

# Sustainable procurement strategy

2009-2012



## 1. Introduction

The Council's purpose is to provide leadership to local communities and to improve the social, economic and environmental well being of the District. It does this by working in partnership with a range of public, private and voluntary organizations to deliver the Malvern Hills Community Strategy and to contribute to the Worcestershire Local Area Agreement and the Worcestershire Community Strategy.

Our contribution to the Malvern Hills Community Strategy is delivered through the Council's vision, objectives and priorities but we realize that in order to deliver these priorities effectively we need to secure continuous improvement in our services, having regard to a combination of efficiency, economy and effectiveness. Effective procurement is crucial in securing high quality, best value services. Best value and efficiency targets will not be achieved if the Council fails to approach competition positively, taking full account of the opportunities for innovation and genuine partnerships which are available from working with others in the public, private and voluntary sectors. Importantly, this strategy seeks to balance two priorities:

- delivering efficiencies and quality; and
- socially responsible procurement: promoting an environmentally and socially sustainable approach, addressing climate change and engaging with local and regional suppliers to promote the local economy.

This strategy recognises the validity of a collaborative approach to procurement whilst also emphasising the importance of assessing whole life costs and the environmental, social and economic impact of the Council's spending.

This strategy builds on the previous versions published in 2004 and 2006 and is once again based on the premise that the procurement role should be at the heart of the management of the Council to secure continuous improvement,

meet the challenges contained in the national agenda for local government, and deliver the Council's objectives and priorities.

## **2. Where are we now? - Key achievements 2006-2009**

Since the strategy was last reviewed in 2006 we have:

- Delivered both Procurement and Contract Management training to specific managers who let contracts on behalf of the Council.
- Supported Managers undertaking procurement for the first time to develop their skills.
- Developed a Procurement Sharepoint Site for all managers to use for guidance and information on procurement as well as standardised documents.
- Created standard tender documentation to be used for all tenders.
- Played a leading role within the Worcestershire and Warwickshire Districts Procurement Group.
- Taken the lead role in two collaborative contracts worth over 2 million pounds with other authorities to deliver savings for paper, and stationery.
- Participating in a further two collaborative procurement events will take place next year for insurance and banking supported by the WMRIEP.
- Initiated a project to explore a Shared Service for Procurement with all those involved in the existing Worcestershire and Warwickshire Procurement Group.
- Implemented the use of procurement payment cards for specific areas
- Implemented e- invoicing.
- Rationalised the number of suppliers to under 1,000 from over 1400
- Used service wide aggregation to let corporate contracts for temporary staff, stationery, advertising and It equipment.
- Implemented an ICT procurement policy to ensure that any equipment complies to system standards.
- Become a Fair Trade Council.
- Used the Procurement Excellence Model to identify areas of strength and those for more development or training.
- Implemented BACS payments for all new suppliers.
- Continued to look for collaborative procurement opportunities.
- Increased the percentage of spend with local Small and Medium Enterprises (SME's) to promote local economic development.
- Increased the number of contracts held against spend following procurement rules.

Finally a particular feature of procurement over the last three years has been the increased use of framework agreements which have been shown to save both time and money on the procurement process and deliver savings.

### 3. Key national challenges and opportunities

This strategy recognises that the Council’s vision, objectives and priorities are framed within the following national and regional policy context:

- 2007 Comprehensive Spending Review
- Local Government White Papers
- Best Value legislation and practice
- Use of Resources/Value for Money and CAA assessments
- Worcestershire Local Area Agreement
- Rising customer expectations
- The National Procurement Strategy
- EU procurement law
- Equalities and Diversity legislation
- E-government and transformational needs
- Community leadership and Partnership working
- Climate change
- International agreements on ethical issues such as the use of child labour

### 4. The local context

The Council is one of the largest purchasers of goods and services in the district, and each year spends around £10 million (capital and revenue), with just under 1,000 suppliers, on the procurement of goods and services.

Given this level of expenditure, effective procurement can play an important part in delivering the objectives of the Malvern Hills Partnership, and in achieving the Council’s own objectives.

Council objective:	Procurement Action:
Prosperity shared by all	<ul style="list-style-type: none"> <li>▪ Engagement with local and regional suppliers, and the voluntary and community sector.</li> <li>▪ Addressing and promoting equality and diversity in procurement activity.</li> </ul>
Clean and green	<ul style="list-style-type: none"> <li>▪ Addressing climate change by promoting environmental sustainability in procurement:               <ul style="list-style-type: none"> <li>• Minimising packaging</li> <li>• Sourcing locally where possible</li> <li>• Setting sustainability standards for the goods we purchase</li> </ul> </li> </ul>
First class, good value services and facilities	<ul style="list-style-type: none"> <li>▪ Sustainable, strategic procurement</li> <li>▪ Partnerships and collaboration</li> </ul>

	<ul style="list-style-type: none"> <li>▪ e-procurement</li> <li>▪ Performance-managed procurement</li> </ul>
One organisation	<ul style="list-style-type: none"> <li>▪ Planned and co-ordinated procurement</li> <li>▪ Procurement knowledge, expertise and training</li> </ul>
Customer Focus	<ul style="list-style-type: none"> <li>▪ Options appraisals</li> <li>▪ Increased use of customer feedback</li> <li>▪ Socially responsible procurement</li> </ul>

## 5. Where do we want to be? Key strategic objectives

The strategy builds on existing strategic direction and describes how the procurement function must develop guided by six objectives:

1. A **more co-ordinated approach** to procurement which provides visibility and aggregation of demand between service areas, promotes procurement partnerships, and minimises spend on large corporate contracts.
2. Procurement which is **sustainable for the supplier** whilst providing good value for money for the Council.
3. Procurement which **drives business transformation and customer focus** by challenging existing service delivery methods
4. An appropriate level of **procurement knowledge and access to professional procurement expertise** within the Council, including the development of a performance management framework for procurement
5. **Socially responsible procurement**, which places environmental sustainability, action to address climate change, equality and diversity, and promoting the local economy on an equal footing with the traditional procurement priorities of efficiency and quality
6. Appropriate **e-procurement** facilities

These strategic aims will be delivered through a series of actions which form Appendix 1 of this strategy.

## 6. Equalities Impact Assessment

The Council is committed to ensuring that it does not discriminate against individuals and groups in the way in which it performs its functions. An Equality Impact assessment of this revised strategy has raised a number of key issues including

- Lack of monitoring system to establish the ethnicity of owner and workforce of our suppliers
- No complaints process for unsuccessful suppliers

- Documents are not offered in other formats
- De-brief opportunities for all unsuccessful suppliers
- Lack of help and support for new contractors who wish to do business with the Council.

Actions to tackle these issues have been built into the attached action plan. A copy of the detailed Equality Impact Assessment is available for inspection on the Council's website

## 7. **Conclusion**

Malvern Hills District Council is committed to providing efficient, effective and economic services. This strategy provides a corporate focus for procurement which sets out the Council's commitment to using procurement as a means of driving service delivery improvements, and focussing on what matters to the customer.

The measures outlined in this strategy begin to move procurement away from being merely a purchasing activity to one concerned with service design and delivery, by posing a challenge, linked with the Council's Customer Focus programme and the programme of Business Process Re-engineering which sits at the heart of the Council's Medium Term Financial Plan, to all service areas. The challenge to services implicit in this will incorporate not just an element of competition, but will embrace the idea of local government as potential commissioners and facilitators, rather than deliverers, of services.

The strategy will help to deliver improved services which are socially responsible, based on the needs of the Council's customers, and which are effected by partnerships and collaboration, and through the use of modern technology.

The strategy will be delivered through a series of actions which address each of the strategic aims outlined above in Section 8. These actions appear at Appendix 1.

## APPENDIX 1 : Strategy into action

<b>The Council will:</b>			
<b>Objective: 2009-2010</b>			
<b>Action</b>	<b>Objective</b>	<b>Target date</b>	<b>Responsible officer</b> (support from)
<b>Financial</b>			
Analyse current procurement spend to identify large spend areas, and prioritise savings opportunities	1,2,3,	Annually	MD,Finance
Complete a yearly assessment of opportunities for collaboration and joint working with other authorities and public sector bodies that can deliver efficiencies and/or service improvements	1,2,3,	Annually	MD,WWDCPG
<b>Knowledge &amp; Information</b>			
Update and review online procurement advice available through Microsoft Share Point Portal	4	Annually	MD,
Maintain a list of contracts and future procurement opportunities on the Councils website for suppliers information	4	May 2009	JW,MD
Explore the use of e-procurement as part of the Shared Service project	6	March 2010	MD,JW
<b>Sustainability</b>			
Develop a sustainability toolkit for buyers to maximise green procurement – minimisation of waste, reducing the Council's carbon footprint by using local suppliers, disposal of obsolete equipment, etc	5	September 2009	MD
Establish minimum environmental standards for all construction, refurbishment and maintenance work in which the Council has an involvement	5	October 2009	JW,MD,DH,NS
Deliver training on sustainable procurement to all teams	5	January 2010	MD
Implement "Quick wins" published by OGC and Defra when re-letting contracts	5	April 2010	All budget holders
<b>Collaboration</b>			
Assume a default position of collaboration with other authorities with regard to procurement	1,2,3	Ongoing	JW,MD
Continue to engage with Improvement & Efficiencies West Midlands	1,2,3	Ongoing	JW,MD

Continue to play a leading role in the Worcester & Warwickshire District Council Procurement Group	1,2,3	Ongoing	JW,MD
Explore with all members of the DC Procurement Group the possibility of a shared service for procurement	1,2,3	June 2009	JW,MD
<b>Equalities &amp; Diversity</b>			
Use standard Terms and Conditions of contract to promote ethics and equality amongst the Council's suppliers	5	June 2009	JW,MD,FY
Establish alternative arrangements for the delivery of Strategic Procurement	1,2,3,4,5	December 2009	JW,MD
Review contract procedures to ensure that we provide help and support to all contractors regardless of experience	1,2,3,5	June 2009	MD, SS
Monitor take up of contracts and incorporate a complaints procedure	1,2,3,5	September 2009	MD
Signpost contract documentation to ensure that it is available in a range of appropriate formats	1,2,3,5	April 2009	MD
Review contract documentation to make sure it is in plain English	1,2,3,5	June 2009	MD
To consult with the MYN Forums	1,2,3,5	Ongoing	MD
Review the procurement process and consult with Suppliers and stakeholders to ensure it meets their needs and is transparent	1,2,3,5	December 2009	MD
<b>Objectives 2010-2011</b>			
Encourage SME's to take part in all procurement activity to raise percentage of SME's doing business with MHDC	1,2,3,5	Ongoing	JW
Benchmark using existing scoring from the Procurement Excellence Model to establish the impact of the Procurement Strategy.	1,2,3,4,5,6,	April 2011	JW
Target savings of £50,000	1,2,3	March 2012	All budget holders/JW