



2006-2007  
Delivery of Quality Services  
Through Procurement



Cambridgeshire  
County Council

# Cambridgeshire County Council



## Draft Procurement Strategy

2007 to 2012

## **Foreword**

The procurement of goods, works and services is a high value activity that has a critical impact on the performance and success of any organisation, but in particular on those which spend public money. The County Council spends in excess of £180 million a year in procuring goods and services and this procurement strategy sets the framework in which the Council will work to ensure that purchasing across the authority fulfils the requirements of Best Value and meets the needs of local citizens.

The Council has a strong reputation as a leader in the field of local government procurement, evidenced through the award of Beacon Status for “*Delivery of Quality Services through Procurement*” in 2006 and the LGC Procurement Award in 2005. We have an ambitious plan to fulfil at a local level, and procurement will have a fundamental role to play in supporting its delivery.

Additionally, there are a number of national priorities we will need to address, stemming from the Transformational Government agenda, the Local Government white paper ‘[Strong & Prosperous Communities](#)’, the Sustainable Procurement report ‘[Procuring the Future](#)’, the [Varney Report](#), and the [Lyons Review](#). In all of these, procurement is recognised at a national level as playing a critical role in the enhancement and delivery of public services and community development for the future.

In keeping with the ambition of the Council and the emphasis placed on procurement by the government, this procurement strategy sets high standards for Cambridgeshire County Council. Delivery will require commitment, action and buy-in from members, staff and suppliers if Cambridgeshire’s citizens are to receive high quality, cost effective services. The way we procure goods, services and works will change as we consider how we will accomplish the council’s priorities and commitment to excellent service delivery whilst meeting the national agenda.

## **Cambridgeshire County Council's Vision and Values**

### ***To achieve a robust local economy supporting safe, healthy and socially inclusive communities within a sustainable environment***

The Core Values of Cambridgeshire County Council are fundamental to the planning and delivery of all services. These values guide both our relationships with the Community and our activities as a major employer. While aiming for continuity in our values, we need to continually reconsider how we apply these values to our current procurement activities.

<u>Customer Focus</u>	Putting the customer at the heart of everything we do.
<u>Partnership</u>	Improving services by pulling in the same direction with our partners
<u>Accountability</u>	Being open and accessible and encouraging the public to participate
<u>Value For Money</u>	Achieving good or excellent services while spending public money wisely
<u>Equity</u>	Serving all our communities well and making sure services are accessible and fairly allocated to all.

*"We will raise the educational performance for all young people, helping children to achieve their highest possible levels of attainment and provide all children and young people with a wide range of opportunities.*

*We aim for high-quality services for vulnerable people with more focus on community-based support, to promote independence. By assisting children, young people and their families today, we will help to prevent problems in the future. We will safeguard vulnerable adults and children in our communities. We will work to promote independence for older people and sustain their quality of life.*

*We will work to enable economic growth, but not at the expense of the environment, and to make sure that our new and existing settlements have the facilities, transport links and environment they need. We need to make certain that the infrastructure is in place to support the continuing success and growth of the knowledge-based economy.*

*We want both rural and urban areas of the county to be as prosperous and inclusive as they can be, achieving safer communities with less substance misuse and fear of crime. We want our services to support Cambridgeshire's communities and improve the quality of life."*

Cambridgeshire County Council Corporate Plan 2006-2009

## **Procurement Vision and Principles**

***To secure demonstrable value for money from the contracts we let, supporting delivery of innovative, cost effective and high quality services to the people of Cambridgeshire, meeting the highest standards of legal and procurement practice and undertaking such activities in the most efficient manner possible.***

Procurement can be defined as the process of obtaining supplies, services or construction works from the initial definition of the business need through the life cycle of the asset or service contract, to the end of its useful life. This encompasses contract management as well as the process leading up to signing a contract.

As a local authority, Cambridgeshire County Council has a 'Duty of Best Value' requirement to meet. Best Value means local authorities must aim to continually improve the 'Economy', 'Efficiency' and 'Effectiveness' of their services. CCC recognises that different models and approaches will be required for the very different and divergent services that the Council has responsibility for.

There are a number of principles which should be embodied at all stages throughout the process in order to deliver Best Value:

### **Competition**

Use of a degree of advertising appropriate to the scale and value of the contract to attract and include a reasonable number of suppliers and ensure that Council is able to drive improvements in quality and reductions in cost.

### **Equal Treatment and Fairness**

Suppliers should be treated in a fair and equal manner to enable them to bid on a level playing field, with having access to the relevant and necessary information.

### **Non-discrimination**

Ensuring that no supplier, person or entity shall be excluded from the opportunity to supply the Council through restrictions due to nationality.

### **Transparency and Openness**

Demonstrating that procurement processes are conducted in a way that is fair and competitive, with all relevant non-commercial information being shared openly and in a timely manner.

### **Value for Money**

Balancing the appropriate degree of quality and scope of requirements with the whole-life cost of the goods, services or works, to meet customer needs at an acceptable price.

## **About this Strategy**

This document is not a set of regulations, procedures or policies; rather it sets out our anticipated view of the future and highlights the areas we intend to focus on in preparing for it. The Council's *Contract Regulations* and *Procurement Policies* address the rules and processes to be followed, and guidance and templates are available to support staff in meeting their procurement responsibilities.

Further information, advice and support can be obtained from the SPCM service.

## Procurement Business Drivers and Trends – the shape of the future

Drivers...	...creating Trends
Growing demand and falling funding levels necessitating increased <b>Efficiency &amp; Effectiveness</b> in our use of resources...	... leading to increased <b>collaboration</b> , creation of <b>Shared Services</b> in transactional and professional services across the organisation, and moves to <b>standardisation</b> of requirements, purchases, processes and documentation.
Increased levels of <b>challenge</b> and requirement for <b>competition</b> in procurement in <b>compliance</b> with legislation and regulations...	... leading to greater <b>enforcement</b> of policy and <b>centralisation</b> of 'corporate' activities and procurement.
Requirements for <b>evidence of continuous performance improvement</b> through inspections, audits, spending reviews and national procurement targets...	... prioritising and adequately resourcing <b>contract management</b> as a mechanism for ensuring value for money is consistently delivered and that demonstrable <b>continuous performance improvement</b> becomes a core requirement of all contracts.
The importance of <b>competitive markets</b> and <b>variety</b> of service provision options in supporting value for money and choice for customers...	... driving an increased focus on <b>market stimulation</b> and <b>supply chain</b> management to ensure a <b>sustainable mix</b> of suppliers from all sectors in the long and short term.
Changes in <b>customer demographics, expectations and complexity of requirements</b> (particularly for vulnerable customers) highlighting the need to <b>mitigate and manage risk</b> to ensure continuity of quality service delivery to customers...	... leading to <b>challenge to the traditional assumptions</b> of service provision and 'Make or buy?' decisions and use of <b>robust</b> business cases and options appraisals to <b>stimulate innovation and improvement</b> when selecting in-house or outsourcing of service provision and ensure <b>long-term consequences</b> of decisions are considered and addressed.
Developments in <b>Technology</b> and extension of its use in service delivery to <b>mobile working</b> and <b>automation</b> of transactions...	... reducing the effect of <b>geographical limitations</b> , aiding <b>process efficiency</b> and supporting the extension of <b>collaboration</b> opportunities from a sub-regional to an (inter)national level.
Mounting emphasis on the importance of <b>sustainability</b> of communities and reducing <b>environmental impact</b> in all activities...	... with <b>environmentally positive options</b> being taken wherever viable and a similar approach encouraged throughout the supply chain, and work with BusinessLink, Chambers of Commerce, etc to support local companies, SME's and VCS organisations to <b>develop transferable skills</b> and ability to win business.
The growing need for access to <b>experienced, trained and adaptable procurement professionals</b> with strong business skills and 'intelligent purchasers' within service delivery units to support the increase in procurement, contract management, supply chain and market development activities...	... requiring formalised approaches to <b>Skills &amp; Capacity building and management</b> in order to ensure development of <b>professionals for the future</b> and make provision of training and skill development <b>tailored to the differing roles</b> of purchasers across local government.
Greater <b>citizen involvement</b> in decisions regarding resource allocation and service provision decisions...	... <b>reducing the autonomy</b> of service delivery units and requiring <b>balancing of customer choice, needs and expectations</b> .

## **Priority areas and Strategic Objectives for procurement**

From these themes there are a number of priority areas that the Council will need to address over the next 7 years. These can be grouped into six areas:

- ◉ Contract Management and Value for Money
- ◉ Environmental, Social and Sustainability
- ◉ Leadership, Skills Development and Capacity Building
- ◉ Partnerships, Collaboration and Relationship Management
- ◉ Regulatory, Governance and Risk Management
- ◉ Technology & Efficiency

## Contract Management & VfM

As an organisation spending public money, achieving and demonstrating value for money and being able to demonstrate it are essential. The resources we have must be used in the most effective manner to provide high quality services to those who need them. There are examples where across the authority we spend significant sums with a single company or on a particular type of service, works, or supplies – and yet our contract management arrangements are fragmented. Aggregation of supply and contract management, and an increased emphasis on performance management and continuous improvement will be necessary, as will exploration of opportunities to improve Value for Money through standardisation of provision.

### Objectives

- ▶ To improve our market intelligence gathering, and use it to develop competitive markets from which to purchase.
- ▶ To stimulate competition in securing delivery of all externally provided services.
- ▶ To secure commitment to achieving efficient and effective procurement and continuous improvement in contract performance from Members, Senior Managers and officers.
- ▶ To manage our contracts to deliver continuous improvement in performance and value for money throughout their lifetimes.
- ▶ To prioritise customer satisfaction and choice, and ensure contracts provide sufficient flexibility and variety to support improvements in these areas.
- ▶ To develop reporting systems to provide relevant accurate and timely management information on our spend profile with external providers.

### Actions/ Targets:

#### By 2009:

- To have a contract register of all tendered Council contracts.
- All tendered contracts to have a named contract manager.
- All contract managers to regularly seek and act on customer feedback.
- To develop a performance framework to support contract managers in delivering and demonstrating continuous improvement from contracts valued >EU threshold.
- All grant-funded Service Level Agreements (SLAs) and similar arrangements to be identified and performance improvement mechanisms reviewed and incorporated.
- All contract managers to regularly seek and act on customer feedback on opportunities for improvements in quality or satisfaction through changes to delivery or management arrangements.

#### By 2011:

- To have in place corporate framework or call-off contracts for 95% of common areas of need where total value exceeds the EU thresholds.
- All externally-delivered services to be subjected to competition and formal contractual arrangements.
- To develop and implement a performance framework to support contract managers in delivering and demonstrating continuous improvement from all contracts on the contract register.
- All contract managers to regularly seek and act on supplier feedback on opportunities for improvements in VfM through changes to delivery or management arrangements.
- All grant-funded Service Level Agreements (SLAs) and similar arrangements to be subject to competitive processes and formal contractual arrangements.

## Environmental, Social & Sustainability

There are many areas that can be influenced through procurement activity, and the Council has a responsibility to consider the impact being made by its choices. Such considerations may include:

- sustainable consumption and production;
- protecting natural resources, creating sustainable communities and a natural world;
- addressing climate change and energy sources; and
- creating opportunities to eliminate discrimination, promote equality of opportunity and promote good race relations.

*'Sustainable procurement should consider the environmental, social and economic consequences of: design; non-renewable material use; manufacture and production methods; logistics; service delivery; use; operation; maintenance; reuse; recycling options; disposal; and suppliers' capabilities to address these consequences throughout the supply chain.'*

Procuring the Future: Sustainable Procurement Action Plan.

The Council is committed to a mixed economy because it believes that services should be delivered by the organisation whether public, private or voluntary that best meets our standards. Procurement activity will be structured to achieve a good market response and selection of service delivery options that provide value for money and meet the current and future needs of local people.

### Objectives

- ▶ To increase the efficiency with which the Council uses resources. (*CCC Environment Strategy, 2007-2010*)
- ▶ To include environmental considerations in funding, contract policy and purchasing decisions. (*CCC Environment Strategy, 2007-2010*)
- ▶ To ensure that the principles of sustainability, economic development and equality are promoted and addressed, as appropriate, in all procurement and contracting activities.
- ▶ To ensure that Council procedures do not exclude any company - whether small to medium size enterprise (SMEs), voluntary or community sector (VCS), or otherwise - from the opportunity to bid for Council business.

### Actions/ Targets

By 2009:

- Review and develop the Council's environmental purchasing guidelines.
- Addressing environmental issues throughout the tender process and in the delivery and design of contracts and suppliers.
- Reviewing the Council's present approach to resource use and in particular procurement and consumption of energy and utilities.

By 2011:

- Ensure the needs of different communities are identified and incorporated when assessing the business need for the contract, in writing specifications, evaluating tenders and throughout the delivery of the contract.
- Provide guidance and support to local organisations on "Selling to local government" to build capacity and transferable skills to aid companies to win business.

## **Leadership, Skill development & Capacity building**

Delivering improvements in procurement practices and in service delivery through procurement required clear direction and prioritisation at a senior level; it necessitates the development of staff involved, to ensure they are able to address changes; and it requires sufficient resource to be allocated to achieving this. The skills required are wider than a basic knowledge of contracts – project management, performance management, change management, contract and relationship management, are all important to success.

Clarity of roles and responsibilities of members, senior managers, and officers is important, as is accountability for actions and decisions. With such allocation of responsibility comes the need to ensure that all parties have the necessary skills and knowledge to adequately fulfil their role. Additionally, it may be possible to identify opportunities to build capacity in service delivery through the provision of procurement support within the Council.

### Objectives

- ▶ To define the various roles and responsibilities associated with procurement and contract management, and the related required skills.
- ▶ To build capacity within the Council by minimising the need for departments to undertake procurement or contract management activities whilst still providing sufficient choice to support delivery of quality services.
- ▶ To build expert or specialist skills and knowledge and develop procurement support capabilities in service delivery areas through 'category managers'.
- ▶ To develop skills and provide support to officers involved in procurement and contract management across the County Council.
- ▶ To attract, retain and motivate high-quality, skilled procurement professionals and create ongoing opportunities for development.
- ▶ To continue to support schools in developing procurement and contract management skills and capacity, and ensure that the Council's procurement principles are understood and applied.

### Actions/ Targets

By 2009:

- Cabinet and Senior Management endorsement for and active participation in delivery of this strategy.
- Publication of procurement role charts, the associated responsibilities and skills, and a training needs assessment framework.
- Procurement roles identified as part of Job Evaluation and a training needs assessment incorporated into the induction process.
- Provision of a range of training modules to support development of skills and knowledge to meet responsibilities.

By 2011:

- Establish a programme of accredited training for all staff to complete to an appropriate identified level.
- Implement Category Management and redesign procurement and contract management responsibilities around this model.

## **Partnerships, Collaboration & Relationship Management**

The Council recognises that Government has encouraged links between local authorities and other public, private and voluntary sectors as a way of providing more flexible and cost effective services, and we will seek to collaborate with external bodies to consult, share good practice, learn from experiences and develop good working relationships to enhance service provision. There is increasing pressure to involve citizens and users in developing service delivery and consult more frequently on satisfaction, to involve suppliers in designing service delivery, and to work with other public organisations to provide users with a joined up service.

### ESPO

Cambridgeshire County Council is a founder member and part owner of ESPO, which is now the largest purchasing consortium managed by Joint Committee in the UK. Other members of the consortium are Leicestershire, Norfolk, Warwickshire, and Lincolnshire County Councils and Peterborough and Leicester City Unitary Authorities. It has an annual turnover of £400m+. ESPO provides a wide range of procurement and distribution services to the Council centrally, to schools in Cambridgeshire, to other Local Authorities and to many other public sector organisations.

### Cambridgeshire Procurement Group (CPG)

The Cambridgeshire Procurement Group was established in 2003 and has all the Councils in Cambridgeshire as members. The group has an action plan to support the alignment of procurement activity across the county over the next 2 years.

### Objectives

- ▶ To create tendering opportunities that attract sufficient market interest to establish a competitive number of quality bids.
- ▶ To work with contractors and suppliers to deliver demonstrable continuous in delivery of works, services or supplies contracts.
- ▶ To manage ESPO in conjunction with the other founder members to ensure its activities reflect our needs and support our objectives.
- ▶ To consider opportunities for Shared Services in all procurement activity, and at a minimum ensure that contracts are available for use by other public bodies in the county.
- ▶ To work with suppliers to secure efficiencies within supply chains and develop sub-contracting opportunities for local companies as appropriate.

### Actions/ Targets

By 2009:

- Seek feedback on an annual basis from suppliers and customers as to the quality, delivery style, contract management and general success of the procurement and contract management activities if the Council.
- Undertaken an annual ESPO user satisfaction survey and ensure ESPO act on the feedback.

By 2011:

- Involve users in design of specifications and quality standards for new services, and engage regularly with customers to get feedback and views on service delivery to drive improvement.

## Regulatory, Governance and Risk Management

Spending public money requires high levels of probity and accountability, supported by a framework of mechanisms to ensure that standards are met. This includes scrutinising the procurement processes and monitoring the outcomes of procurement activity, and assessing and disseminating the impact of changes in legislation.

There is also a need for Member involvement at a strategic level, with a role in supporting challenge to improve quality and efficiency, promoting considered risk-taking in innovation and continuous improvement, and securing and demonstrating quality outcomes.

### Objectives

- ▶ To ensure that procurement activities reflect and support the Council's core values, and corporate aims and objectives.
- ▶ To ensure Contract Regs reflect developments in procurement legislation and EU guidance, and provide a robust framework to support the probity of Council spending.
- ▶ To structure contracts in a manner that protects the Council from extreme or adverse movements in inflation, legislation, or developments in technology.
- ▶ To monitor and take advantage of opportunities to use our Powers to Trade (Local Government Act 2003) to deliver traded services to other organisations where the risk is minimal and the return to the organisation is significant.
- ▶ To ensure that all contracts are subjected to a degree of competition and advertising sufficient to satisfy EU recommendations.
- ▶ To provide challenge to procurement decisions and practices across the Council through a combination of Peer, Scrutiny, and Gateway reviews and adoption of a Contract Performance Improvement framework.
- ▶ To protect the Council from exposure to challenge or legal action by clearly determining the accountabilities and responsibilities of officers involved in procurement activity, and monitoring and enforcing compliance with those responsibilities.

### Actions/ Targets:

#### By 2009:

- ⊙ Creation and dissemination of a set of Procurement Policies endorsed by Cabinet, to which non-compliance is a disciplinary offence.
- ⊙ Monitor spending across the Council to ensure departments purchase within the guidelines set by the Council, with any non-compliance reported to Directors for action.
- ⊙ Implement a framework for managers to assess the financial and service risks to the Council in changing providers or choosing a particular procurement route.
- ⊙ Ensure high-value, high-risk, or high-profile (integral to Council service delivery) procurement projects are completed successfully by undertaking 'Gateway' style reviews.

#### By 2011:

- ⊙ 100% of contracts are let in compliance with Council procurement regulations and policies.
- ⊙ All contracts with a duration of more than 1 year are required to demonstrate continuous improvement under the Contract Performance Improvement Framework standards.

## Technology & Efficiency

As funding continues to be tight and service needs grow, making more effective use of resources becomes essential. Efficiency requires us to achieve the same or more with less; technology will play a major role in making such changes. Achieving this will require streamlining of processes, elimination of unnecessary activity, and innovative approaches to structuring contracts and delivering services.

### Objectives

- ▶ To improve procurement process and transactional efficiency and reduce the costs associated with procuring.
- ▶ To challenge the role of procurement in and the delivery models and mechanisms for goods, works and services being procured to stimulate innovative approaches.
- ▶ To utilise technology to improve access to procurement information for customers, staff and suppliers, and to support the transparency of our processes.
- ▶ To utilise technology to stimulate competition, through advertising opportunities more widely online and exploiting reverse-auction based systems to reduce the cost of everyday goods, works and services.
- ▶ To ensure that our approach to using technology and driving efficiency does not exclude any organisation from the opportunity to bid for Council business.
- ▶ To review procurement processes and activities to fit with and support mobile and flexible working practices.

### Actions/ Targets

#### By 2009:

- Development and upgrade of eBusiness self-service purchasing module to enable staff to order directly from external or internal suppliers of goods and services.
- Development and roll out of electronic Request-for-Quotation (eRFQ) functionality, used for 95% of framework contract transactions and 80% of purchases requiring quotations.
- Development and roll out of an e-auction tool for use as part of the <EU quotation and tender processes.
- Development of a Challenge Framework to stimulate innovation in delivery structures prior to tendering.
- 70% of contracts with total value over £75,000 advertised online.
- 40% of tenders undertaken via an e-tendering system.

#### By 2011:

- Reduce the cost of transacting with suppliers by 25% of 2006 baseline.
- 70% of purchase orders raised through eBusiness suite.
- 20% of purchases made through purchase cards.
- 90% of contracts with total value over £75,000 advertised online.
- 90% of tenders undertaken via an eTendering system.