

NORTH YORKSHIRE COUNTY COUNCIL

CORPORATE PROCUREMENT STRATEGY

“Striving for excellence in procurement”

**VERSION 3
DECEMBER 2007**

CONTENTS

	<i>Page</i>
Executive Summary	2
Foreword	4
Introduction	
What is Procurement?	5
What is a Procurement Strategy?	5
Why have a Procurement Strategy?	6
Responsibility and Accountability	6
Aim and Objectives of the Strategy	
Aim	7
Objectives	7
Overall County Council Vision	7
Purpose	8
Strategic Vision for Procurement	9
Procurement Principles	
Best Value and Value for Money	10
Sustainability	11
Diversity and Equality	11
High Professional Standards and Probity	11
Management of Contracts	11
Doing Business Electronically	12
Procurement Training and Development	12
Supporting the Corporate Objectives	
Security for all	13
Growing up prepared for the future	14
Independence	14
Ensuring good access for all	15
Strengthening our economy	15
Looking after our heritage and our environment	15
Keeping in touch	15
The Procurement Process	
Procurement in the Public Sector	16
Strategic Procurement Framework and Reporting Pathways	16
Rules and Regulations	17
Competitive Procurement	17
Small Business Friendly Concordat	18
Working with Partners	18
Northern Procurement Group	19
Yorkshire Purchasing Organisation	19
Collaboration	19

EXECUTIVE SUMMARY

1. This Corporate Procurement Strategy provides a top level view of how the County Council approaches the procurement process, and how it intends to implement procurement initiatives in the future to enhance its ability to achieve Best Practice and gain Best Value for the people of North Yorkshire. This Strategy does not address the detail of how procurement is carried out; instead it highlights the key areas where procurement plays a part in helping to achieve the County Council's overarching objectives, namely:

- **Security for all** - by promoting safe, healthy and sustainable communities
- **Growing up prepared for the future** - through good education and care and protection when it is needed
- **Independence** - through employment, opportunity and appropriate support for those that need it
- **Ensuring good access for all** - with good roads and a safe and reliable transport system as well as providing new ways to interact with, and contact, the services they need
- **Strengthening our economy** - by supporting business, developing our infrastructure, investing in powerful telecommunications and helping people improve their skills
- **Looking after our heritage and our environment** - in our countryside and our towns and villages for all to enjoy
- **Keeping in touch** - by listening to your views, engaging with you to meet your needs and by letting you know what we are doing.

2. The aim of the Strategy is to signpost the way forward for the development of a high quality procurement and contract management culture that underpins and supports the achievement of the corporate objectives detailed above. In short, this Strategy is a roadmap towards continuous improvement, and to this end the following **Strategic Vision** has been developed:

To develop procurement as a management discipline to ensure that procurement activities, on a continuously improving basis, meet statutory and regulatory requirements, address the need for sustainability, encourage the local business community to bid for work, contribute to the achievement of the County Council's objectives, and obtain Best Value.

3. In drafting this Strategy the County Council has taken the core values of the *National Procurement Strategy for Local Government* to heart, and clearly demonstrate the desire of the County Council to take ownership and responsibility for its procurement activities. The County Council uses seven key procurement principles as the foundation stones upon which to build the high quality procurement and contract management culture it aspires to achieve. These key procurement principles are as follows:

- Best Value and Value for Money
 - Sustainability
 - Diversity and Equality
 - High Professional Standards and Probity
 - Management of Contracts
 - Doing Business Electronically
 - Procurement Training and Development
4. The Strategy then examines the procurement process in the public sector, focussing on the robust controls the County Council has put in place through its Strategic Procurement Framework and Reporting Pathways. It draws attention to the rules and regulations that apply when undertaking procurement, and the need for competition to achieve Best Value and drive up the quality of goods acquired and the standards of services contracted while recognising, within the boundaries of legislation, the need to support the local community and Small Medium Enterprises in the geographical area of North Yorkshire.
5. The Strategy concludes by recognising that the County Council cannot achieve its Procurement Vision by itself, and that collaboration (eg participating in the Centre of Excellence for the Yorkshire and Humber Region and working with partners such as the Yorkshire Purchasing Organisation and the Northern Procurement Group) are vital elements of its strategic approach to procurement.

FOREWORD

The Byatt report on local authority procurement, *Delivering Better Services to Citizens* (June 2001), established a comprehensive modernisation agenda for council procurement.

This was followed by the Government's *National Procurement Strategy for Local Government*, launched in October 2003 which emphasised the part that better procurement practices could play in improving the quality, delivery and cost effectiveness of local services. The Government supported ways to find more effective, prudent and innovative ways to procure services through such developments as e-procurement, sharing services and collaboration on a local, regional and national basis.

In his *Independent Review of Public Sector Efficiency* (July 2004), Sir Peter Gershon reported that local government would be expected to achieve significant efficiency gains and that better procurement practice had a major part to play in realising savings for councils.

In June 2006, the report of the Government's Sustainable Procurement Task Force, entitled *Procuring the Future*, set out an agenda for the public sector that achieved value for money but also took into account whole life costing in terms of generating benefits not only to the organisation but also to society and the economy while minimising damage to the environment.

North Yorkshire County Council has embraced all of this guidance and good practice and taken it into account when developing its current approach to procurement. The purpose of this Procurement Strategy is to clearly state how the County Council will approach the procurement of its works, goods and services to support key objectives. In particular the County Council regards effective procurement as

- crucial to providing high quality and cost effective services
- a vital element in the delivery of continuous improvement in its services.

Whilst much has been achieved over the last few years, both Members and officers are still committed to implementing further improvements in procurement practice that will bring continuing benefits to citizens and suppliers.



Carl Les
Executive Member for Corporate Affairs

December 2007

INTRODUCTION

“Procurement increasingly involves complex decisions...Having a well developed professional procurement capability with the expertise and commercial acumen to deal with these and other issues is, therefore, a key requirement...”

National Audit Office Report: Improving Procurement (2004)

What is Procurement?

1. Traditionally procurement is defined as being the whole-life cycle process of acquisition of goods, services and works from third parties, beginning when a potential requirement is identified and ending with the conclusion of a service contract or ultimate disposal of an asset. For a local authority this meaning needs to be expanded slightly and the definition given by Sir Peter Gershon is perhaps nearer the mark when he stated Procurement is:

“the whole process of acquisition from third parties (including logistical aspects) and covers goods, services and construction projects. This process spans the whole life cycle from initial concept and definition of business needs through to the end of the useful life of an asset or the end of a services contract”.

Review of Civil Procurement in Central Government, Sir Peter Gershon, 1999

What is a Procurement Strategy?

2. A Procurement Strategy should determine the best buying arrangements depending on the scale and value of the local authority's procurement expenditure. The Strategy should consider, for example, the balance between the use of collaborative purchasing arrangements, enhanced purchasing power, electronic procurement, longer term partnerships and relationships with Small to Medium Enterprises (SMEs); the reasonableness of terms secured for larger procurements; and a commitment to developing professional skills. A local authority also needs to benchmark and keep under review the cost of its procurement function to ensure that it represents value for money.
3. The starting point for better procurement is the development of a Procurement Strategy and mapping of the County Council's procurement spend by factors such as service area, type of goods and services, supplier and contracts in place. From this basis the County Council can make sure that procurement makes the maximum contribution to achieving its strategic objectives and decisions on how best to approach the market. The Strategy must therefore be aligned with the objectives of the County Council, and should reflect how procurement can contribute towards achieving those objectives.
4. This Procurement Strategy therefore takes a high level view of procurement across the whole of the organisation, and does not go into the detail of how procurement should be carried out. Further guidance is provided separately on how to implement the Strategy at a working level. Instead, this Strategy addresses how the County Council, working together with partners and other relevant bodies, will improve its procurement practices to ensure full compliance with European and UK procurement regulations and the need for

transparency, while delivering quality 'products' and achieving Best Value. It explains how good procurement can underpin and support the objectives of the County Council and helps deliver the required outputs across the county area. It considers the extent to which staff are involved in the procurement processes and the need to further develop purchasing expertise, and the role the County Council has in enabling local business and SMEs, as well as larger enterprises, to do business with the County Council.

Why have a Procurement Strategy?

5. There are numerous good reasons for having a Procurement Strategy. For the County Council the key ones are:
 - because procurement processes make a critical contribution to the quality of services delivered across the county
 - the potential gains in value are significant. The County Council's expenditure on bought-in goods, works, and services is in excess of £330m pa
 - procurement is a key management discipline and driver, which underpins control and the delivery of required outputs. This is fundamental to the Comprehensive Performance Assessment (CPA)
 - taking a corporate view of procurement helps the County Council meet its corporate objectives, particularly in relation to working with other bodies
 - to ensure that information continues to be available regarding the nature of the County Council's purchasing activities so as to enable expert resources to be engaged where they can have the most impact
 - to establish a financial and audit regime which supports best practices, and encourages movement away from the short-term approach that places lowest initial cost ahead of whole-life performance.

Responsibility and Accountability

6. The Executive holds overall responsibility and accountability for procurement within the County Council. Day to day responsibility for procurement policy, guidance and implementation of this Strategy is vested in the Corporate Director - Finance and Central Services within his role as the Management Board Procurement Champion.
7. However all County Council officers involved in procurement are accountable for their actions, and responsible for ensuring they have received adequate training to meet the procurement requirements of their role, including seeking specialist advice when required.

AIM AND OBJECTIVES OF THE STRATEGY

Aim

8. The aim of this Strategy is to lay the foundation stones on which to develop a high quality procurement and contract management culture, intrinsically linked to the achievement of corporate policies and objectives and the delivery of the Council Plan. It also plays a key role as part of the County Council's on-going response to the *National Procurement Strategy for Local Government*.

Objectives

9. The County Council's strategic objectives are defined in the Council Plan, which sets out the actions that the County Council will take to improve the quality of life for the citizens of North Yorkshire. This Procurement Strategy will seek to support the achievement of those objectives.

Overall County Council Vision

A County which provides opportunity, independence and security for all.

10. To deliver its vision for North Yorkshire the County Council has decided on seven key objectives:
 - **Security for all** - by promoting safe, healthy and sustainable communities.
 - **Growing up prepared for the future** - through good education and care and protection when it is needed.
 - **Independence** - through employment, opportunity and appropriate support for those that need it.
 - **Ensuring good access for all** - with good roads and a safe and reliable transport system as well as providing new ways to interact with, and contact, the services they need.
 - **Strengthening our economy** - by supporting business, developing our infrastructure, investing in powerful telecommunications and helping people improve their skills.
 - **Looking after our heritage and our environment** - in our countryside and our towns and villages for all to enjoy.
 - **Keeping in touch** - by listening to your views, engaging with you to meet your needs and by letting you know what we are doing.

Purpose

11. The purpose of this Strategy is to help the County Council achieve and maintain a position where it is:
- meeting the objectives laid down within the *National Procurement Strategy for Local Government*
 - achieving continuous improvement from all categories of procurement expenditure, by putting in place an appropriate Procurement Strategy and the necessary resources for implementation
 - obtaining greater value for money by collaborating with partners at local, county, national and European levels
 - successfully utilising e-commerce as part of the Council's e-government strategy
 - realising economic and social benefits for the county area through its procurement activities whilst minimising damage to the environment
 - demonstrating improvement in equality and opportunity for businesses, service users and County Council staff

STRATEGIC VISION FOR PROCUREMENT

12. The County Council will not be able to realise the full potential of procurement to improve its services without commitment from the top. This means that the Executive and the Management Board must support procurement as a strategic, corporate priority and provide political and managerial leadership. One of the key leadership tasks is to build the capacity and capability of the County Council to facilitate a modern, strategic approach to procurement. That means ensuring that a Corporate Procurement Strategy and the necessary people, processes and technology are in place and are making a difference. To this end the County Council has entered into a partnership arrangement with the Northern Procurement Group (NPG) to enhance the procurement expertise that is available within the County Council. NPG are the consultancy arm of the Dukefield Group and provide specialist public sector procurement consultancy support to the County Council covering all aspects of procurement from strategic advice to hands-on negotiation of corporate contracts.
13. It is the County Council's aim to ensure that a co-ordinated and focussed approach is adopted in all procurement activity throughout the organisation. The procurement goals of the County Council are to demonstrably meet statutory and regulatory requirements and contribute to the delivery of the Council Plan, all subject to - but not subordinate to - obtaining best value for money at all times. All the County Council's procurement activity will take cognizance of the need to consider sustainability wherever possible, and support the local community, including SMEs in accordance with the Small Business Friendly Concordat, within the boundaries of procurement legislation.
14. In support of continuous improvement the following **Strategic Vision** for procurement has been developed:

To develop procurement as a management discipline to ensure that procurement activities, on a continuously improving basis, meet statutory and regulatory requirements, address the need for sustainability, encourage the local business community to bid for work, contribute to the achievement of the County Council's objectives, and obtain Best Value.

PROCUREMENT PRINCIPLES

15. A number of key procurement principles have been established that are intended to support the County Council's core values and strategic objectives, and the Strategic Vision for procurement. These are set out below.

Best Value and Value for Money

16. The Local Government Act 1999 introduced the concept of Best Value and made it a statutory requirement for Local Authorities, including Local Education Authorities. The objective of Best Value is to ensure that management and business practices within the public sector deliver better and more responsive public services, programmes and projects. Best Value is a key element of the Government's programme to modernise local government and other organisations within the public sector. The aim of Best Value is to ensure that publicly-funded organisations continually improve the ways that they function, having regard to economy, efficiency and effectiveness.
17. Best Value offers guidelines to all public sector bodies looking for auditable value for money when making procurement decisions. The County Council, as a responsible public sector body, embraces the principles of Best Value and encourages and supports the use of the guidelines wherever they can be suitably applied.
18. There are five key Best Value guidelines when considering options in procurement:
- balancing quality service provision against costs
 - achieving sustainable development
 - being accountable and transparent
 - ensuring equal opportunities
 - continuously improving the outcomes of the service provision
19. The County Council is committed to ensuring value for money across all services by meeting the needs of the county area in cost effective and efficient ways. To achieve best value through procurement the County Council will acquire goods, works and services through competitive tendering, encourage participation in procurement exercises by the local business community, and where appropriate, facilitate the opportunity for them to compete with the wider market. The County Council will assess contracts on the value for money they offer and award contracts as stated above on the basis of the optimum combination of whole life costs (where appropriate) and benefits to meet the County Council requirement. Whole life costs comprise all the costs to the local authority of acquiring, owning, maintaining and disposing of goods, services or works.

Sustainability

20. All procurement shall have regard to the County Council's Sustainability Policy and its commitment to integrated, sustainable development. Sustainability should be considered and adequately addressed when writing specifications, evaluating tenders and throughout the delivery of the contract. Purchasing decisions should have regard to the County Council's Sustainability Policy, and the relevant specialists should be consulted for advice and guidance as necessary.

Diversity and Equality

21. The County Council has a strong commitment to equality and diversity in both its service delivery and employment arrangements. An important part of the Council's commitment to equality and diversity is encouraging, and where possible requiring, companies and other bodies who carry out Council contracts to practice and promote equality and diversity through their working arrangements. The Council must make sure that equality and diversity considerations are integrated into the contracting process so we more effectively meet the needs of all groups within the community. To ensure that the County Council fulfils its statutory duties contractors are required to comply with all current legislation, in particular the Equal Pay Act 1970, Sex Discrimination Act 1975, Race Relations Act 1976, Disability Discrimination Act 1995, Sex Discrimination (Gender Reassignment) Regulations 1999, Employment Act 2002, Race Relations Act (Amendment) Regulations 2003, Employment Equality (Religion or Belief) Regulations 2003, Employment Equality (Sexual Orientation) Regulations 2003, Employment Equality (Age) Regulations 2006, Equality Act 2006.

High Professional Standards and Probity

22. The County Council requires that all procurement procedures should be operated in a professional manner to ensure the highest standards of probity, openness and accountability. This includes compliance with the Contract and Financial Procedure Rules, Codes of Practice and Member and Employee Codes of Conduct. All major procurement should be administered to ensure adherence to relevant UK and EU legislation. Wherever possible, terms and conditions of contract prepared by the Legal Services Unit should apply to procurements. Exceptions to this rule must be supported by robust reasons and prior approval of the Legal Services Unit must be gained before deviation from the standard form is allowed. All procurement procedures should be well documented to provide a clear audit trail.

Management of Contracts

23. All major procurement contracts should be managed as structured projects, scaled to fit the level of procurement, and incorporating the appropriate levels of control and monitoring. It is the aim of the County Council to move towards the application of a structured approach to project management to ensure the necessary controls and disciplines are in place to achieve this. The County Council recognises that effective project management of contracts is essential to achieve the completion of service delivery on time, within budget and in accordance with the specification.

24. The implementation of effective and efficient contract management through detailed administration, accurate and competent contract monitoring and full reporting are an essential part of the role of the Project/Contract Manager, fully supported by a defined Procurement Team.

Doing Business Electronically

25. The County Council recognises that appropriate e-procurement solutions can produce long term efficiencies in the procurement process and reduce transaction costs to the benefit of the County Council and suppliers themselves. In collaboration with other Councils in the Yorkshire & Humber region, the County Council has implemented a fully functional e-tendering and contract management system. In support of this and in recognition of the need to encourage SME involvement to fully realise the lower costs, innovation and improved services they may bring, the County Council will pay particular attention to assisting with the removal of any barriers to SMEs participating in e-business.

Procurement Training and Development

26. The County Council understands that effective delivery of procurement requires that staff engaged in the process are suitably qualified and trained for the purpose. As required, training will be made available which ranges from knowledge of basic procurement processes to formal procurement qualifications. Access to e-learning courses will be provided where appropriate.

SUPPORTING THE CORPORATE OBJECTIVES

27. The County Council needs to purchase goods, services and works of the right quality, at the most cost effective price, in the most economic quantities, and ensure that they are available when needed. These goods and services can either be generic, in support of the day to day activities of the organisation, or more often they will take the form of specific projects, major assets, or services required to contribute towards the attainment of one or more of the County Council's policy goals. Failure to meet any of these requirements can seriously affect the County Council's ability to meet its own overarching objectives and outputs and ultimately to deliver on its promises to citizens across the County, and to Central Government. Procurement is, therefore, strategically important to the County Council.
28. Meeting the Corporate Objectives is crucial to achieving the delivery of the overall County Council Vision (see **paragraph 10**). Wherever possible procurement should play a role in helping to deliver these objectives. This section of the Procurement Strategy identifies how each objective is supported by procurement, and outlines how that role will be achieved. The objectives have been defined as:
- **Security for all** - by promoting safe, healthy and sustainable communities
 - **Growing up prepared for the future** - through good education and care and protection when it is needed
 - **Independence** - through employment, opportunity and appropriate support for those that need it
 - **Ensuring good access for all** - with good roads and a safe and reliable transport system as well as providing new ways to interact with, and contact, the services they need
 - **Strengthening our economy** - by supporting business, developing our infrastructure, investing in powerful telecommunications and helping people improve their skills
 - **Looking after our heritage and our environment** - in our countryside and our towns and villages for all to enjoy
 - **Keeping in touch** - by listening to your views, and engaging with you to meet your needs and by letting you know what we are doing.

Security for all

29. The County Council is committed to inclusive consultation with all stakeholders in order to promote a strong and sustainable local economy without damaging the environment.
30. By providing high quality information and advice (including information on its website), the County Council will ensure local businesses, small and medium-

sized enterprises, social enterprises and voluntary and community organisations have an equal opportunity to win and retain public contracts. The County Council will seek to remove obstacles to conducting business, and particularly in the case of local business, will encourage participation in tendering.

31. During the procurement process direct reference will be made to the County Council's Sustainability Policy. Furthermore, the County Council will seek to minimise the environmental impact of purchases of goods, services and works where appropriate, and will work with suppliers and contractors to minimise the environmental and social impacts of its supply chain. Where applicable, the County Council's application of Best Value criteria for procurement will take health and safety and sustainability factors into account when assessing tenders.

Growing up prepared for the future

32. The County Council and its schools achieve high levels of performance and are striving to make improvements from limited resources. Consequently, effective procurement is essential and improvements in procurement are a priority. Improvements in procurement will assist in the achievement of Efficiency Review gains for both the County Council (as LEA) and schools. The development of the Children and Young People's Service will rely heavily upon effective commissioning and procurement of services.
33. The County Council's policies are aimed at both improving its own direct procurement and commissioning and promoting similar improvements in County Council services used by schools including transport, energy and construction.
34. Whilst schools are autonomous in relation to procurement the County Council will continue to develop its support for schools on procurement including achieving the 'right mix' of contracts arranged for schools, provision of advice, monitoring and promoting the use of consortia. These activities are designed not only to encourage schools to be discerning purchasers but also, when advantageous, to take advantage of collective procurements now being arranged nationally and (sub) regionally.

Independence

35. The County Council represents a major source of spending power for the local economy and is a major employer across the county. The County Council offers significant opportunities through a vast number of procurement contracts ranging from partnerships and joint ventures to simple supplier relationships. Our robust procurement procedures, including competitive tendering processes will drive up the overall competitiveness and efficiency of firms seeking to do business with the County Council, making them more competitive in the market at large. By introducing rigour and discipline into our procurement processes we will set the standards and lead the way for our partners, contractors and suppliers to adopt similar procedures thus strengthening their own market positions and independence.

Ensuring good access for all

36. Good roads and transport systems rely on professional operators to run them and skilled engineers and contractors to maintain them. The procurement process is used to select and contract the teams with the right combination of skills at the most competitive rates to ensure the County Council receives the best level of service, enabling it to deliver a quality product to the people it serves.
37. The conduct of business through electronic means, including e-tendering, on-line ordering and e-invoicing will be encouraged by the County Council. It is recognised that this approach may present difficulties for some procurement exercises and therefore alternative means of doing business will always be considered.

Strengthening our economy

38. Wherever permissible the County Council will encourage local enterprises to compete for its contracts, offering the opportunity for revenue to be recycled within the county area. However, it is incumbent upon the County Council to comply with EU legislation when undertaking procurement exercises that exceed EU set contractual value limits. This means that high value tenders must be advertised in the Official Journal of the European Union (OJEU) to ensure equality of opportunity throughout the EU. It is emphasised that this does not preclude local contractors from bidding.

Looking after our heritage and our environment

39. The County Council will minimise the environmental impact of its purchases of goods and services where appropriate. The County Council will work with suppliers and contractors to minimise the environmental and social impacts of its supply chain.

Keeping in touch

40. Throughout the whole of the procurement process the County Council will operate in as transparent a manner as commercially possible. After a competitive tender process feedback will be given in writing to the unsuccessful bidders whenever requested to do so. Two way communication is an essential element of procurement, from communicating opportunities to potential bidders, through negotiation of contracts, to the management of the successful delivery of requirements.

THE PROCUREMENT PROCESS

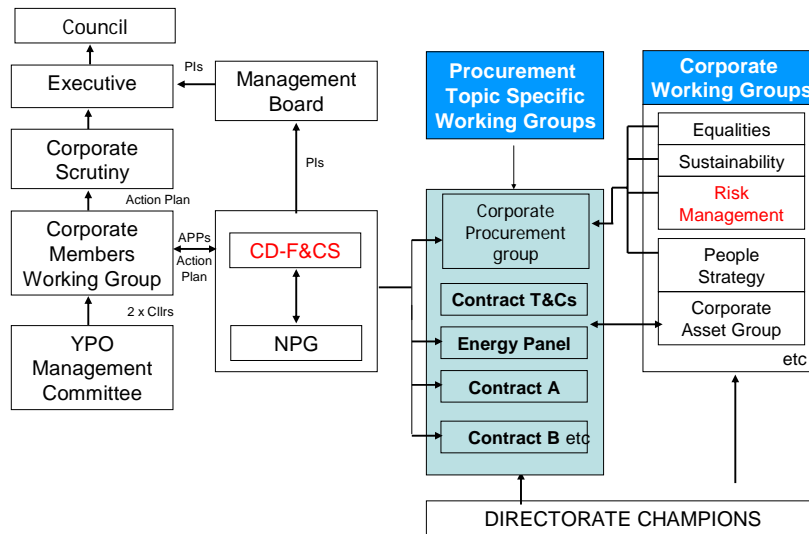
Procurement in the Public Sector

41. In June 2001 *Delivering Better Services for Citizens – a review of local government procurement in England* (also known as the *Byatt Report*) was published by the Government. This report denoted a step change in how procurement should be undertaken in the public sector. The recommendations included:
- the need for a high profile and strongly staffed procurement function
 - procurement experts should guide any delegation of individual procurement to officers in service areas
 - robust and clear procedures should be set out for appraising and implementing large and complex contracts
 - training in procurement and project management skills is required at all levels
42. In July 2002, the Government and Local Government Association issued a response to the *Byatt Report* fully endorsing its recommendations and urged public sector bodies to adopt them. This was followed up in 2003 when the Government published its *National Procurement Strategy for Local Government*.
43. This Strategy encapsulates how the County Council goes about its procurement business, and this Section addresses the overarching approach that is to be adopted in all procurement activities.

Strategic Procurement Framework and Reporting Pathways

44. In order to establish strategic oversight and the appropriate controls of the procurement process, the County Council has established a **Strategic Procurement Framework** that extends from individual Procurement Champions up to the Management Board and Executive. It illustrates how responsibility is cascaded down from the Executive and Management Board, and how communication is cascaded back up to them through a series of predefined and networked reporting pathways that allow procurement and procurement related issues to be addressed at the appropriate level. The Framework shows how Procurement Champions have been established within Directorates to act as focal points to capture procurement issues as and when they arise, and how those issues can be elevated through a number of specific procurement Working Groups to ensure they are actively dealt with. The Framework also illustrates the relationship between the various responsible sectors within the County Council, and how issues can be captured at grass roots working level and be raised to the appropriate level for them to be successfully resolved. The Strategic Procurement Framework is illustrated below in diagrammatic form.

Strategic Procurement Framework



Rules and Regulations

45. The County Council is subject to EU and UK law regarding procurement. Clear guidance is provided in the Procurement Manual, the Contract and Financial Procedure Rules, the Members' Code of Conduct and the Employees Code of Conduct. Any procurement activity must comply with both the Contract and Financial Procedure Rules in force, and guidance must be sought from an appropriate source whenever uncertainty exists. It is incumbent upon all County Council officers involved in procurement to ensure they meet all compliance requirements in order to ensure probity.

Competitive Procurement

46. It is expected that all goods, works and services which are to be sourced externally, will be acquired as the result of competition unless there are compelling reasons to the contrary. The framework of rules for procurement are those determined by EU and UK law and those set out within Contract Procedure Rules, in that order of precedence. The application and effect of the latter will be reviewed regularly as will the advice contained in the County Council's Procurement Manual. Key to the achievement of Best Value is the use of competition to drive down prices and drive up quality and levels of service. Contracts will usually be awarded to the provider offering the most economically advantageous balance of quality and cost. The following are considered essential elements of competition:

- performance standards and monitoring strategies
- cost information properly identified and collected
- encouragement of innovation
- protection of the County Council's policy objectives with due regard to sustainability, equality etc

- probity, accountability and competitive neutrality
 - the responsibilities and accountabilities of all parties must be explicit
 - maintenance of good practice guidance in tendering, contract formulation and compliance with Financial Procedure Rules
47. A balance must be struck between being over prescriptive and too flexible. The Contract Procedure Rules dictate the levels at which different tendering procedures must be utilised. However the selection of *any* purchasing source must be justifiable in the interests of probity and value for money, even though formal tendering may not be required. In these instances tangible evidence such as comparable quotes from different suppliers must be provided to confirm best value has been achieved.

Small Business Friendly Concordat

48. The Small Business (SME) Friendly Concordat is a voluntary, non-statutory code of practice, the purpose of which is to set out what small firms and others supplying Local Government can expect when tendering for Local Authority contracts. Its aim is to help ensure that all contacting authorities take the necessary steps to make certain that suppliers of all kinds are treated equally. The County Council has signed up to the Concordat and will actively support its objectives.

Working with Partners

49. The County Council acknowledges the importance of partnerships in delivering Best Value – partnership with the private and voluntary sectors, partnership with other public bodies acting locally, and partnership with central government itself. The process of carrying out fundamental performance and/or best value reviews should foster an open and constructive dialogue with all those involved or who may have something to offer – be it from within the local authority itself, or through partnership arrangements with the private and/or voluntary sectors.
50. One demonstration of the County Council's partnership working is the Compact we have entered into with the Third Sector. The Compact is a written agreement between the Voluntary and Community Sector and the public authorities in North Yorkshire detailing how they will work together for mutual advantage and for the benefit of communities. There are a number of Codes of Practice including one addressing funding and procurement. The County Council works to this which sets out five key principles of transparency, accountability, targeting, consistency and proportionality and the undertakings of both the voluntary and community sector and the County Council to best meet the needs of the community.
51. The County Council will encourage the development of new methods or approaches to procurement that will deliver services more efficiently, effectively, economically and take into account whole-life costs to meet the needs of the County Council.

Northern Procurement Group

52. The Northern Procurement Group (NPG) is the consultancy arm of a group of specialist procurement companies currently operating with a wealth of knowledge and hands-on experience in the Public, Educational and Commercial Sectors. The County Council has entered into a long term partnering relationship with NPG for the provision of strategic consultancy support to their procurement function. The range of services provided by NPG is further enhanced by their ability to call upon a wide range of expertise currently operating in the public sector market.

Yorkshire Purchasing Organisation

53. The County Council is a founder member of the Yorkshire Purchasing Organisation (YPO) consortium. As such the County Council contributes to the management of the consortium which is made up of Members from each participating local authority. The two Members who represent the County Council report back to the Corporate Procurement Members' Working Group and the Corporate Director – Financial Services about strategic issues which affect the County Council's membership of YPO.

Collaboration

54. The County Council recognises the benefits, economies of scale and wealth of advice and experience that suitable collaboration can bring, and will actively explore and encourage collaborative procurement and collaborative procurement arrangements where it is in the best interests of the organisation to do so. To this end the County Council is actively collaborating with the Centre of Excellence for the Yorkshire and Humber Region on Best Practice issues within procurement.

NORTH YORKSHIRE COUNTY COUNCIL

CORPORATE PROCUREMENT STRATEGY - IMPLEMENTATION PLAN

**VERSION 3
DECEMBER 2007**

CONTENTS

	<i>Page</i>
Introduction	2
Implementation Mechanisms	
Strategic Procurement Framework	2
The Executive	3
Corporate Scrutiny	4
Corporate Procurement Members' Working Group	4
Management Board	4
Corporate Directors	4
Northern Procurement Group	5
Corporate Procurement Group	6
Corporate Working Groups	6
Procurement Champions	7
Yorkshire Purchasing Organisation	7
External Procurement Organisations and Bodies	
Regional Centre of Excellence	8
The Office of Government Commerce	8
OGC Buying Solutions	9
National Procurement Strategy Requirements	
Providing Leadership and Building Capacity	10
Partnering and Collaboration	10
Doing Business Electronically	10
Stimulating Markets and Achieving Community Benefits	10
Using Procurement to target National Procurement Strategy Requirements and help achieve our Objectives	
Providing Leadership and Building Capacity	11
Partnering and Collaboration	11
Doing Business Electronically	12
Stimulating Markets and achieving Community benefits	13
Enabling Tools	
Corporate Contracts Register	15
Annual Procurement Plans	15
Spend Analysis	
- methodology	16
- categories	17
Implications	18

Introduction

1. This Implementation Plan addresses how the Corporate Procurement Strategy will be pragmatically achieved. In order to do this the Plan details the mechanisms put in place internally across the County Council, the external procurement organisations and bodies the County Council interfaces with, and the national initiatives and targets the County Council is aspiring to meet. It then specifies the functional manner in which procurement will help the County Council achieve each of the strategic objectives outlined in the Council Plan.
2. The successful implementation of the Corporate Procurement Strategy will be measured through how well we adhere to the seven procurement principles outlined within the Strategy itself, and how well the procurement process assists ultimately in the achievement of the County Council's objectives. This Implementation Plan presents the detailed manner in which procurement will contribute towards this overall achievement.

Implementation Mechanisms

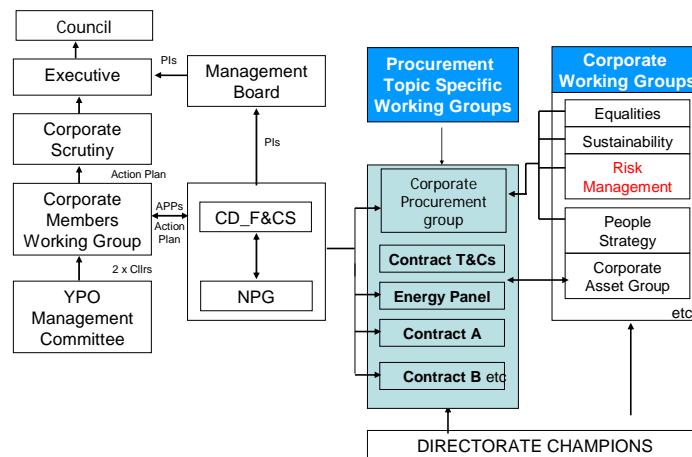
Strategic Procurement Framework

3. While it remains the responsibility of all County Council staff to ensure that the objectives outlined in the Corporate Procurement Strategy are being implemented, the main mechanism for overseeing the implementation process will be the **Strategic Procurement Framework**. Initially established in order to provide strategic oversight and appropriate controls of the procurement process, it now provides a rigorous structure through which to drive the implementation of the Corporate Procurement Strategy.
4. The Strategic Procurement Framework provides a two-way communication and responsibility infrastructure, extending from individual Procurement Champions up to the Management Board and Executive, and back down again. It demonstrates how responsibility is cascaded down from the Executive and Management Board, and how information is fed back up to them through a series of pre-defined and networked reporting pathways that allow procurement and procurement related issues to be addressed at the appropriate level. The Framework shows how Procurement Champions have been established within each Directorate to act as focal points to capture procurement issues as and when they arise, and how those issues can be elevated through a number of specific procurement Working Groups to ensure they are actively and effectively dealt with. The Framework also illustrates the relationship between the various responsible sectors within the County

Council, and how issues can be captured at grass roots working level and be raised to the appropriate level for them to be successfully resolved. Most importantly of all, the Strategic Procurement Framework provides a means by which ownership of issues can be allocated and progress monitored to ensure they are actively pursued and resolved.

5. The two key enabling tools that underpin the Framework are the **Corporate Contracts Register (CCR)** and the **Annual Procurement Plans (APPs)** that are maintained by all Directorates. The CCR provides an essential nucleus and definitive source of current contract information, and will ultimately play a proactive role in assisting contract managers with automatic update and review notices. APPs enable Directorates to forward plan their procurement activities and allocate staff resources to prioritised procurement areas. They also provide the means for a strategic overview that can be analysed for efficiency and targeted procurement expertise.
6. The Strategic Procurement Framework is illustrated below in diagrammatic form, and individual elements are thereafter explained in detail:

Strategic Procurement Framework



The Executive

7. The Executive has overall responsibility at Member level for procurement. Procurement falls within the remit of the Executive Member for Corporate Affairs.

Corporate Scrutiny

8. Members will assess and review the effectiveness of the procurement processes through the Corporate Affairs Overview and Scrutiny Committee.

Corporate Procurement Members' Working Group

9. Chaired by the Executive Member for Corporate Affairs and involving Members from a number of Overview and Scrutiny Committees, as well as key officers, this Working Group maintains a close watch on progress with the implementation of the Procurement Strategy and its associated policies and planned activities.

Management Board

10. Management Board is responsible, at the highest level, for the management of procurement and the Corporate Director - Finance and Central Services has the lead role on Management Board for all procurement activities.

Corporate Directors

11. The Corporate Director - Finance and Central Services has overall responsibility for ensuring the implementation of the Procurement Strategy.
12. However all Corporate Directors have responsibility for procurement within the remit of their functions as described in the Council's Scheme of Delegation to Officers, namely
 - the procurement of all goods, services and works will lie with each Corporate Director, dependent upon the Scheme of Delegation and associated Contract and Financial Procedure Rules
 - Directorates should act corporately in planning and carrying out procurements, drawing on existing experience and expertise
 - the Corporate Director - Finance and Central Services shall, given his overall responsibility for the Procurement Strategy, seek to establish corporate contracts for all commonly used goods, services and works
 - all other Corporate Directors shall, in the first instance, endeavour to utilise corporate contracts for the procurement of goods, services and works wherever possible

- every procurement action which results in a legally binding agreement will be managed and led by an appropriately skilled officer throughout the procurement process and during the life of the subsequent arrangement

Northern Procurement Group

13. The Council has externalised its central and strategic procurement functions to the Dukefield Group who meet this commitment through the provision of the services by the Northern Procurement Group (NPG). NPG are a team of expert procurement consultants who act as purchasing agents and procurement partners to the County Council. Their role is wide ranging and covers all aspects of procurement and contract management with the aim of assisting the County Council in complying with relevant EU and UK procurement legislation while utilising procurement best practice to ensure delivery of Best Value. As well as helping the County Council to stay in line with the National Procurement Strategy requirements, their role is also :-

- to provide strategic procurement advice to the County Council
- to provide specific procurement advice to procurement officers within Directorates
- to provide specific contract advice in relation to corporate contracts
- to provide guidance and direct assistance to ensure compliance with EU procurement rules
- to carry out tendering exercises on behalf of the County Council or its Directorates as directed
- to undertake contract negotiations on behalf of the County Council
- to provide contract management of corporate contracts where appropriate
- to provide advice and guidance on conducting corporate contract management
- to provide training in procurement if required

Corporate Procurement Group

14. The Corporate Procurement Group (CPG) is made up of officers with specific procurement, contract and audit expertise and the Procurement Champions from each Directorate. The tasks of this group include:-
- to facilitate the delivery of the Corporate Procurement Strategy
 - to provide guidance on legal, financial, commercial and policy issues affecting procurement
 - to consider procurement issues and projects, including but not limited to:-
 - ➔ the review and implementation of Contract and Financial Procedure Rules
 - ➔ the review of the Procurement Manual
 - ➔ consideration of specific procurement issues, including but not limited to, EU regulations, Government procurement initiatives, best practice and efficiency schemes
 - ➔ the conduct of regular training events for procurement officers

Corporate Working Groups

15. The County Council has a number of corporate working groups whose work has implications for procurement. These groups provide expertise to the CPG which, in turn, communicates relevant information back to the groups. Examples of the areas covered are:
- equalities
 - sustainability and environmental issues
 - Corporate Asset Group which deals with property and energy management
 - People Strategy Group which deals with human resource issues
 - Risk Management Group

These areas may change or be added to as circumstances dictate.

Procurement Champions

16. Each Directorate has nominated a Procurement Champion who is responsible for:-
- representing their Directorate in procurement matters
 - communicating procurement policies and initiatives to senior staff within their Directorate
 - preparation and presentation of the Annual Procurement Plans
 - overall Directorate contribution to the accuracy and maintenance of the relevant entries in the Corporate Contracts Register
 - assisting with the identification of training needs and the implementation of training plans

Yorkshire Purchasing Organisation

17. As a founder member of the Yorkshire Purchasing Organisation (YPO) consortium the County Council contributes to the management of the consortium which is made up of Members from each participating local authority. The two Members who represent the County Council report back to the Corporate Procurement Members' Working Group and the Corporate Director – Finance and Central Services about strategic issues which affect the County Council's membership of YPO. The trading relationship with YPO is covered later in this document (**see paragraph 31**).

External Procurement Organisations and Bodies

Regional Centre of Excellence

18. The Office of the Deputy Prime Minister's (ODPM) *National Procurement Strategy for Local Government* contained proposals for the establishment of regional Centres of Procurement Excellence (CoPE); these were successfully established in 2004. Subsequently the CoPEs had their role broadened to encompass the wider efficiency agenda, and were re-named Regional Centres of Excellence (RCOE).
19. Crucial to the effectiveness of an RCOE is the active support of a majority of councils in a region and the ability of the Centre to draw on the experience of successful and innovative procurement and partnership working in a number of leading councils.
20. The County Council actively participates in the RCOE for the Yorkshire and Humber Region based in Leeds and participates in meetings of the northern sub region. The sub-region covers the County Council, the seven District Councils, and the City of York Council. North Yorkshire Police, the Fire and Rescue Authority and both of the National Park Authorities have also been invited to participate. The Office of Government Commerce

The Office of Government Commerce

21. The Office of Government Commerce (OGC) is an independent Office of the Treasury reporting to the Chief Secretary to the Treasury. It is responsible for a wide-ranging programme which focuses on improving the efficiency and effectiveness of central civil government procurement and the wider public sector.
22. In addition, OGC has an important role in developing and promoting private sector involvement across the public sector. OGC also has a key role in assisting departments with project and programme management. Departmental Centres of Excellence will become central points for embedding project and programme management best practice across Government.
23. The County Council will refer to the advice and guidance of OGC as appropriate to ensure our efforts are harmonised with those of the Government and that we are realising procurement best practice at every opportunity. The County Council will also utilise OGC recognised standards and benchmarks where applicable in order to cross reference, measure and capture efficiency savings wherever possible.

OGC Buying Solutions

24. OGC's Agency, OGCBuying.solutions operates as an executive agency and a trading fund and reports to the OGC's Chief Executive. The Agency's role is to assist OGC to deliver value for money gains for UK central civil government and also for the rest of the UK public sector. It has a strategy to work more closely with customers to maximise the buying power of government where this provides improved value for money.
25. The Agency helps customers achieve major savings through the provision of a comprehensive range of products and services that have been through a rigorous competitive tendering process and quality evaluation. It aims to make the procurement process as efficient and effective as possible by offering value for money, fitness for purpose and compliance. It delivers its services in the fastest most appropriate way possible by making optimum use of technology. It provides a platform for suppliers, which allows customers to order products and services online through several catalogues.
26. Through utilising the services and benchmarks of OGCBuying solutions the County Council can reference nationally agreed standards as a minimum, and endeavour to better them through focused procurement effort.

National Procurement Strategy Requirements

27. The ODPM identified a number of key milestones in the *National Procurement Strategy for Local Government*. These are grouped under the following headings:

Providing Leadership and Building Capacity

The strategic objective is that there should be a commitment from the top of each council (leader, chief executive, procurement champion) to procurement excellence by managing it strategically and resourcing it adequately

Partnering and Collaboration

The strategic objective of partnering is the delivery of better services to citizens through the creation of sustainable partnerships between councils and suppliers in the public, private, social enterprise and voluntary sectors for the delivery of services and the carrying out of major projects, including construction.

The strategic objective of collaboration is to obtain better value by bringing councils and other public bodies together at local, regional and national levels to combine their buying power and create shared services.

Doing Business Electronically

The strategic objectives are:

- to achieve efficiencies in the procure-to-pay cycle including reduction in cycle time and reduction in transaction costs. This will free resources that can be directed into front line public services
- to use e-Marketplaces to assist councils to access framework agreements and contracts

Stimulating Markets and Achieving Community Benefits

The strategic objectives are that councils should:

- engage actively with suppliers
- use procurement to help deliver corporate objectives including the economic, social and environmental objectives set out in the community plan.

Using Procurement to target National Procurement Strategy Requirements and help achieve Our Objectives

Providing Leadership and Building Capacity

28. The County Council operates devolved management arrangements with each Directorate retaining budgetary responsibilities and traditionally undertaking their own procurement. In line with the National Procurement Strategy requirements we have introduced targeted corporate procurement in areas where a collaborative approach will generate Best Value and improved efficiency. All Corporate Directors participate and adhere to the use of corporate contracts wherever possible.
29. The County Council is also actively pursuing improvements in their procurement processes and have contracted with Northern Procurement Group (NPG) who are public sector procurement specialist consultants, in order to enhance their procurement capacity and expertise to ensure Best Practice is at the forefront of all procurement activities.
30. As an example of innovation, the County Council has recently established a company (NYnet) as a procurement and delivery vehicle for next Generation Broadband across the North Yorkshire sub region. This 100% County Council owned SPV can, because of its constitution, sell to both the public and private sector and has EC state aid approval to do so.

Partnering and Collaboration

31. In addition to our partnership with NPG we are also a founder member of the Yorkshire Purchasing Organisation (YPO), and continue to be an active member. The YPO is a Joint Committee trading as a buying consortium, formed initially by, and acting on behalf of nine local authorities. The YPO provides a catalogue based delivery service for a wide range of standardised goods as well as call-off contracts. The County Council, including its schools, continues to be one of the principal customers, by value, of the YPO.
32. In a bid to encourage and support collaboration we work closely with the Yorkshire and Humber Regional Centre of Excellence (RCOE) based in Leeds and participate in their Northern sub-regional meetings. We also actively encourage other public sector bodies to participate in collaborative procurement exercises and utilise existing corporate procurement arrangements where the contracts allow them to do so. To enhance these opportunities it is now the County Council's contracting

policy to ensure wherever possible procurement contracts are written to facilitate their use by other public sector bodies should they wish to do so.

33. We therefore have a number of corporate contracts which are currently available for use by other public sector bodies, and through NPG we are actively highlighting these contracts and the advantages their use can bring. This policy is proving to be successful and a number of public sector bodies have already taken advantage of this approach.
34. We have successfully sought the participation of surrounding District Councils in procurement exercises where increased volume enhances our joint tendering and negotiation position, and will continue to do so. We will participate in collaborative opportunities led by the District Councils where the procurement exercise covers the County Council's requirements.
35. The RCOE for Yorkshire and the Humber acts as a 'clearing house' to communicate details of new procurement exercises and existing contracts managed by councils that are open to other public bodies. This covers not just our region but collaborative opportunities throughout England via the network of nine RCOEs. The County Council monitors such opportunities and will explore and exploit them where appropriate.

Doing Business Electronically

36. The County Council has been successfully utilising procurement cards for low value purchases for a number of years, and will continue to do so wherever appropriate.
37. We use the services of companies such as Open Business Exchange for electronic invoicing and this is now mandated in our contracting conditions as the preferred method of invoicing.
38. The County Council has and will continue to seek to introduce e-billing with suppliers where this consolidates multiple invoices and/or provides supporting information (eg BT One Bill and consumption data from utility suppliers).
39. We are also utilising an electronic tendering system – the Supplier and Contract Management System (SCMS) – and all Directorates are expected to take advantage of this tendering methodology wherever suitable.
40. We already conduct e-business through the use of on-line ordering with a number of our suppliers including the collaborative corporate contract for Office Supplies and Computer Consumables which utilises e-ordering and invoicing. Training and support is provided to officers with

responsibility for purchasing with the aim of increasing the numbers of orders issued electronically.

41. As part of our Procurement Strategy we have utilised electronic tendering and e-auctions and will continue to assess their usage in future tendering situations. We will continue to explore methods of improving how we conduct business electronically, and where we find an electronic process offers us the most suitable way ahead, we will adopt it. We do, however, recognise that doing business electronically may not always be the best solution, particularly when encouraging SME participation in a procurement exercise, but it will always be an option that is considered.

Stimulating Markets and achieving Community benefits

42. The County Council has been, and continues to be active in engaging with suppliers through a number of innovative vehicles and initiatives, as well as the utilisation of more traditional routes. A significant amount of time and resources has been invested in encouraging and stimulating local markets and suppliers to engage with the County Council, particularly through procurement activities.
43. As part of this, the County Council is playing a key role supporting the development and promotion of local produce in the county area. The website www.northyorkshirelocalfood.co.uk, which was developed as part of the “support for local produce” project, has been revamped to provide more information and additional search options. A hard copy directory listing local producers has been printed and is available from large libraries and tourist information centres, as well as by post from the Economic Development Unit. Discussions are underway with Yorkshire Forward and the Yorkshire and Humber Regional Food Group to explore opportunities for the continuing promotion of local produce.
44. The Trading Standards Service has developed an initiative offering recognition to restaurants and hotels who use local produce. Certificates are issued to those businesses who can prove they are utilising produce from within the region.
45. The County Council has developed a **How to Do Business with the Councils in North Yorkshire** guide in collaboration with City of York Council and the district and borough councils in the county. This guide is accessible via the procurement web page on the corporate website, along with links to the on-line tendering service provided.
46. Sustainability is treated as a key criterion whenever possible when creating tender specifications and subsequently evaluating bids, and a copy of the **Corporate Sustainability Policy** is issued with every tender pack sent by the County Council to prospective bidders.

47. The County Council has signed up to the **National Concordat for SMEs**, and its requirements have been integrated into both the Procurement Strategy and this Implementation Plan. We will continue to seek ways of ensuring the removal of barriers to SMEs doing business with the County Council.
48. The County Council will continue to work in line with the Compact with the Voluntary and Community Sector and will seek ways to maximise the benefits of working with the sector including the use of social clauses and taking cognisance of good practise arising from government initiatives from the Office of the Third Sector.
49. Finally, the County Council also subscribes to and actively supports the principles of the Fairtrade scheme, offering Fairtrade products within its own facilities wherever suitable to do so. The County Council will also consider these principles and take them into account – if applicable and appropriate to do so – when assessing tender submissions for supply of appropriate products.

Enabling Tools

50. The County Council has initiated, and will continue to develop, a number of key processes and analytical tools to guide its work on procurement.

Corporate Contracts Register

51. The Corporate Contracts Register (CCR) forms the nucleus and definitive source of current contract information. As a contract is raised the responsible officer will complete and submit on-line the necessary details to ensure the CCR remains current. This information is stored on the SCMS (see **paragraph 39** above) from which a number of tailored reports can be generated.
52. The SCMS has functionality to issue email reminders to staff well in advance of the expiry date of a contract to ensure that there is adequate lead-in time for planning the new procurement. As the system is web based, NPG can monitor procurement activity and plan the deployment of their staff to assist staff in Directorates.

Annual Procurement Plans

53. Annual Procurement Plans (APPs) are a key element of the mechanism that enables the forward planning of spend to be captured at the start of each financial year. APPs enable Directorates to forward plan their procurement activities and allocate staff resources to prioritised procurement areas. They also provide the means for a strategic overview that can be analysed for efficiency and targeted procurement expertise. They enable the County Council to:
- establish a consistent, formalised and proactive approach to procurement across the County Council
 - identify the opportunities to co-ordinate and maximise the purchasing power of the County Council
 - monitor performance of procurement across the County Council
 - help ensure compliance with EU and OJEU requirements
54. The APPs are maintained by each Directorate Procurement Champion in conjunction with NPG and record all the planned spend of each Directorate. The process of completing the APPs ensures that each Directorate has to examine the contracts they have in place, plan their forward spend and, most importantly, indicate how they intend to procure new or renewed contracts and what savings they envisage making through innovative approaches.

55. On a quarterly basis, Directorate Management Teams review and update their APPs to ensure progress on the planned procurements is monitored. These meetings ensure that procurement actions identified within the APPs are being put into practice.

Spend Analysis – Methodology and Implications

Methodology

56. A Spend Analysis is the examination of the volume and value of purchasing transactions that an organisation makes. It is essential for the following reasons:

- to understand what goods and services are bought, who purchases them, and how they are bought
- to understand how many suppliers the County Council purchases from, how much is spent with individual suppliers and which suppliers the County Council spends the most with
- to define how many transactions the County Council processes with suppliers (such as the number of orders and invoices) and identify opportunities to consolidate expenditure or numbers of invoices
- to understand what system controls and management information flows are in place to encourage and to enforce the use of corporate contracts
- to identify expenditure that is critical to the delivery of the County Council's services and expenditure that supports the smooth running of the County Council. This information can then be used to identify opportunities to minimise risk and ensure continuity of service for these business-critical services by establishing longer-term contracts and developing contingency arrangements
- to calculate the potential spend savings from procurement and to identify opportunities for process efficiencies

57. The County Council utilises the services of Spikes Cavell and Company, who provide spend intelligence to hundreds of councils, NHS trusts and other public bodies. Spikes Cavell append data to the County Council's accounts payable records and facilitate analysis of our spending to highlight use of SMEs, for example. Comparisons can be made with the spending of other councils which highlights opportunities for collaborative procurement.

Categories

58. Procurement spend is defined into four main categories for the purposes of targeting procurement activity:

- Catalogue
- Corporate Generic
- Service Specific
- Strategic

Catalogue

Catalogue spend refers primarily to the procurement of day to day 'consumption' goods, often through the use of e-procurement. Recognised procurement consortia such as YPO have established a number of sources offering competitively priced goods and have made them available through a catalogue / directory service. Typically this sort of spend taken individually is of relatively low value. These catalogues are available to all schools.

Corporate Generic

Based on the Spend Analysis, a range of Corporate Generic contracts have been developed to address areas of spend that apply to all services across the whole of the organisation – energy, photocopiers and mobile telephones are examples of three such contracts. By consolidating the total demand within the County Council it has been possible to establish very competitive rates, and to enjoin with major suppliers in a partnering approach to ensure Best Value and effective contract management. These contracts are made available to all schools.

These contracts are also drawn up in such a way as to facilitate their use by other Public Sector Bodies, enabling collaboration to take place in line with the National Procurement Strategy and increasing the volume of each contract, thus strengthening the County Council's position as a key client for the supplier.

Service Specific

Service Specific spend relates to procurement within a Directorate(s) that offers little or no opportunity to be combined with any other type of demand within the County Council. An example of this is the 'Meals on Wheels' contract for Adult & Community Services which is designed to satisfy a very specific demand in that Directorate through the provision of a tailored service.

The spend on these service specific contracts is the largest amongst these four categories and in many ways is the most challenging area in which to seek to apply generic procurement principles because of the close relationship between the goods/services required and the service policy and/or delivery mechanisms to the customer (eg social care).

Strategic

Strategic contracts represent substantial, significant areas of spend and are typified by the current contracts for Engineering and Property Services, road maintenance, Wide Area Network, Standard Desk Top and VOIP (telephony). In addition a major waste PFI Contract is now underway. Contracts are normally the result of a major procurement project, often utilising external expertise and contracted through a competitive tendering exercise in its own right. The project itself could last for some time, potentially in excess of twelve months, due to the complexity of developing an accurate specification, and the need for a major competition to be run to achieve Best Value. The contracts will often result in outsourcing or managed service delivery and as such are usually executed as part of a policy review or change management exercise.

Implications

- 59.** Based on evidence from recent strategic and generic contracts that have been established, it is clear that savings can be achieved by ensuring that expenditure on particular goods and services is consolidated across the County Council. The County Council is likely to achieve better prices by letting one council-wide contract for say £80,000 rather than four individual, Directorate contracts for £20,000 each. By reducing the number of suppliers the County Council deals with, more business can be offered to fewer suppliers who can therefore offer more competitive prices due to increased volumes of business.
- 60.** The Spend Analysis therefore offers an opportunity to understand and explore the relationships the County Council has with its suppliers. For example:
 - Spend Analysis will identify suppliers with whom the County Council spends significant amounts; this may identify opportunities to negotiate corporate contracts with the inherent possibilities for spend savings
 - Spend Analysis will identify where there are many suppliers providing similar goods or services, offering the potential to consolidate demand. This in turn can reduce the overall number of suppliers dealt with, in particular suppliers of low value goods and services, to achieve spend savings. It can also lead to process

efficiencies by reducing the number of purchase transactions, such as orders and invoices

- Spend Analysis will help the County Council map out a route to a more efficient, cost effective and user friendly purchasing process. For example, the spend analysis may identify a significant number of low value purchases which could be more effectively dealt with through purchase cards, which significantly speed up the purchasing process and replace many invoices with a single card statement

The County Council will continue to undertake its Spend Analysis based on year-end figures. The results can then be linked to APPs and the Contracts Register to ensure opportunities for spend reduction are optimised on a regular and continual basis.