

CAMBRIDGE CITY COUNCIL PROCUREMENT STRATEGY

March 2015 – March 2018



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1 Introduction

We have maintained a simple 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 those carrying out procurements for the Council

- ◆ Give 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

There have been some significant changes since the last strategy was published, namely:-

The new Public Contracts Regulations 2015 came into force at the end of February 2015. These are intended to make procurements quicker, simpler and less costly to run.

In November 2013, the Council introduced a new set of simplified internal rules governing the conduct of procurement – the Contract Procedure Rules – which forms a part of its Constitution. Some changes will have to be made to those rules reflect the requirements of the Public Contract Regulations 2015

The Local Government Association has published a new National Procurement Strategy for Local Government in England 2014 which sets out a vision for local government procurement and encourages all councils in England to engage with the delivery of outcomes in four key areas; making savings, supporting local economies, leadership and modernising procurement. This strategy is consistent with the themes from the National Procurement Strategy <http://www.local.gov.uk/web/lq-procurement>

In November 2014, the Council was very pleased to become accredited by the Living Wage Foundation as a Living Wage Employer. As a consequence we ensure that, where a best value case is satisfied, contractor (and their sub-contractor) staff working on Council premises for 2 or more hours on any day in a week for 8 or more consecutive weeks are paid at least the national Living Wage.

In January 2015, the Council adopted a policy to prevent Council construction contracts being awarded to organisations that have been actively involved in blacklisting and have not taken appropriate remedial action.

The Council is developing an anti-poverty strategy looking at a series of initiatives to improve the lives of residents that are struggling in the current economic climate. Procurement projects can help to contribute to the anti-Poverty strategy, for example by:

- Mandating the payment of the Living Wage in appropriate contracts
- Seeking additional Social Value initiatives from suppliers as part of procurement projects
- Promoting schemes that can reduce people's utility bills, including energy and water saving measures.

More generally the Council has continued to respond to the Public Services (Social Value) Act 2012 by the promotion of local social values in contracts (such as the creation of apprenticeships and the local supply chains) and the impact of this is likely to grow.

Internally the Council continues to re-shape itself to deliver what it does as effectively as possible to produce more streamlined activities and to make savings.

This Strategy is intended to provide a high-level view about our direction of travel and the principles that we will follow. 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 £40-45m a year externally on procuring goods, works and services and we need to maximise value from this expenditure. The next few years are likely to see further reductions in budgets so getting value for money is paramount.

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 some 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.

Procurement is different from buying. Buying is done on a day-to-day basis, sometimes from a contract put in place following a procurement process, other times from commercially available catalogues or company websites. 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

The Council has set the following Vision for the Council.

One Cambridge - Fair for All

A city which believes that the clearest measure of progress is the dignity and well-being of its least well-off residents, which prioritises tackling poverty and social exclusion, recognising that greater social and economic equality are the most important preconditions for the city's success

An international city which celebrates its diversity and actively tackles discrimination on gender, race, nationality, ethnic background, religion, age disability, gender identity and sexual orientation.

A city in which all citizens feel they are listened to and have the opportunity to influence public decision making and which values, supports and responds to individual and community initiatives

A city where all citizens and organisations appreciate their duties as well as their rights. Where people are free to enjoy themselves but also show consideration for others and where the community works together to reduce harm and nuisance including by education and, where needed, robust enforcement of the law.

A city where "town and gown" combine and where mutual understanding and partnerships are developed through joint working, community initiatives and volunteering.

Cambridge - a great place to live, learn and work

A city which strives to ensure that all local households can secure a suitable, affordable, local home, close to jobs and neighbourhood facilities.

A city which draws inspiration from its unique qualities and environment and its iconic historic centre, and retains its sense of place across the city through positive planning, generous urban open spaces and well-designed buildings and by providing quality council services.

An entrepreneurial city with a thriving local economy in which businesses are assisted to build on their global and national pre-eminence in learning, discovery and production and develop a full range of local employment and skills development while also recognising and delivering on their social responsibilities.

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

Cambridge - caring for the planet

A city that takes robust action to tackle the local and global threat of Climate Change, both internally and in partnership with local organisations and residents, and to minimise its environmental impact by cutting carbon, waste and pollution.

Each Portfolio Holder has approved the Strategic Priorities identified in their 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 within its available resources. 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 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 clear and detailed procurement/purchasing data, collaboration and partnership opportunities where this accords with the Council's Principles of partnership working https://www.cambridge.gov.uk/sites/www.cambridge.gov.uk/files/docs/Partnership_principles_Oct_2010.pdf

Strategic Theme 5

Fair: To ensure that, where applicable, our contractors comply with our Living Wage and Blacklisting Policies and to ensure that we take account of the possible impact that our approach to major projects might have on different groups of people and how.

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 and further develop our procurement activities.

General

- 6.1 Throughout any procurement the Council will be clear about the outcomes and objectives it wants to achieve.
- 6.2 The Council's required outcomes from each procurement project will be properly assessed in relation to the Council's priorities, other statutory requirements and affordability.
- 6.3 The assessment of risk associated with each procurement project will aim to achieve a balance with commercial outcomes and 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 bidder innovation.

Value for money

- 6.5 The Council will aim to increase value for money (defined, for the purposes of this Strategy as the best whole-life cost and quality ratio to fulfil the stated requirements) and reduce processing costs.
- 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;
- ◆ Using local advertising portals such as Source Cambridgeshire <http://www.sourcecambridgeshire.co.uk/> to focus the attention of locally based firms

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.
- 6.11 In construction contracts we will ask potential contractors to self-declare that have not been and will not be involved in blacklisting and where a potential contractor is unable to do this we will carry out a review in a proportionate and reasonable manner to conclude whether or not the organisation should be excluded from the competition.
- 6.12 Where contractors will be working on our premises, and where we are legally entitled to, we will require the contractor to pay at least the national Living Wage to all of their staff that work on the Council's premises for 2 or more hours in any day in a week for 8 or more consecutive weeks in the year. If a contractor is using a sub-contractor to deliver any of the contracted services the contractor will be required to ensure that the sub-contractor complies with the same Living Wage requirement.

Equality

- 6.13 Procurement processes and documentation will reflect the Council's Equalities and Diversity Policy.
- 6.14 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

- 6.15 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.
- 6.16 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.

6.17 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 March 2015 – March 2018		
Strategic Theme	Action	Target Date
Straightforward procurement	Examine potential for increasing use of Purchasing Cards for low-value spend as part of wider transformation work.	October 2015
	Review impact of newly implemented EU Procurement Rules and UK legislation and make necessary changes to existing approaches.	In progress
	Investigate options to provide electronic procurement systems and prepare Business Case for any new system to satisfy new legislative requirements.	July 2017
Embed professional and contract management skills	Provide strategic professional advice to the corporate review to transform the way the Council procures its works, services and supplies and to propose a new model for procurement and purchasing activities across the Council.	March 2015 to Dec 2016
	Develop and deliver targeted training programme for officers undertaking procurements.	Ongoing
	Refresh and reissue Schedule of Proposed Procurements to promote timely contract renewals	Ongoing
Support and encourage the local supplier market	Revise guidance on Website about selling to the Council	July 2015
	Refresh and Publish online Schedule of Proposed Procurements to promote future contract opportunities Continue to use the Source Cambridgeshire portal as one of our main advertising media	Ongoing
Sound procurement practices and innovative solutions	Review scope for and deliver further corporate contracts to consolidate spend	Ongoing
	Revise template documents and guidance with intention of promoting scope for innovation by the market in appropriate procurements	December 2015
	Establish simple methodology for assessing best value case for using the Living Wage requirement in service and works contracts	September 2015

PROCUREMENT ACTION PLAN March 2015 – March 2018		
Strategic Theme	Action	Target Date
Fair procurement	Embed Black Listing protocols in procurement processes for construction contracts	2 nd Quarter 2015
	Ensure that EQIA are completed for all major procurement projects	Ongoing

Appendix A

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 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

The process of specifying, securing and monitoring services to meet people’s needs at a strategic level. It applies to all services, whether they are provided by the local authority, NHS, other public agencies, or by the private and voluntary sectors

Competitive Tendering

Awarding contracts following a process to obtain competing tenders.

Contract

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

Contracts Finder

A central government advertising portal which local authorities are required to use for the publication of information about contract opportunities worth £25,000 or over.

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 by the Council of offers made in response to a request for quotations or tenders in accordance with published criteria.

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 service, supply goods or to 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 service level agreement and indicate the items that are to be measured to see if the contractor has achieved the required contract standard.

Life cycle costing

The systematic consideration of all relevant costs and revenues associated with the acquisition and ownership of an asset.

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. The answers 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 Council tenders that fall within the EU thresholds must be placed at the start and end of the procurement.

PQQ

Pre-Qualification Questionnaire. A document asking the tenderer to provide information about their business and experience. Used in EU level procurements.

Procurement

The process of the acquisition 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 and 2015 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, supply or works 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