

## TAMWORTH BOROUGH COUNCIL

### PROCUREMENT STRATEGY

#### INTRODUCTION

This Strategy represents Tamworth Borough Council's Procurement aims and objectives for the period 2013/14 to 2015/16, and is an update to the Strategy previously approved by Cabinet 11<sup>th</sup> June 2009. The financial year 2010/11 saw responsibility for the Procurement function move to the Management Accountant under the Director of Finance. The strategy reflects this change and other developments since and is a working document of realistic short term goals as well as longer term objectives.

The aim of the Strategy is to establish a framework for effective procurement throughout the Council, and to set out a roadmap for improving the way the Council procures goods and services. The strategy reflects national and European legislation, and best practice, and should be read in conjunction with the Council's Standing Orders and Financial Regulations.

#### COMMISSIONING, PROCUREMENT AND PURCHASING

It is important to define Commissioning, Procurement and Purchasing activities, as they are each quite different. Commissioning is the process of establishing the services the citizen wants or needs, and then deciding on the best way to deliver those services, be it in-house, via the third sector, private sector or other public sector provider ('make or buy'). If the decision is made to buy those services in, this then becomes a procurement activity.

Procurement is the process of acquiring goods, works and services. It involves establishing requirements, producing a tender specification, sourcing and evaluating the supply, and negotiating contracts.

Purchasing is part of the wider Procurement process, and refers to the process of ordering and receiving goods and services, eg raising a purchase order.

Effective Procurement should support the Council's corporate objectives, and above all should secure value for money. Procurement is a key element in delivering 'more for less' and in supporting the Council in delivering services under ever tighter financial constraints.

#### WHERE WE ARE NOW

Procurement at Tamworth Borough Council sits under the Management Accountant within the Corporate Finance team. The Corporate Procurement Officer is David Onion, with administrative support provided by Edyta Haines, Accountancy Assistant.

Tamworth is a member of the Staffordshire Collaborative Procurement Group, facilitated by Improvement & Efficiency West Midlands (IEWM). Where possible and appropriate, we run collaborative tender processes and make use of joint working opportunities, and utilise suitable frameworks to benefit from savings arising from economies of scale/bulk

purchasing power. Contacts with other local authorities and with IEWM provide opportunities to also share best practise and seek advice and guidance from Procurement colleagues. We also subscribe to Achilles, an external organisation which can provide procurement advice.

We promote the use of technology in our tender processes, making use of In-Tend to manage tenders and quotations. We have a limited budget to buy in external support where needed, ie highly complex tenders or contracts which require a level of specialist knowledge.

The Procurement team have developed a Contract and Quick Quote register, in order to manage and monitor the Council's contracts; plan procurement work; and identify procurement savings. Procurement procedure notes and guidance have recently been updated in line with updates to the Council's Financial Guidance, and are available with standard documentation/templates on the intranet.

We undertake regular reviews of spend across the Council, to identify areas where contracts should be in place, and work with managers to ensure their procurement activities are compliant with Standing Orders and Financial Guidance, and wider UK and EU legislation. Annual Procurement update reports are presented to CMT detailing activity undertaken in the preceding financial year and savings identified.

## **OUR OBJECTIVES FOR PROCUREMENT**

- To ensure the Council procures goods and services that deliver value for money for the people of Tamworth whilst contributing to the achievement of the Corporate Priorities;
- To make it easier for suppliers of goods and services to do business with the Council; in particular supporting SMEs and local businesses where appropriate;
- To provide clear manageable procurement processes, that promote consistency and best practice across the Council;
- To ensure that all procurement is undertaken in a legal and professional manner with high standards of probity, transparency, and accountability;
- To contribute to the achievement of budgetary savings;
- To make use of technology to improve procurement processes and increase efficiency;
- To ensure managers see good procurement practice as adding value, not a hurdle to be overcome.

## **HOW WILL WE GET THERE?**

There are a number of key elements in our strategy for procurement.

1. Allocating key responsibilities
2. Promotion of standard procurement processes and documentation
3. Training and support for procurement

4. Operating legally and ethically
5. Having regard to Social Value
6. Identifying potential savings
7. Managing procurement risks consistently
8. Working with others
9. Taking advantage of technology
10. Providing clear information and access to all potential suppliers
11. Managing performance and improvement
12. Prioritising and action planning

## **1. Allocating key responsibilities**

It is important that responsibilities are clearly defined and that staff, managers and members are aware of their roles.

The Director of Finance is the Corporate Management lead to ensure that Procurement is adequately funded and managed.

The Management Accountant is the strategic lead, responsible for developing procurement across the Authority.

The Corporate Procurement Officer is responsible for the following:-

- providing advice and support to managers on procurement issues;
- guidance on the use of the In-tend system;
- advising on compliance with Standing Orders, Financial Guidance and legal obligations under EU regulations;
- drafting and issuing all relevant OJEU notices;
- assisting managers in writing specifications and preparation of suitable tender documentation – providing a consistent corporate approach;
- help with setting compliant selection and award criteria and requesting submission of suitable information to enable evaluation;
- drafting and issuing Invitations to Tender (ITT) and managing correspondence, clarifications, etc, on In-tend;
- management of appropriate standstill period and awarding of contracts.

The Solicitor to the Council provides legal support and advice with regard to procurement issues.

In some cases a procurement project will require specialist procurement or legal knowledge, or expertise in a particular technical or service area. This should be identified at the earliest stages of the project, and arrangements discussed and agreed with the Procurement team and the relevant project team members/Director. Funding such external support will need to be factored in to the overall cost of the procurement and budgetary provision established.

All Directors/Heads of Service are responsible for ensuring their service's procurement activities comply with the Council's Financial Guidance and procurement procedures, and with legislative requirements. They must ensure they notify the Corporate

Procurement Officer of all activity in the timescales set out in Financial Guidance. They are also responsible for ensuring that the Corporate Contract Register and Quick Quote registers are completed and kept up to date.

#### ***WHAT WE NEED TO DO TO IMPROVE....***

Ensure that staff are aware of the above roles and responsibilities by documenting this on the Procurement web-page, and reinforcing this during procurement briefing sessions to be held for managers/budget holders.

Ensure that access to In-Tend reflects the operating procedures required and that levels of access are appropriate for staff roles and responsibilities.

#### **2. Promotion of Standard Procurement Processes and Documentation**

The procurement processes to be followed at Tamworth Borough Council are defined initially by the estimated value of the supply of goods and services, which will indicate the appropriate procurement route to follow. The processes are set out in Financial Guidance and detailed on the Procurement web page.

Procurement thresholds kick in at purchases of £2k and above (although there is scope for lower value items to be incorporated within a contract should similar spend be recurring). The Quick-Quote process should be followed for lower value, one-off purchases, whereby the deciding factor is one of price and for which a detailed tender is not required. Standard documentation is available on the web page, and the Quick Quote register should be completed to enable the identification of savings achieved and also where frequent, similar purchases could be aggregated into a larger contract, thus delivering price savings and processing efficiencies.

The advice of the Corporate Procurement Officer should be sought for larger value purchases, in order to establish the most appropriate procurement route, and with a view to identifying opportunities to use an existing framework, or to utilise a collaborative arrangement. Standard documentation such as PQQ and tender documentation is available and can be completed under the guidance of the Corporate Procurement Officer. All tenders and Quick Quote opportunities are advertised and managed via the In-Tend system, providing a secure, consistent approach to retaining documentation.

The contract register should be completed with details of the contract by the budget holder/manager in conjunction with the Corporate Procurement Officer. This will assist in managing and monitoring contracts which are due for renewal/re-tendering, and enable pro-active procurement planning. It is also crucial for meeting the Council's obligations under the transparency code and the requirements of the Community Right to Challenge legislation.

The Corporate Procurement Officer will assist managers with completing standard contract documentation, and standard templates and contract terms and conditions are available to be adapted as appropriate.

#### ***WHAT WE NEED TO DO TO IMPROVE....***

Ensure all managers and budget holders are aware of the Quick Quote process, and know what action they need to take with regard to procurement procedures, by arranging briefing/update sessions. The completion of standard documentation, and the Contract Register and Quick Quote register, will be incorporated within these briefing sessions.

### **3. Training and Support for Procurement**

The Corporate Procurement Officer will provide general support and co-ordination for procurement including: supporting and advising on tendering and legal requirements, pre-qualification questionnaires, evaluation of tenders, framework agreements, OJEU contracts and general procurement; and for gathering and sharing procurement intelligence, current developments and good practice and identifying opportunities for improvement.

However, it is also crucial that staff and managers across the Council are appropriately trained to ensure that procurement activities are effective, deliver value for money, and are carried out within the legal and regulatory framework. EU regulations are continually changing and new procurement and legal case law needs to be considered and acted upon. Financial Guidance and the procurement flowchart and guidance on the website details the appropriate procurement route to take, and the Corporate Procurement Officer will advise staff and managers on the implications of the legal framework within which procurement operates.

### ***WHAT WE NEED TO DO TO IMPROVE....***

Although guidance and procedures are available on the website and Financial Guidance, this needs to be embedded throughout the Council. It is imperative that there is an understanding of the rules and regulations and the implications of EU law to ensure that staff know when to contact the Corporate Procurement Officer for involvement in their projects. There is also a need for training in certain areas of the procurement process, such as guidance on writing a tender/specification. This will be covered in staff & manager briefings to be arranged by the Corporate Procurement Officer recognising the differing roles and responsibilities of staff – some with a significant role in procurement, and others with a more minor interest.

### **4. Operating Legally and Ethically**

We will comply with all relevant legal and ethical standards that apply to procurement, including:

- Compliance with National and European legislation; all procurement will be undertaken in accordance with UK and European statutes and regulations;
- Financial regulations external and internal; all procurement will be undertaken in accordance with the Council's Standing Orders and Financial Regulations
- Health & Safety standards;
- Environmental Impact and Sustainability; the Council will aim to procure from suppliers and to use goods and services which have the least impact on the

environment and minimise energy consumption whilst maintaining quality and value for money.

- Equality and Diversity – the Council is committed to eliminating inequalities in all areas of activity including procurement, and the procurement process will not discriminate on the grounds of age, disability, gender, race, religion or sexuality.

## 5. Having Regard to Social Value in Procurement

The Public Services (Social Value) Act 2012 is effective from 31<sup>st</sup> January 2013. This Act requires the Council to have regard to the economic, social and environmental wellbeing of the area, and how such improvements might be secured, in procuring contracts for services (under EU regulations). It also requires the Council to consider whether to consult on these areas. The Act provides the framework for the Council to link its procurement to its corporate objectives – to aspire and prosper in Tamworth; and to be healthier and safer in Tamworth; and the strategic priorities which are contained within. It has the potential to be positive for the Council's reputation, to improve services and to have a positive impact on the local economy and environment. However, due regard must also be given to other EU and UK legislation, and to ensuring that the procurement process is non-discriminatory and fair.

Social Value aspects have to be considered **before** the procurement process starts. Also, although we do not **have to** include social value aspects in our procurement, we do have to **demonstrate** that we have considered them, which means documenting this and evidencing that due consideration has been given.

### ***WHAT WE NEED TO DO TO IMPROVE....***

It is important that sufficient time is allowed to undertake procurements where social value is going to be included to allow for the required consideration and consultation before the process starts. The Corporate Procurement Officer must be involved at the earliest stages of the process, to ensure that proper consideration is given to what is required, and that this is adequately reflected in tender and evaluation documents and processes. It is also important that Cabinet reports approving the award of contracts under EU regulations refer to the requirements of the Act and actions that have been taken to comply with it, in order to demonstrate that due consideration has been given. The implications of the Social Value Act have been reported to CMT, however, this also needs to be communicated to CMT direct reports and managers involved in procurement. It is intended that this is picked up in the series of briefings/training sessions to be held.

## 6. Identifying Potential Savings

In the current financial climate, a key element of the procurement process is to deliver savings for the Council, and the Procurement team has an annual General Fund revenue savings target to achieve. Annual reports are presented to CMT outlining the work undertaken during the past 12 months by the Procurement team, and setting out the budgetary savings achieved.

A number of improvements have been put in place to identify actual and potential Procurement savings:-

Contract register and Quick Quote registers have been established, to identify budget available for the goods/services/works to be procured; and record the accepted tender/quotation price; and saving/underspend against budget;

The Quick Quote register will enable the procurement team to identify where low value but frequent spend in different areas is occurring which could be aggregated into a single tender/contract, thus delivering price savings and efficiencies in terms of staff resources involved;

Regular reviews of spend across the Council are carried out to identify where large spend is occurring for which there are no contracts in place, in order to identify opportunities to enter into a corporate contract;

Wherever possible, through the tender and procurement process, we will work with suppliers and staff to identify the most efficient means to do business, and identify ways to cut transaction costs, such as electronic ordering and invoicing, consolidated invoicing, bulk deliveries, etc.

#### ***WHAT WE NEED TO DO TO IMPROVE....***

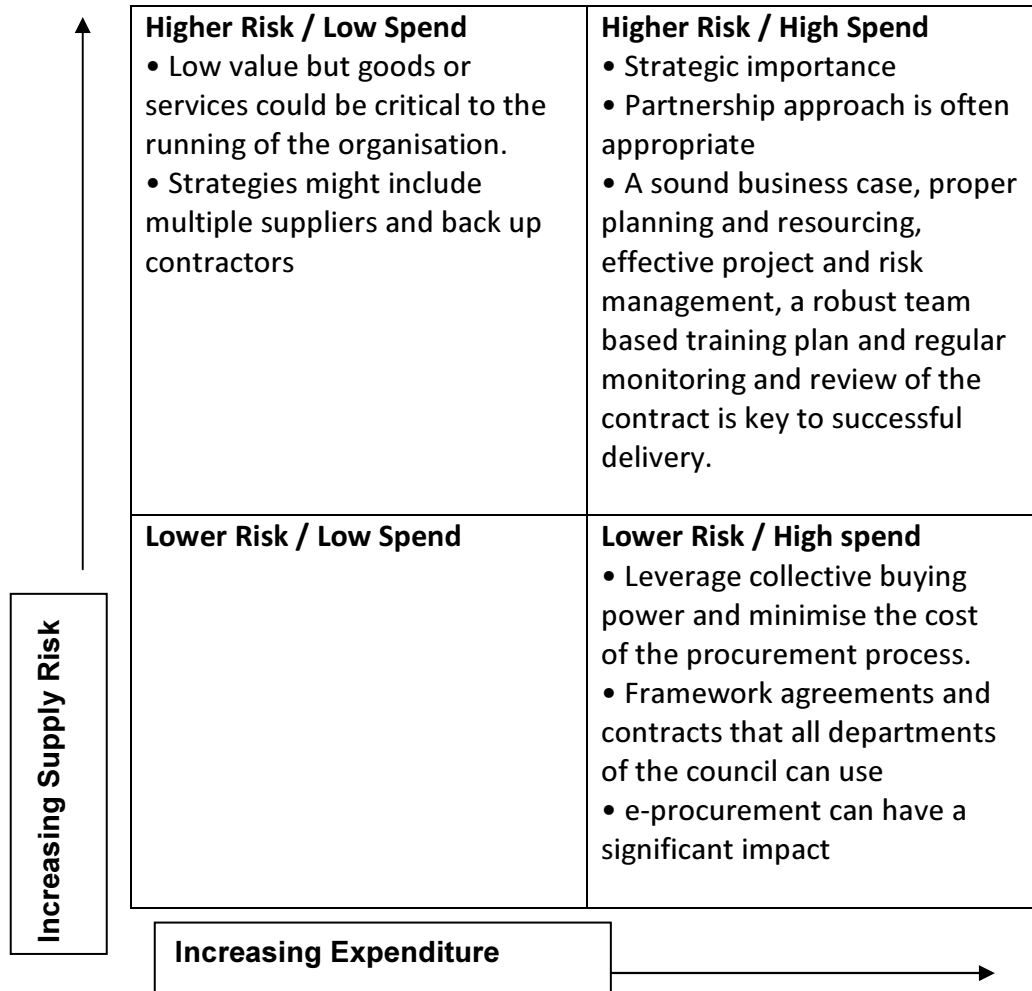
We need to work with managers and staff to embed the completion of the Contract and Quick Quote registers, so that we can be confident we are managing the Council's contracts and spending efficiently and effectively. It is also essential to have an up-to-date contract register in order to comply with national guidance on transparency and publication of contracts and tender data, and the legal requirements of the Community Right to Challenge legislation.

The procurement process can deliver the opportunity for the Council to make savings, but without effective demand management, these opportunities can often be wasted. Procurement needs to work more closely with managers to identify and capture procurement savings, and there needs to be a clear commitment from management to deliver on savings opportunities.

#### **7. Managing Procurement Risks Consistently**

The National Procurement strategy for Local Government recognises the relationship between risk and expenditure in managing procurement.

This can be represented on the following chart:-



Clearly defined processes and standards will be set for the major types of Procurement in the High Risk / High Spend area so that risks are managed.

The Council's overall approach to risk management is documented in its Risk Management Policy and the identification, management, control and documentation of risks to individual procurement projects should be held on the Corporate Performance and Risk management system **Covalent**.

Our procurement processes and risk management arrangements will be proportionate to the expenditure in question.

## 8. Working With Others

Working with others for effective procurement means collaborative purchasing, shared commissioning, shared delivery of services and developing a partnership approach with suppliers where appropriate. Collaboration describes the various ways that councils and other bodies come together to combine their buying power to procure or commission goods or services jointly.



We work with other Local Authorities, Public Sector bodies and Improvement and Efficiency West Midlands (IEWM) to secure the best procurement deals for Tamworth. We make use of frameworks developed by national Government or other local authorities where they are available for us to use and when it is in our interest to do so. We also make available any tender opportunities to other local Councils who may wish to join with us.

We are members of the recently formed Staffordshire Collaborative Procurement Group (SCPG) which is currently being facilitated by IEWM. Within this group, the participating Councils have identified areas of common spend where joint working and tender opportunities are worth pursuing. A number of projects have commenced or are in the pipeline, with a lead authority being identified for each one. This joint working approach should deliver both price savings in terms of contract costs and also efficiency savings in terms of officer time across the Councils.

## **9. Taking Advantage of Technology**

In-Tend is now well established with both staff and suppliers as our e-procurement system through which all tender opportunities are advertised, tender submissions are made and opened, and all subsequent correspondence is managed. This system delivers savings in advertising, printing and paper, postage and overhead costs, and enhances the security of the tender process.

Lower value spend previously subject to written or verbal supplier quotation is now also required to be managed through In-Tend, via the Quick Quote process, applicable to expenditure of £2k or above. This makes smaller value procurement opportunities more visible to a wider range of suppliers, increasing opportunities for SMEs and local businesses, and providing greater opportunities for the Council to make further savings.

We also work with staff and suppliers to support the use of technology throughout the procurement and purchasing processes, by encouraging electronic ordering, invoicing, and payment, consolidated invoicing, etc. This delivers lower transaction costs for the Council and our suppliers, minimises paperwork and provides efficiencies and environmental benefits.

### ***WHAT WE NEED TO DO TO IMPROVE....***

There is an e-Auctions facility on In-Tend which has not yet been fully developed. An e-Auction is where a number of suppliers bid against each other on-line through the system to win business, and is ideal for the purchase of goods whereby price, as opposed to quality, is the key factor, and there are a number of suppliers in the marketplace. There is also the facility to run a reverse e-Auction, where bidders can bid against each other to buy something which the Council might be selling eg. redundant equipment. We will look to develop e-Auctions and utilise these where appropriate, offering the opportunity to other local authorities to participate also.

There is also a contract management module currently available on In-Tend. Suitable for larger contracts, this allows staff to manage contract documents, performance

indicators, review dates, etc, via the system but would require training to develop and use.

In-Tend have also recently developed an Evaluation module to the system, whereby suppliers' tenders can be assessed and marked through the system, with all weightings, criteria and scores being held within the system, with a clear audit trail. Currently a combination of spreadsheets and templates is used to mark tender submissions. The opportunity to roll out the In-Tend Evaluation module and Contract Management modules will be assessed with a view to making greater use of the system wherever possible.

## **10. Providing Clear Information and Access to all Potential Suppliers**

It is important to provide clear, up to date, user-friendly information to potential suppliers about selling to the Council.

We publish on the Council website a guide on doing business and selling to the Council, plus information on our procurement processes with instructions to suppliers with links as to how to register on In-Tend. Once suppliers are registered on the system they are notified of all potential tenders of interest to them and receive pre-qualification questionnaires and can submit tenders on line. This is now expanded via the Quick Quote process to all expenditure of £2k or above, which opens up opportunities for smaller firms and local businesses to obtain work.

We are required under the Government's transparency agenda to publish to the web details of all spend of £500 and over on a monthly basis. We will continue to update and maintain the Contracts register and publish this on-line also, and to publish forthcoming tender opportunities via In-Tend and on Contracts Finder and in compliance with other national requirements and providing value for money in the efficient delivery of local services. We will also continue to support Think Local 4 Business and attend 'Meet the Buyer' events.

### ***WHAT WE NEED TO DO TO IMPROVE....***

Strengthen links and pursue opportunities to work with the Economic Development unit to support local businesses, and promote awareness amongst local businesses and SMEs of tenders/quotes published on In-Tend.

## **11. Managing Performance and Improvement**

Performance of the Procurement team and the achievement of the aims of this strategy will be measured using a range of indicators:

### **a. Efficient Procurement**

- The amount and incidence of lower value spend being put through Quick Quote;
- Awareness and use of existing framework agreements and collaborative procurement where appropriate;

- Timely re-tendering;
- Time taken from advertising requirement to award of contract;

**b. Effective Procurement**

- Level of competition as a result of the number of suppliers registering, expressing interest and submitting tenders via the In-tend system;
- Level of savings delivered via the procurement process;
- Number of small and local businesses participating in advertised tender/Quick Quote opportunities;
- The total expenditure which is not covered by an existing contract or framework.

Other indicators will be developed as necessary in order to add value to monitoring and improving the performance of the Procurement function.

## 12. Prioritising and Action Planning

### ACTION PLAN FOR 2013/14

	OBJECTIVE	ACTION	WHO IT AFFECTS	RESPONSIBLE OFFICER (S)	WHEN
1	Staff and managers are aware of their roles and responsibilities with regard to Procurement.	Document the roles and responsibilities of staff and the Procurement team within the updated Procurement strategy and as part of updated procedures/guidance within Financial Guidance and on the intranet.	All TBC Staff	Management Accountant & Corporate Procurement Officer	Jan 2013
2	Staff have appropriate access to In-Tend to ensure that the procurement process is effectively managed.	Undertake a review of staff access levels within In-Tend, and update access privileges/roles where necessary to ensure these are appropriate and secure.	All current and potential In-Tend users	Corporate Procurement Officer	Summer 2013
3	Staff are appropriately trained in TBC's procurement processes, and are aware of their roles and responsibilities with regard to EU and UK procurement legislation.	Arrange a series of Procurement 'master-classes' or staff briefing sessions, to cover roles and responsibilities; procurement thresholds and processes and procedures to be followed, including Quick Quote, tenders and EU procurements; completion of standard documentation such as Contract and Quick Quote registers; the implications of the Social Value Act; writing tenders/specifications, etc.	Budget holders and staff identified as undertaking procurement	Corporate Procurement Officer	Summer 2013
4	Budgetary savings achieved	Work with managers more closely	Budget holders	Management	Ongoing

	through the procurement process are identified and captured, to assist with achieving a balanced MTFS.	throughout the procurement process to identify and capture potential procurement savings and to stress the concept of demand management. Ensure CMT are aware of the opportunities for savings via Procurement update reports.	and staff identified as undertaking procurement	Accountant & Corporate Procurement Officer	
5	Ensure our processes are efficient and effective by making best use of our In-Tend electronic tendering system and exploiting the advantages of technology.	Implement and develop use of e-Auctions facility within In-Tend.  Implement and develop use of Evaluation & Contract Management modules within In-Tend as and where appropriate.	Budget holders and staff identified as undertaking procurement	Corporate Procurement Officer	As an opportunity to utilise the various modules within In-Tend is identified
6	Support the local economy and improve opportunities to make savings by supporting local businesses and SMEs	Strengthen links between Procurement and the Economic Development unit, to promote awareness amongst local businesses and SMEs of tenders/quotes published on In-Tend.	Economic Development Unit and Procurement team	Corporate Procurement Officer and Economic Development Officer	Ongoing

This page is intentionally left blank