



Eastleigh Borough Council

Corporate Procurement Strategy

2006 – 2009

Contents

EXECUTIVE SUMMARY

- 1. INTRODUCTION**
- 2. PURPOSE AND SCOPE**
- 3. LEADERSHIP AND CAPACITY**
- 4. VALUE FOR MONEY, PERFORMANCE IMPROVEMENT AND EFFICIENCIES**
- 5. SUSTAINABLE PROCUREMENT AND SOCIAL RESPONSIBILITY**
- 6. E-PROCUREMENT**
- 7. OPTIONS APPRAISAL AND PROJECT MANAGEMENT**
- 8. PARTNERING AND COLLABORATION**
- 9. STRATEGY REVIEW**

EXECUTIVE SUMMARY

The purpose of Eastleigh Borough Council's Corporate Procurement Strategy is to provide a consistent strategic framework within which to undertake and continuously develop procurement to deliver the Council's corporate objectives, to improve performance and deliver efficiencies. The strategy encompasses the policy objectives of the National Procurement Strategy and adapts and prioritises them to meet the Council's local context. The strategy recognises that the Council cannot achieve its objectives alone and emphasises the need to work in collaboration with public, private, social enterprise and voluntary sector partners.

A core theme throughout the strategy is the Council's commitment to social, economic and environmental sustainability. This is a priority throughout the whole procurement life cycle.

1. INTRODUCTION

1.1 The National Procurement Strategy for Local Government 2003 – 2006 sets out how central and local government working together and in partnership with the public, private and voluntary sectors will improve local government procurement by using innovative ways to procure and manage services to:

- deliver consistently high quality services that meet customer needs, provide savings and better value for money, thereby improving the cost effectiveness of the council
- build social cohesion and promote equality of opportunity for service users, businesses and council staff
- be sustainable for the communities and areas served and benefit local citizens
- support delivery of the council's e-Government agenda
- enable councils to manage and assess risks in the market place
- facilitate different structures and new forms of delivery

1.2 A key purpose of the National Strategy is to provide a policy context for procurement that promotes excellence in delivering services and greater freedom to operate and to generate savings. The diagram below illustrates the requirements that an effective procurement strategy must meet.

procurement policy context



- 1.3 In producing the National Procurement Strategy, the Government highlighted the importance of Members and senior managers in every Council adopting, implementing and regularly monitoring a corporate procurement strategy based on a procurement review.

2. PURPOSE AND SCOPE

- 2.1 Eastleigh Borough Council's Corporate Procurement Strategy is designed to facilitate prioritisation and delivery of the local needs within the framework and targets of the National Procurement Strategy.
- 2.2 The purpose of the strategy is to provide a consistent strategic framework (aligned to the National Procurement Strategy) within which to undertake and continuously develop procurement to deliver the Council's corporate objectives, to improve performance and deliver efficiencies. This strategy is intended to support all the work of the Council in improving the quality of life for all local people, and in particular the strategic priorities:

- enabling a prosperous local economy
- promoting a quality environment
- providing good value for money

The outcome of this strategy should be significantly improved public services that meet the needs of all local people through:

- sustainable partnerships with a range of public, private, social enterprise, voluntary and community organisations
- obtaining greater value for money by collaborating with partners at local, regional and national levels
- stimulating markets and using their buying power creatively to drive innovation in the design, construction and delivery of services.
- achievement of the Community Investment Programme

2.3 At the time of writing, the priorities for the development of the Council's procurement are to:

- complete the financial information system/e-purchasing implementation project
- develop procurement skills to maximise efficiencies and savings
- ensure that sustainability is built into the procurement system
- improve value for money in all Council activities and service delivery, including contract monitoring and efficiencies through procurement
- develop a set of locally tailored procurement performance indicators to measure the impact of this strategy, to monitor the achievement of the outcome and objectives of the strategy, and to enable refinement of the strategy ensuring delivery of continuous improvement in Council-wide procurement activity.

These may be amended as some priorities are completed.

2.4 The scope of the strategy is intended to be all procurement carried out by Eastleigh Borough Council during the period 30 September 2006 to 31 March 2009. The policies and procedures which complement the strategy remain in force until replaced, whether before that date or after.

3. LEADERSHIP AND CAPACITY BUILDING

3.1 Management Team and Members endorse this Corporate Procurement Strategy.

3.2 The focus on sustainable procurement complements the Eastleigh Strategic Partnership, which brings together all sectors to set the vision and direction for the economic, social and environmental well being of the local community.

3.3 A council-wide Procurement Board and Procurement Executive Group facilitate the sharing of knowledge and best practice and capacity building between officers. The Terms of Reference of the Procurement Board and Executive Group are in (link to be inserted).

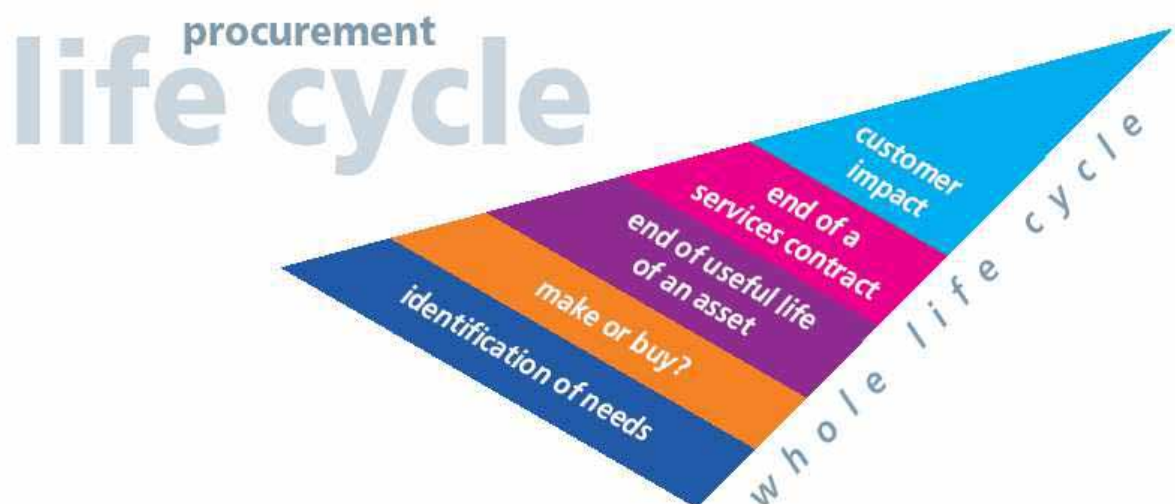
3.4 Procurement is scrutinised by the Resources Scrutiny Panel.

3.5 The Council has a Corporate Procurement Officer shared with Winchester City Council. This officer provides the professional capacity to facilitate delivery of the National Procurement Strategy milestones and provide guidance to those involved in the devolved procurement structure in the Council.

- 3.6 Leadership and capacity building initiatives support the strategy, focusing on developing procurement skills to maximise efficiencies and savings, while holding fast the principle of sustainability and the strategic objectives of enabling a prosperous local economy and promoting a quality environment.

4. VALUE FOR MONEY, PERFORMANCE IMPROVEMENT AND EFFICIENCIES

- 4.1 The framework for this strategy is set by the White Paper “Strong Local Leadership – Quality Public Services” , the ODPM Circular 03/2003 “Best Value and Performance Improvement” and the Gershon report. In addition, the Use of Resources assessment ensures continuous improvements in all areas of service delivery.
- 4.2 A strategic approach will be achieved by systematically analysing all categories of Council services, utilising options appraisal methodology to identify and evaluate innovative methods of delivery and procurement, within the legal framework of the EU Public Procurement Directives and national legislation.
- 4.3 The management and review of projects and contracts is a key element of the strategy to ensure continuous performance improvement and value for money.
- 4.4 The procurement cycle covers the identification of need > specification > tendering > award > implementation > contract management > termination/re-tendering. By adopting the “whole life approach”, the strategy supports the delivery of value for money, continuous performance improvement and efficiencies. This ensures that supplies, services and works are procured on the optimum combination of costs and quality required to meet the identified need throughout the procurement life cycle:

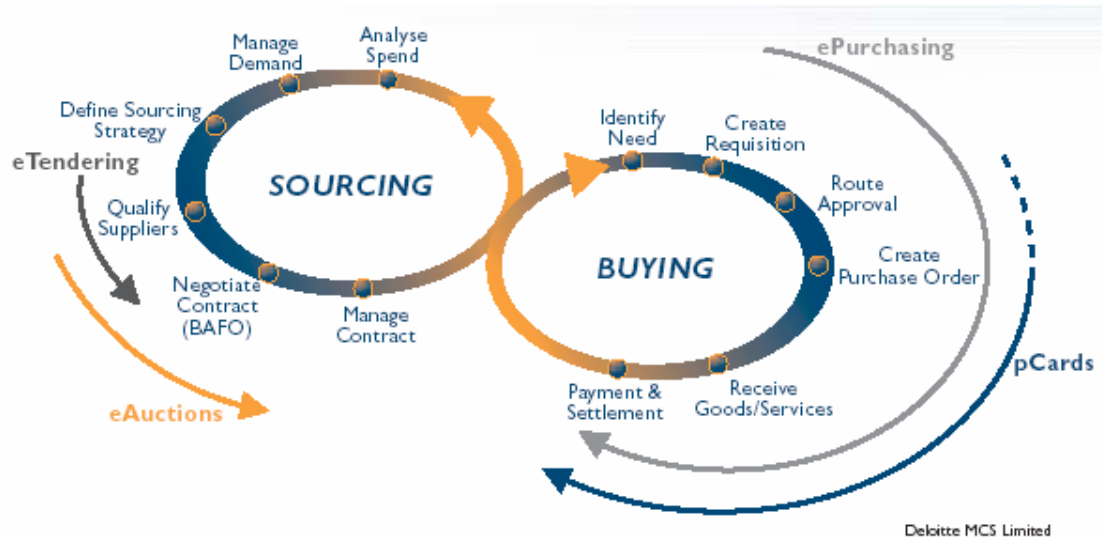


5. SUSTAINABLE PROCUREMENT AND SOCIAL RESPONSIBILITY

- 5.1 The Council is committed to economic, social and environmental sustainability. The Council intends to remain at the leading edge in its sustainable approach to energy management (for example through investment in solar power, wind power or CHP plant) and waste recycling (for example through investment in kerbside glass collection).
- 5.2 Whole life costs will be taken into account when procuring goods and services wherever appropriate. This will include evaluation of the materials, manufacture, operating and disposal costs in addition to the cost of procurement, where this information is relevant and obtainable. It is recognised that sustainable procurement requires full consideration of all aspects of sustainability at all stages of the procurement life cycle but especially at the specification stage.
- 5.3 This includes optimising opportunities for different sized contracts (within the framework of the EU Procurement Directives) to contribute to the development of a prosperous and sustainable economy.
- 5.4 The Council is committed to a socially responsible approach to its procurement activities. Provided that there is compliance with European Union procurement rules and Best Value, the Council will endeavour to enhance the well-being of the community through support for local businesses, small and medium enterprises, ethnic minority businesses and businesses operating in the voluntary and community sector. It is also aware of its wider responsibilities and has given a commitment to promote the use of Fairtrade goods for Council meetings and functions and include Fairtrade as an issue as part of its approach to procurement.
- 5.5 To support the Council's business continuity planning, procurement of services and resources will include, where appropriate, an assessment of a supplier's ability for continued provision during times of disruption or hardship. Providers of key services and resources will be expected to demonstrate this ability through their own business continuity planning.

6. E – PROCUREMENT

- 6.1 The ODPM definition of e-procurement (electronic procurement) is 'a tool to enable procurement activities, including sourcing, ordering and commissioning, receipting and making payment for the whole spectrum of an authority's activities.' The diagram identifies the range of tools available in the procurement process and their interaction.



- 6.2 The Council will ensure that appropriate finance and purchasing systems are in place to support e-procurement. The resultant improvements in overall business processes will contribute to the strategic priorities, including value for money.
- 6.3 The Council is committed to the development of an IDeA Marketplace to support its drive for savings. The Marketplace is a web based purchasing system which provides ease of access to a range of contracts negotiated by the Council and other public sector bodies.
- 6.4 Further stages of e-procurement, such as e-sourcing, e-notices, e-tendering and e-auctions, together with applications for purchasing cards, will be evaluated on the basis of an options appraisal of the needs of the Council and of local business and economic needs.

7. OPTIONS APPRAISAL AND PROJECT MANAGEMENT

- 7.1 In respect of on-going service provision, the Council has developed a matrix for considering the range of options available to it for service provision (hyperlink to Evaluation Grid to be added) which may include:
- External purchase of goods / services (including partnership arrangements with public, voluntary or private sector organisations) for strategic (high value / high risk) expenditure
 - Collaborative purchase arrangements with other public sector bodies
 - Internal provision (of service based contracts)
 - Private sector finance
 - Creation of a trading company
 - Trusts.

- 7.2 The Council uses a project management approach to procurement that is based on Prince 2 (including the 4ps Gateway process). Although the concepts of Prince 2 apply to all projects the extent is dependant on cost and risk. For projects that are low cost and low risk a simpler version is utilised.
- 7.3 Before a project starts the Council needs to have considered its strategic procurement options. The options appraisal process should seek to achieve the best scheme (in terms of content and design) and best value, optimum risk transfer, and best consideration in relation to any potential disposals Any potential difficulties in terms of EU procurement compliance must be dealt with before taking the project forward.
- 7.4 High-value / high-risk requirements are clearly the most strategically important and need to be treated accordingly. Ensuring adequate time, a sound business case, proper planning and resourcing, effective project and risk management, a robust team based project plan and independent Gateway Reviews are key to successful delivery.
- 7.5 Robust risk management will help to mitigate the risk to the Council and tax-payer. Consistent application of the project management methodology will ensure that contracting strategies are underpinned by full risk assessments, which identify the probability and impact of risks.

8. PARTNERING AND COLLABORATION

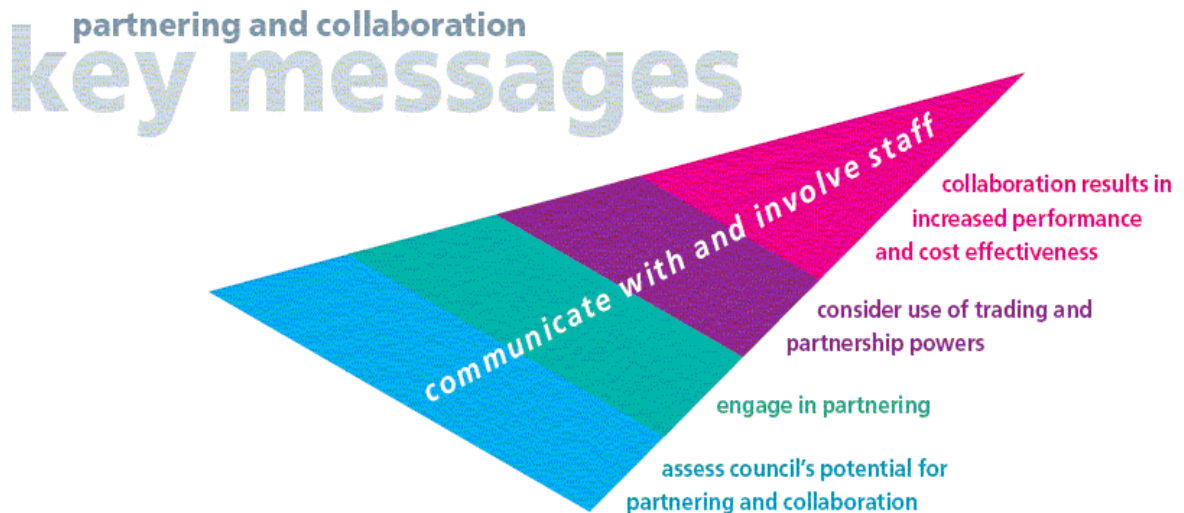
- 8.1 'Partnering' describes the creation of sustainable, collaborative relationships with suppliers in the public, private, social enterprise and voluntary sectors to deliver services, carry out projects (works) or acquire supplies and equipment. The benefits of the partnering approach include:
- better designed solutions
 - integration of services for customers
 - access to new and scarce skills
 - economies of scale and scope
 - investment
 - community benefits (including jobs and local economic effects).

The Hampshire & Isle of Wight Improvement Group is a forum for the Council to explore joint working in the provision of services.

- 8.2 'Collaboration' describes the various ways in which councils and other public bodies come together to combine their buying power, to procure or commission supplies, services or works jointly or to create shared

services. Collaboration is a form of public-public partnership. Its major benefits are economies of scale and accelerated learning.

- 8.3 The Eastleigh Strategic Partnership is a forum that can be used to promote collaboration at the local level and act as a means through which procurement can help to deliver the Community Plan.
- 8.4 The diagram below reflects how effective collaboration is achieved through a number of stages beginning with assessment, and how it is underpinned by communication and involvement of staff.



- 8.5 Continued development of relationships with the local business and community sectors are key to the long-term economic and social sustainability of the Borough. Opportunities to involve small and medium enterprises (SMEs) in larger contracts are considered, where appropriate, in all large tenders. The Concordat with SMEs is an integral part of this aspect of the strategy.

9. STRATEGY REVIEW

- 9.1 The Procurement Board monitors progress against performance indicators twice a year. Once a year, the Board measures implementation of the Corporate Procurement Strategy and reviews the strategy and the performance indicators.

Progress against the performance indicators is reported annually to Management Team and is available on request to the Resources Scrutiny Panel. This report includes an assessment of progress against the national procurement strategy and the recommendations of the Idea reviews.

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