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CAMBRIDGE CITY COUNCIL PROCUREMENT STRATEGY

December 2012 – March 2015



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Appendices

A	The Procurement Quick Reference Guides . A final link to a summary of all the guides will be provided when the Strategy is published (with a view to providing a link to all guides thereafter)	
B	Schedule of Proposed Procurements – a hyperlink to a public version of the Schedule will be provided for web version of Strategy	
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Useful Contacts

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1 Introduction

We have simplified our Procurement Strategy to reflect the Council's initiatives to remove unnecessary complexity from processes and procedures and to retain only those that add value to the services we deliver. This Strategy therefore sets out how we will:

- ◆ Make procurement easier for suppliers and the Council alike
- ◆ Increase the professionalism and commercial skill of procurements carried out by the Council
- ◆ Give more opportunity to local and SME suppliers to participate by increasing visibility of our procurement plans and opportunities
- ◆ Maximise innovation, sustainability and collaboration in our procurement activities

This is our interim Strategy for the next two and a bit years while work is taken forward at a national and corporate level to determine how procurement will be delivered in the future.

At a national level changes to the EU Directives (and subsequently, UK legislation) governing procurement, the Community Right to Buy and Community Right to Challenge and more recent legislation to engage contractors in initiatives to benefit the community in a wider sense, is likely to change the face of procurement in a fundamental way.

Internally the Council is re-shaping itself to deliver what it does as effectively as possible so now is not the time to tie ourselves into a long-term strategy. The Council, at request of the Joint Staff Employer Forum (JSEF), is also looking at our approach to Admitted Body Status where services are being outsourced. In addition to these issues research into the Living Wage will be undertaken during the Strategy period. At the moment we need to be flexible to respond quickly to new opportunities and ways of working.

This Strategy is intended to provide a high-level statement about our direction of travel and the principles that we will follow. If you need detailed information about the "how to" aspects of procurement then you should refer to the Quick Reference Guides at Appendix A.

We hope that you will find this a useful document as you engage with us and we with you in the future.

2 Purpose of the Strategy

The Council historically spends approximately £40m a year externally on procuring goods, works and services and we need to get better value from this expenditure. The next few years are likely to see a reduction in this spend to reflect national and local budget reductions so value for money is increasingly important.

This Strategy identifies the actions that we will take and the principles we will follow to maximise value from our procurement spend.

3 What is Procurement?

The Council itself directly provides many services from in house staff/ resources. Where we need to acquire goods, services or works that cannot be provided in house we procure those from external providers (which may be a contractor, third sector supplier or another public sector body). Procurement is the process that we use to acquire such goods, services and works from those external providers. Whilst responsibility for procurement resides in each Council service area, there are two officers in the corporate centre who assist service areas with their procurement responsibilities as appropriate.

Procurement is different from buying. Buying is done on a day-to-day basis as required often from a contract put in place following a procurement process. Procurement is a strategic process that follows a clear pattern starting with identifying a need right through to reviewing the delivery of the contract and learning any lessons for future procurements.

Competitive procurement remains the cornerstone of the Council's procurement approach but there will be circumstances where a direct contract with a sole supplier will be appropriate.

4 The Council's Vision and Strategic Priorities

The Council has set the following Vision and Strategic Priorities for the Council.

Cambridge - where people matter

A city which celebrates its diversity, unites in its priority for the disadvantaged and strives for shared community wellbeing

A city whose citizens feel they can influence public decision making and are equally keen to pursue individual and community initiatives

A city where people behave with consideration for others and where harm and nuisance are confronted wherever possible without constraining the lives of all

Cambridge - a good place to live, learn and work

A city which recognises and meets needs for housing of all kinds – close to jobs and neighbourhood facilities

A city which draws inspiration from its iconic historic centre and achieves a sense of place in all of its parts with generous urban open spaces and well-designed buildings

A city with a thriving local economy that benefits the whole community and builds on its global pre-eminence in learning and discovery

A city where getting around is primarily by public transport, bike and on foot

Cambridge - caring for the planet

A city in the forefront of low carbon living and minimising its impact on the environment from waste and pollution.

Each Portfolio Holder has approved the Strategic Priorities identified in their Portfolio Plans which can be found at

<http://www.cambridge.gov.uk/ccm/navigation/about-the-council/how-the-council-works/council-performance/portfolio-plans>

5 The Vision for Procurement

The vision for Procurement – where we want to be - is to enable the Council to procure what it needs to deliver the best services possible for the financial and other resources available. To do this we have adopted the following Strategic Themes for the period covered by the Strategy.

Strategic Theme 1

Straightforward: To make procurement as straightforward as possible for the Council and potential suppliers, in particular to improve access for local suppliers and SMEs and to eliminate anything that does not add value to the procurement.

Strategic Theme 2

Professional: To continue to embed professional procurement and develop further contract management skills across the Council. This goes hand in hand with moves to increase the commercial acumen of the Council.

Strategic Theme 3

Maximise local opportunities: To support and encourage an effective local supplier market including the voluntary sector and the promotion of local social value in contracts (such as the creation of apprenticeships and local supply chains).

Strategic Theme 4

Strategic: To use sound procurement practices and innovative solutions to promote sustainability and value for money, making use of collaboration and partnership opportunities where this accords with the Council's Principles of partnership working

http://www.cambridge.gov.uk/public/docs/Partnership_principles_Oct_2010.pdf

The actions that we will take to deliver these Themes are set out in the Work Plan for the service at Section 7.

6 Our Procurement Principles

Fundamental to this strategy are our Procurement Principles. These are the principles that will guide how we conduct our procurements and how we develop procurement activity and the central resource.

General

- 6.1 Throughout any procurement the Council will be clear about the outcomes and objectives it wants to achieve and the steps that it will take to achieve them.
- 6.2 The Council's requirements identified at each stage of a procurement will be critically assessed in relation to the Council's strategic priorities, other statutory requirements and affordability.
- 6.3 The assessment of risk associated with a procurement will aim to achieve a balance with commercial outcomes placing risk where it is best managed.
- 6.4 Wherever possible requirements will be expressed in terms of outcome and performance to provide scope for innovation.

Value for money

- 6.5 The Council will aim to achieve value for money defined, for the purposes of this Strategy, as the best combination of whole-life cost and quality to fulfil the requirements of the users of the service (internal or external as appropriate) or works (e.g. a building) or commodity.
- 6.6 The Council will take a long-term strategic view of the procurement of its requirements, including the potential for innovative funding and the opportunity for working with other authorities especially for goods and services which can be procured more cost-effectively in a collaborative group.

Sustainability

- 6.7 Any procurement decision will aim to minimise harm to the environment and to promote conservation of natural resources.

The local supply base

- 6.8 The Council will support businesses local to Cambridge through a range of initiatives including:
 - ◆ Making it simpler to do business with the Council;
 - ◆ Reduce the bidding burden on suppliers.

- ◆ Have regard to the impact on small/local firms of the way in which a procurement is structured
- ◆ Providing clear information about selling to the Council on our website;
- ◆ Advertising contract opportunities with particular attention to local media.
- ◆ Providing information where it can about potential sub-contract opportunities arising from major Council procurements

Relationships with suppliers

- 6.9 In longer-term contracts, the Council will incorporate provisions for continuous improvement both within the contracted service and to the benefit of the community it is serving.
- 6.10 In higher value contracts the Council will challenge contractors to identify ways in which they can contribute to improving the economic, social and environmental well-being of Cambridge.

Equality

- 6.11 Procurement processes and documentation will reflect the Council's Comprehensive Equalities and Diversity Policy.
- 6.12 Equality issues must be considered as a key requirement in any contract which involves direct contact with the public or where the contractor is acting on the Council's behalf in a public environment.

Our conduct

- 6.13 In all our dealings in the procurement process, the Council will preserve the highest standards of honesty, integrity, impartiality and objectivity and shall comply with the Council's Codes of Conduct at all times.
- 6.14 In selecting contractors the Council will generally evaluate offers received on the basis of the most economically advantageous tender (MEAT) and will take into account, where appropriate, whole life costing seeking an appropriate balance between cost and quality.
- 6.15 In any procurement the Council will ensure that its approach to the market is consistent with these principles.

7 Action Plan

The table below summarises the actions and initiatives planned over the Strategy period to achieve the outcomes set out in the Vision for Procurement at section 5. A target date for completion has also been included:

PROCUREMENT ACTION PLAN Dec 2012 – March 2015		
Strategic Theme	Action	Target Date
Straightforward Procurement	Following consultation with colleagues to identify any problem areas, review and simplify the Contract Procedure Rules having particular regard to the financial thresholds.	Civic Affairs 20/3/13
	Revise Quick Procurement Guides to reflect new Rules and re-publish	July 2013
	Review and revise template procurement documents	July 2013
	Examine potential for increasing use of Purchasing Cards for low value spend.	October 2014
	Review impact of changes to the EU Procurement Rules and UK legislation and prepare plan for any necessary changes to existing approaches. Implementation of UK rules schedules for June 2014	Review and report July 2013
	Investigate options to provide electronic procurement systems and prepare Business Case for any new system to satisfy new legislative requirements.	March 2013
Embed professional and contract management skills	Consult about and prepare a model for specialist areas of procurement activity that places responsibility for those procurements with officers that are experienced in that type of procurement (a Category Management model).	June 2013
	Implement category management model if approved	
	Develop and deliver targeted training programme for officers undertaking procurements.	Ongoing
	Examine scope for and model provision of on-line procurement training tool	September 2013
	Issue Schedule of Proposed Procurements to promote timely contract renewals	December 2012
Support and encourage the local supplier market	Publish simple guidance on Website about selling to the Council	April 2013
	Publish online Schedule of Proposed Procurements to promote future contract opportunities	December 2012
	Promote use of Source Cambridgeshire to advertise Council opportunities	November 2012

PROCUREMENT ACTION PLAN Dec 2012 – March 2015		
Strategic Theme	Action	Target Date
	Working with neighbouring authorities seek to build on progress made with introduction of common PQQ to agree other standard procurement processes and templates	January 2015
	Review the use of/need for financial tests in lower value procurements.	March 2013
Sound procurement practices and innovative solutions	Carry out analysis of procurement spend to identify opportunities for additional corporate contracts for areas of common spend	June 2013
	Examine scope for making use of opportunity in Regulations to limit participation in competitions to sheltered workshops or to stipulate contract performance in the context of sheltered employment programmes.	March 2015
	Revise template documents and guidance with intention of promoting scope for innovation by the market in appropriate procurements	June 2013

Appendix C

Glossary of commonly used procurement terms and acronyms

This list includes some of the commonly used words, acronyms and phrases. It is not comprehensive and will be added to from time to time. If you think there is something that should be added to it please contact Debbie Quincey of John Bridgwater, whose contact details are given at the start of this Strategy.

Agreement

Another word for "Contract". The legally binding contract terms and conditions between the parties.

Category Management

An approach to procurement within the Council that places projects of a particular type (e.g. construction, IT) with staff that are expert in procurements of that type.

Collaboration

In this context, public sector organisations that engage in a joint procurement for works, services or supplies with the intention of obtaining better value for money through economies of scale and reduced tendering costs.

Commissioning

Another word for "Procurement" i.e. the process of buying goods, works or services.

Competitive Tendering

Awarding contracts following a process of obtaining competing tenders.

Contract

A binding agreement between two or more parties that is enforceable in law.

Contract Officer

An officer of the Council who has been nominated to manage the contract.

Contractor

A firm or person who has entered into a contract with the Council to supply works, goods or services.

EU

European Union.

Evaluation

A detailed assessment and comparison of offers made by the Council in accordance with published criteria of responses to a request for quotations or tenders.

Framework Agreement

An agreement with suppliers which sets out the terms and conditions (including maximum prices) under which specific orders can be made throughout the term of the agreement.

Invitation to Tender

A formal document inviting an organisation to tender to provide a services or, supply goods to or carry out works for the Council. It will include the instructions for submitting a tender, the specification for the requirement, the criteria against which the tender will be assessed, the proposed terms and conditions for the contract and, sometimes, a business questionnaire.

ITT

Invitation to Tender.

KPI

Key Performance Indicator. KPIs are placed against certain elements of a contract or SLA and indicate the items that are to be measured to see if the contractor has achieved the required contract standard.

Local Suppliers or Suppliers local to Cambridge –defined on a case by case basis to reflect the type of procurement and the maturity of the supplier market within the City, County, sub-region, region.

MEAT

Most Economically Advantageous Tender

Method Statement

A document used in the invitation to quote or to tender which sets out specific questions for the bidder to answer to explain to the Council how a service is to be delivered/works to be carried out. It will be evaluated and form a part of the contract.

Most Economically Advantageous Quotation/Tender

The quotation or tender offering the Council the greatest benefit in terms of cost and quality.

OJEU

Official Journal of the European Union. The on-line publication in which notices advertising a Council tenders that fall within the EU thresholds must be placed at the start and end of all the procurement.

PQQ

Pre-Qualification Questionnaire. A document asking the tenderer to provide information about his / her business and experience. Most commonly used in EU level procurements.

Procurement

The process of the acquisition an used by the Council of the goods, services and works that it needs to deliver its services.

Quotation

An offer by a supplier to supply goods or services or to carry out works requested either orally or in writing.

Regulations

The Public Contracts Regulations 2006 that implement the various EU Procurement Directives

SME

In this context, Small and Medium businesses.

Source Cambridgeshire

An advertising portal to bring together buyers and suppliers, making it easier for businesses to find out about new procurement opportunities

Specification/Statement of Requirements

A description of the requirements for the service or of the service to be provided.

Supplier/Service Provider

Other words for "Contractor".

Tender

The offer submitted by the tenderer in response to the Invitation to Tender.

VFM

Value for money