal, the "Chest"

All officers who were identified as being users of the IdeA Marketplace have received training, although this training is ongoing to meet the requirements of any new starters.

All officers are made aware of the correct procurement procedures, through regular notices placed on the intranet, declaration of interest & registering of contracts being examples. They are also made aware of any changes or amendments to guidance documents – branding & document retention being examples.

The Council also provides details on procurement in the new staff induction packs.

What else has been happening?

Role of Overview and Scrutiny

Elected members play an important role in ensuring that procurement decisions represent value for money for the Council.

In order to ensure that procurement within Allerdale Borough Council is as efficient and transparent as possible, any scheme falling within the 'major procurement' bracket (defined as being over £75,000) should be highlighted to Overview and Scrutiny prior to the awarding of contracts and tenders, and in some cases during the business case preparation.

Overview and Scrutiny can be involved in the discussions around major projects at various stages. However, they may wish to challenge the effectiveness of the procurement process in particular.

This will give Overview and Scrutiny the opportunity to scrutinise and evaluate the tenders and processes separately, providing a valuable check and balance to the procurement process.

For more information regarding the level of procurement that requires scrutiny involvement and the stage of procurement that this involvement is recommended, please refer to the flow charts on pages 30 – 32.

Role of Elected Members

Members' involvement at present through the section of Financial Regulations covering procurement is:

- Tenders for major procurements are opened and signed in presence of the relevant Executive member or his/her nominated representative
- On completion of the evaluation of bids for major procurements (up to £100,000), the award shall be made by Chief Officers in consultation with Executive members
- For major procurements (over £100,000) the award shall be made by executive Committee after consideration of a report explaining the evaluation bids.

Corporate Brand Identity

The Council has a corporate branding manual which requires that organisations who are working for/with the Council, especially partners who deliver the Council's services, follow the Council's Brand Identity. Staff should give consideration to what corporate branding issues may affect a contract before it is entered into.

The recently revised version of the manual has been added to the Procurement guidance notes on the website, accessible externally and internally.

Document Retention

New guidelines have been issued concerning the timescale for the retention of all documents relating to tendering, evaluation and procurement. The guidelines follow the recommendations of the National Archives.

A link to these guidelines is available from the Procurement guidance notes on the internet.

Procurement Controls

Controls have been put into place to prevent misuse of the IdeA Marketplace:

- Monthly checking of users to remove users who have left the Council's employment.
- Checking that new suppliers are genuine.
- Checking that procedures are being adhered to, in relation to value
- Checking that procedures are being adhered to in relation to tenders.
- Flow charts have been introduced for the different levels of procurement.

Procurement Strategy

Action review

This page provides information on actions achieved over the last 18 months from the last revised Procurement Strategy (November 2006 - May 2008).

- IDeA marketplace – Now fully implemented from February 2009. All Training Complete.
- Contracts now in place for a number of corporate procurement items, e.g. Catering, MOT and Servicing, Stationery, Furniture, Car Hire, Advertising etc
- Set up of EPiC – Now fully operational and providing a service to the Cumbrian Local Authorities
- Ongoing development of intranet pages providing guidance and assistance for staff on procurement – which includes a Vehicle Policy, Document Retention Guidance etc.
- Ongoing support and guidance to staff, managers and members through the procurement process, including a number of collaborative or joint procurements. This includes guidance on the Idea Marketplace and tendering procedures.
- Additional Procurement Training, arranged as a result of the Procurement Skills Audit undertaken in 2008.
This training which is being partially led by EPiC will include “Procurement Practices”, “EU Procurement Law” and the Procurement Portal - “The Chest”
- The issues of diversity, equality responsible procurement and sustainability have now been included in this strategy.

Appendices

- 1. Minor Procurement Flow Chart**
- 2. Intermediate Procurement flow Chart**
- 3. Major Procurement Flow Chart**

Appendix 1

Allerdale Borough Council - Financial Regulations

Procurement and Contracts

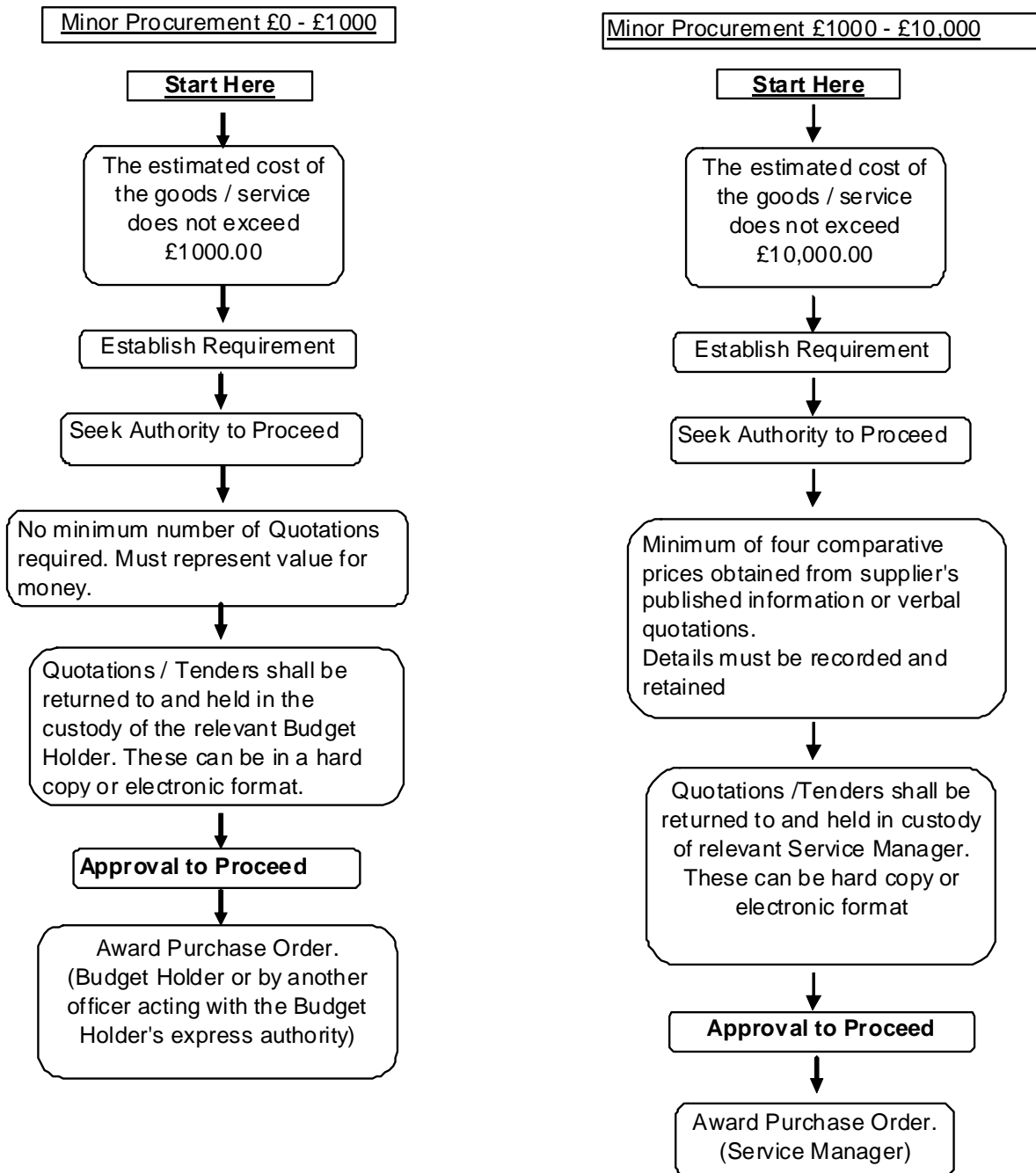
Ordering of Goods and Services.

All public procurement of goods and / or services should be based on value for money which is crucial to the wider objective of using resources effectively in the delivery of public services.

It is essential therefore that purchasers develop clear strategies for continuing improvements in the acquisition of goods and services and minimise the risk through the use of contracts. Sound practice for the pursuit of value for money will contribute to the competitiveness of suppliers, contractors and service providers.

These procedures should be read in conjunction with the Authority's Financial Regulations, Appendix E.

Minor Procurement



Appendix 2

Allerdale Borough Council - Financial Regulations

Procurement and Contracts

Ordering of Goods and Services.

All public procurement of goods and / or services should be based on value for money which is crucial to the wider objective of using resources effectively in the delivery of public services.

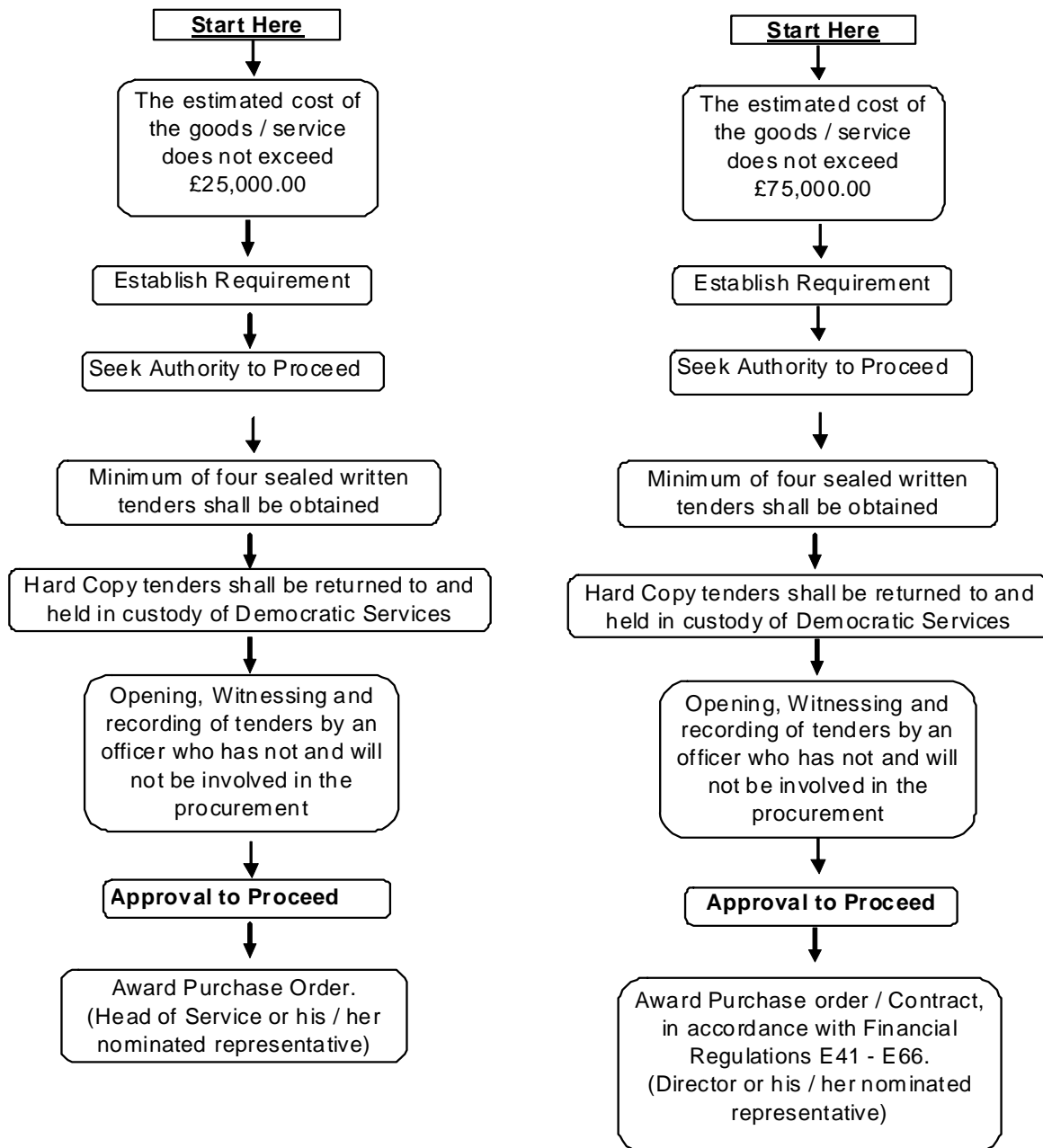
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Intermediate Procurement

Intermediate Procurement £10,000 - £25,000

Intermediate Procurement £25,000 - £75,000



Appendix 3

Allerdale Borough Council - Financial Regulations
 Procurement and Contracts
 Ordering of Goods and Services.

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Major Procurement

