



Procurement Strategy

Issue 8



Bristol City Council

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1	7 September 2001	First Issue adopted
2	31 May 2002	Second Issue adopted
3	2 September 2003	Third Issue adopted
4	4 October 2004	Fourth Issue adopted
5	8 December 2005	Fifth Issue adopted by Cabinet
6	11 January 2007	Sixth Issue adopted by Cabinet
7	6 December 2007	Seventh Issue adopted by Cabinet
8	30 April 2009	Eighth Issue adopted by Cabinet



Corporate Procurement Strategy - April 2009

This document must be read in conjunction with Procurement Regulations. The principles and guidance provided in previous versions of the Procurement Strategy continue to apply.

Introduction

During 2009, as part of the Council's Transformation Programme, an Enabling Commissioning Board will examine all aspects of commissioning and procurement, including organisation, methodology, standards (including core competencies and skill sets) and core processes and tools and techniques (including core data sets and knowledge/ intelligence sources) with a supporting information architecture to underpin corporate commissioning and specific service commissioning carried out within directorates.

In view of this work, this Procurement Strategy 2009 represents an interim update of the 2008 Strategy, but nonetheless includes significant developments related to market engagement and corporate assurance.

Strategic Objectives

There are three principal objectives on which the Procurement Strategy is centred:

- ❑ to use procurement as an engine to achieve the efficiency improvements required by the Corporate Plan, the Medium Term Financial Plan, optimum value for money and strategic service improvement, without presumptions about in-house or external provision
- ❑ to capitalise on BCC's 'one Council' collective purchasing power, using good procurement practice to achieve optimal quality and prices and to reduce transaction costs consistent with good governance and sound internal control arrangements
- ❑ to promote sustainable development and social inclusion through procurement, and to address the diverse needs of equalities communities.

How Will We Achieve These Objectives?

Leadership

In order to provide focus and leadership:

- ❑ Executive Members and strategic directors will adopt best procurement options within their own portfolios.
- ❑ The Executive Member and Strategic Director of Resources will scan the Corporate Plan and the Leader's Forward Plan for procurement issues and ensure procurement expertise is applied in all such activities.
- ❑ The Corporate Procurement Manager will provide the Council's professional lead on procurement matters.
- ❑ All BCC managers are expected to use procurement tools (e.g. option appraisal) and available expertise when reviewing and planning their unit's operations. They should be able to demonstrate proper consideration has been given to all possible methods for improving service delivery and performance.
- ❑ A "positive assurance mechanism" will be introduced for major risk/ expenditure areas. For key projects identified by the Finance Director, quarterly reports will be prepared against a checklist of issues, to be sent to the responsible project sponsor, Strategic Director of Resources and Finance Director.

Technology and Process Re-engineering

Bristol now has a Corporate On-line Procurement System (COPS). The entire purchase-to-pay cycle has been redesigned to improve efficiency and control.

- ❑ COPS will be the sole method of placing orders and making payments. Where appropriate, existing departmental systems for order creation are being linked to COPS.
- ❑ Paper, fax, telephone, verbal orders and requests for payment are not permitted. Payment will only be made against valid order numbers.
- ❑ The portfolio of central purchasing agreements (Appendix B) and other Council-wide arrangements will be maintained and expanded.
- ❑ COPS only allows staff to place orders where corporate or departmental contracts already exist.
- ❑ All requests for low value (under £10k) purchases not covered by existing contracts are automatically routed to Corporate Procurement. A service level agreement sets out turn-around times for placing of orders.
- ❑ All contracts with an estimated value over £10k must use COPS for tendering.
- ❑ For supplies contracts, e-auctions will be the default procurement approach.
- ❑ All contracts will be monitored to ensure appropriate contract management is undertaken and recorded in COPS. Corporate Procurement will identify any areas of concern in contract management practice.

Good Practice

Building on experience and established systems:

- ❑ Where appropriate, the Council will collaborate with others to share its expertise and that of other authorities or to establish a joint source of procurement expertise. The Council will offer a lead in areas of strength which others may use or follow.
- ❑ The Council's procurement capacity will be improved through training and more robust processes. In addition to COPS training, several specific procurement modules are available.
- ❑ Use of partnering contracts will be extended where a collaborative approach would achieve improved service provision. The collaborative relationship should still be founded on a robust contract basis and a written agreement of what 'partnering' will constitute.
- ❑ All major procurement exercises (including all contracts over the EU threshold) should include a suppliers/ market event prior to initiating tendering in order to ensure all potential suppliers are engaged. Guidance will be posted on the "Source".
- ❑ The use of "lots" to compartmentalise arrangements in major spend areas should be considered to open up competition. The use of lots must however be based on differentiation of supplies/ services and not to avoid EU thresholds. Guidance will be posted on the "Source".
- ❑ The Procurement Practitioners Group will promote good practice, in particular through contributions to development of codes of practice.

- Appropriate monitoring should be undertaken to demonstrate planned improvements have been secured.

Strategic Procurement Exercises

Strategic procurement exercises are major projects designed to achieve significant service improvement. A consistent, systematic approach must be taken to such work, based on:

- Project management.
- Involvement of an appropriate level of procurement expertise.
- Consideration of all procurement options.
- Gateway reviews for very significant projects.
- The right of staff to be consulted when procurement action may affect their employment.

Exercises planned for 2009-2012 are set out in Appendix 1.

Sustainable Development/ Social Inclusion

The Procurement Strategy supports the Community Strategy and the Council's other strategic objectives. The Council has broad social and environmental responsibilities. Officers involved in procurement will seek ways of reflecting these responsibilities within the context of cost effectiveness. Examples include:

- Application of the Sustainable Procurement Strategy which encompasses social, economic and environmental elements within procurement practice and procedure. The strategy pulls together existing elements of best sustainable procurement practice across the whole authority, applicable to all contracts.
 - Research into, and development of, a whole life costing model, with contractor selection informed by the resulting evaluation system. By default, whole life costing incorporates sustainable procurement principles.
 - Commissioning a supply chain emissions assessment to provide a benchmark position and identify areas for improvement through contract design and management.
 - Redesigning contracts to require use of less-polluting products when providing goods and services to the council; eg, non-toxic cleaning chemicals in respect of cleaning contracts.
 - Promoting environmentally sound practices for goods and services supplied by contractors such as recycled materials and products, consolidated ordering and subsequent deliveries. For example, the new office supplies contract (from May 2009) will focus on maximising use of recycled materials.
 - Aligning procurement practices to support the Council's EMAS accreditation.
- Promoting equal opportunities in the procurement of goods, works and services, including undertaking equalities impact assessments on all contracts.
 - Identifying specific contracts (generally but not limited to larger service contracts, partnering agreements and large construction contracts) where

- social clauses can be included routinely; such as a requirement for training and apprenticeships for unemployed people and young people (subject to age discrimination legislation).
- Ensuring contract specifiers recognise equalities communities may need services to be designed sensitively.
 - Encouraging the use of fairly traded, ethically traded and 'fair trade' goods.
 - Developing the supply market to encourage a wider range of local suppliers and potential suppliers to compete for Council contracts. The Bristol Compact and the Bristol SME Concordat outline some of these business types. Specific activities include:
 - Understanding the potential and the make up of the local economy (including SMEs, BMEs and third sector organisations) and the physical geography of the supplier and potential supplier base.
 - Procurement seminars and workshops for SMEs to ensure they understand BCC procurement and commissioning requirements and procedures.
 - Understanding end-user needs to ensure targeted market development, where required.
 - Assisting SMEs to access and use BEPS to their advantage through early registration and contract notification, and providing technical assistance in the use of BEPS, such as uploading documentation, etc.
 - Analysing BEPS data to identify where potential suppliers fail at PTQ stage and provide seminars and workshops to assist in overcoming subsequent problems.

RIEP (SW) has commissioned Bristol CPU to provide a comprehensive sustainable procurement support service for all South West authorities.

Targets

There are specific targets for several of the initiatives in this Strategy:

Development	Measure	01/12/08	2008/09	2009/10	2010/11
Corporate contracts (and other council-wide) agreements	Number in place (see Appendix B) (Programme ends 2008/09)	115 (excludes 125 consultancy agreements)	120	120	120
	purchasing expenditure covered (total £60 million)	78%	85%	85%	85%
e-Ordering	Transactions handled electronically (excluding schools) - RE351	27%	50%	85%	95%
Sustainability (including economic)	Contracts over EU threshold making use of supplier/market events	70% (corporate contracts only)	(New target)	75%	90%
Training	Number of staff with formal procurement qualifications	16	16	19	30

The Single Equality Bill, on becoming law, would require local authorities to monitor equalities performance of their contractors. Work is proceeding to prepare for this and develop targets.

Action Plan

Ref	Activity / Action	Desired Outcome	Who	Timescales
1	Maintain the profile of procurement within the Authority and externally			
	Support procurement meetings and groups	Quarterly meetings with business focus	Procurement Managers	Quarterly
	Develop Procurement Intranet	Update site providing information, advice and guidance	Procurement Specialist	Monthly
	Increase external recognition of Bristol's procurement function	NPI Award for Procurement Excellence	Corporate Procurement Manager	July 2009
	Provide SW sustainable procurement lead	Excellent service recognised by SW local authorities	Procurement Officers	April 2009
2	Develop and promote adoption of P2P ('purchase to pay')			
	Full implementation across the Council	Efficient and effective purchase to pay system	Project Board	April 2009
	Integration of e-tendering with P2P	Comprehensive electronic procurement environment	Project Board	June 2009
	Review effectiveness of P2P system and arrangements	Identify opportunities for further improvement from procurement perspective.	Corporate Procurement Manager	March 2010
3	Promote improved procurement practices throughout the organisation			
	Support major procurement work in authority	Improved outcomes of procurement activities	Corporate Procurement	Ongoing
	Conduct e-auction(s)	Positive impact on costs	Procurement Officers	Ongoing
	Review selected major procurement arrangements	Identify learning opportunities and report to Strategic Director of Resources	Corporate Procurement Manager	Ongoing
	Review guidance documents and website	Improved integration of equalities advice in procurement guidance	Procurement Officers	Ongoing
4	Develop procurement skills across the Authority			
	Training programme for contract managers	Increased awareness of best practices in procurement	Procurement Officers	Ongoing
	Contract management reports on records maintenance	Comprehensive information on performance	Corporate Procurement Manager	October 2010
5	Market development			
	Develop sustainable procurement strategy	Embedded sustainable procurement across the authority	Procurement Officers	February 2009
	Procurement capacity building for SMEs	Diverse SME supplier market, capable of successfully competing for authority contracts	Procurement Officers	Ongoing

Appendix 1 lists the programme of reviews and other strategic work.

Appendix 2 lists central purchasing agreements to be implemented by Corporate Procurement.

Appendix 3 lists department-lead work.

Strategic Reviews			<i>Appendix 1</i>
2008/09	2009/10	2010/11	2011/12
Excellence for all (school improvement)			
Preventing homelessness strategy			
Learning difficulties joint commissioning strategy			
Residential futures			
Primary review			
West of England waste strategy			
Supporting people strategy (review)			
Regeneration and Development Company			
Voluntary and community sector investment			
Prevention and early intervention strategy (supplementary investment fund)			
Children in care placement commissioning plan			
Customer Excellence Programme			
Grounds maintenance			
	Waste/ streetscene		
	Home to school transport		
	Non-conventional transport		
	Putting People First		
	Youth Service commissioning		
	Building cleaning		
	HRA repairs and maintenance		
	IS&T strategy		
	Physical/sensory impairment joint commissioning strategy		

Schedule of Central Purchasing Agreements

New Central Purchasing Agreements

2008/09	2009/10	2010/11	2011/12	2012/13
Telephone Interpreting Services £50/yr	IT Consumables £260k/yr	Insurance £4m/yr		
Written Translation Services £60k/yr	Vending Machines £100k/yr			
Nursery Contracts(Client BCS) £250k/yr	Accident Repairs to Vehicles £200k/yr			
Portable & Modular Buildings £800k/yr	Domestic White Goods £75k/yr			
Transport: Vehicle & Plant Hire: Planned Specialist Hire £250k/yr	Facilities: Laundry £60k/yr			
Wholesale Electrical £100k/yr	Computer Hardware/Server Maintenance £200k/yr			
Events £60k/yr	CCTV £1.5m/yr			
Blinds/Curtains £100k/yr	Subscriptions £100k/yr			
	Events- Long Term Arrangement £200k/yr			

Replacement Corporate Arrangements

2008/09	2009/10	2010/11	2011/12	2012/13
Fuel Cards £450k/yr	Library books £350k/yr	Temp Agency Staff £6m/yr	Examination Gloves £50k/yr	Bottled Water Supplies £200k/yr
Paper £400/yr	Consultants: Functional £600k/yr	Books/Publications £500k/yr	Signs £150k/yr	Portable & Modular Buildings £800k/yr
Office Furniture £600k/yr	Office Supplies £1m/yr	Road Fuel and Biodiesel £700k/yr	Consultants: Multi Disciplinary £650k/yr	Transport: Vehicle & Plant Hire: Planned Specialist Hire £250k/yr
Educational Supplies £1.9m/yr	Consultants: ICT £150k/yr	Telephone Interpreting Services £50k/yr	Workwear £500k/yr	Advertising £1.9m/yr
Multifunctional Printing Devices £1m/yr	IT Equipment: Bulk PC Contract £300k/yr	Written Translation Services £60k/yr	Print £1m/yr	Telecoms £2m/yr
Bottled Water Supplies £200k/yr	Fuel Cards £450k/yr	Travel £1m/yr	Business Lunches £250k/yr	Wholesale Electrical £100k/yr
IT Equipment £6m/yr	Paper £400k/yr	Mail Services £1m/yr	First Aid £20k/yr	Blinds/Curtains £100k/yr
Telecoms £2m/yr	Office Furniture £600k/yr	Removals £500k/yr	Security Personnel £1m/yr	IT Equipment £6m/yr
Advertising £1.9m/yr	Cleaning: Central Buildings £2m/yr	Specialist Agency £2.5m/yr	Consultants: Legal £700/yr	Drain clearance - £500k/yr
	Consultants: Environmental £60k/yr	Painting contractors £1.3m/yr	Nursery Contracts £250k/yr	Void Security - £200k/yr

Services Procurement			<i>Appendix 3</i>
2008/09	2009/10	2010/11	2011/12
City Development Leading			
Home to School Bus Passes £250k/yr			
Home to School/Vulnerable Adult Transport £5m/yr			
Children, Young People & Skills Leading			
Early years catering £725k/yr			
Repair and Maintenance of Computers in Schools and Council Offices £400k/yr			
Post Qualifying Social Workers Training £160k/yr			
Food & beverages £660k/yr			
Neighbourhoods Leading			
Electrical rewires £650k/yr			
Specialist Contracts (Construction) £0.5m/yr			
Specialist Suppliers (construction) £0.5m/yr			
Stairlift Installation £250k/yr			
Stairlift Servicing £250k/yr			
Scaffolding £1m/yr			
	NH Change Consultant £560k/yr		
	Furnished Tenancies £250k/yr		
	Laundry Refurbishment £250k/yr		
	Heat Metering Part 1 £600k	Heat Metering Part 2 £1m/yr	
	Handyperson £100k/yr		
		Major Repairs/Planned work to Council properties £15m	
			Domestic Heating Installation £3m/yr