

Malvern Hills District Council PROCUREMENT STRATEGY 2006-2009

Revised: May 2006
Next review due: May 2007

1. Executive Summary

This document sets out the Council's strategic approach to procurement over the next three years. It is not intended to be a procurement manual; however, the principles contained within this strategy should be applied to all procurement activity. This strategy should be read in conjunction with the Procurement Rules and online procurement guidance.

The Local Government Act 1999 places a duty of Best Value on all authorities to secure continuous improvement in the way that functions are carried out, having regard to a combination of efficiency, economy and effectiveness. Effective procurement is crucial in securing high quality, best value public services. Best value and efficiency targets will not be achieved if the authority 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
- socially responsible procurement: promoting an environmentally and socially sustainable approach to procurement, addressing climate change and engaging with local and regional suppliers to promote the local economy.

A mixed economy approach to procurement also relies on developing a collaborative approach to procurement with other authorities and organisations to achieve economies of scale where appropriate. This Procurement Strategy recognises the validity of that approach whilst also emphasising the importance of assessing whole life costs and the environmental, social and local economic impact of the Council's spending decisions.

This strategy builds on the previous version dated February 2004. It is based on the premise that the procurement role should be at the heart of the management arrangements of the Council to secure continuous improvement in the economy, efficiency and effectiveness of services, meet the challenges contained in the national agenda for local government, and aid the achievement of the Council's objectives and priorities, especially Customer Focus. The strategy describes how the procurement function must develop in order to bring this about, with six specific strategic aims being:

- A more co-ordinated approach to procurement which provides visibility and allows aggregation of demand between individual service areas, promotes procurement partnerships, and minimises spend on large corporate contracts.
- Procurement opportunities which are sustainable for the supplier whilst providing good value for money for the Council, and which are sourced

in a manner appropriate to the strategic importance of the goods or services being procured

- Procurement which drives business transformation and customer focus by challenging existing service delivery methods
- 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
- The adoption of socially responsible procurement, which places environmental sustainability, action to address climate change, equality and diversity, and the promotion of the local economy on an equal footing with the traditional procurement priorities of efficiency and quality
- The development of appropriate e-procurement facilities

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

2. Aims and Objectives

The aims of this strategy are to:

- promote excellence, modernisation and pragmatism across the Council in all aspects of our procurement practice;
- support the efficient and effective achievement of corporate priorities;
- deliver improved services which meet the needs and wants of our customers
- address climate change and promote sustainability

The Council's procurement objectives over the next three years will be to:

- use a variety of ways to deliver significantly better quality, customer-focussed services, through a diverse and competitive range of suppliers;
- develop and embrace socially responsible procurement, engaging with local and regional suppliers to promote the local economy and taking account of the social and environmental impact of spending decisions.
- Use procurement to address the effects of climate change
- achieve continuous improvement in all categories of procurement, specifically by:
 - utilising e-procurement and corporate contracts to improve the efficiency and effectiveness of routine purchasing;
 - being innovative in seeking solutions for strategic procurement, through robust options appraisal and effective risk management;
 - build capacity by improving the procurement skills of our staff; and
 - improve procurement outcomes by collaborating with partner organisations at all levels.
- develop a range of online procurement guidance which will act as a dynamic procurement policy for the Council

3. What is procurement?

Procurement is the process of acquiring goods, works and services, covering both acquisition from third parties and from in-house providers. The process spans the whole cycle from the identification of need, through to the end of a services contract or the end of the useful life of an asset. It involves option appraisal and the critical "make or buy" decision, which may result in either the provision of services in-house, or externally, to meet the appropriate circumstances.

The term 'procurement' has, therefore, a far broader meaning than merely purchasing, buying or commissioning. It is about securing services and products that best meets the needs of users and local community in its widest

sense. Effective procurement is therefore essential to achieving the Council's vision of "a District which has first class services and facilities".

4. The national and global context

This strategy recognises that Council priorities and strategic objectives are framed within a national and global policy context. Of particular relevance to procurement are:

- Local government funding
- Best Value
- The Government's Efficiency Review (the Gershon Report)
- Use of Resources/Value for Money assessments
- The Byatt Report 'Delivering Better Services for Citizens'
- The National Procurement Strategy
- The Lyons review of local government functions
- EU procurement law
- Equalities and Diversity
- E-government and transformational government
- Partnership working
- Community leadership
- Climate change and the role of local and national governments in addressing this
- International agreements on ethical issues such as the use of child labour

Effective procurement is crucial in securing high quality, value for money public services which are designed around the needs and wants of the customer. The development of a clear procurement strategy is a key step towards delivering both those customer-focussed services and value for money, whilst also meeting the demanding efficiency and transformational targets which have been set for the Council.

5 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 of capital and revenue money, with a total of 1043 suppliers, on the procurement of goods, works and services.

Given this level of expenditure, effective procurement can play an important part in delivering the objectives of the Community Strategy, and in achieving the Council's own 'Clean and Green' objective, particularly that of 'green'

procurement. It is crucial to achieve continuous improvement, to secure good value for money in public services, and to achieve its objectives in a range of areas including;

Objective:	Procurement Action:
Prosperity shared by all	<ul style="list-style-type: none"> • Engagement with local and regional suppliers, and the voluntary and community sector. • Addressing and promoting equality and diversity in procurement activity.
Clean and green	<ul style="list-style-type: none"> • Addressing climate change by promoting environmental sustainability in procurement: <ul style="list-style-type: none"> ○ Minimising packaging ○ Sourcing locally where possible ○ Setting sustainability standards for the goods we purchase
First class, good value services and facilities	<ul style="list-style-type: none"> • Sustainable, strategic procurement • Partnerships and collaboration • e-procurement • Performance-managed procurement
One organisation	<ul style="list-style-type: none"> • Planned and co-ordinated procurement • Procurement knowledge, expertise and training
Customer Focus	<ul style="list-style-type: none"> • Options appraisals • Socially responsible procurement

6 Procurement governance

Procurement activity within the Council is governed by a Procurement Strategy, a Procurement Policy, and Procurement Rules which form part of the Council's constitution.

The Head of Business Support & Customer Services, together with the Senior Managers who are responsible for individual procurement exercises, ensures the probity of the process and adherence to the principles contained in this strategy. Members, through the Scrutiny Panel, Audit Committee and the portfolio holder for Resources, review the adequacy of the procurement arrangements.

Most procurement in the authority is currently undertaken locally within service units. Supplementing this local procurement function, the Business Change Officer and the Head of Business Support & Customer Services provide a corporate procurement service which provides access to specialist support and advice in order to facilitate a devolved approach.

Governance arrangements for procurement have been in place in their current form for a number of years, and whilst they have provided some benefit in terms of internal control, practical guidance for buyers has been poor. The existence of three layers of governance (strategy, policy and procurement rules) for procurement has led to a degree of duplication and confusion. Having procurement guidance documents in written form has meant that they are time consuming to update, resulting in outdated guidance being provided. A clear and simple governance framework is needed for procurement, which provides concise, up to date and user-friendly procurement guidance to users, makes the best use of modern technology, and ensures that procurement activity is transparent, fair, consistent and undertaken to the highest standards of probity and accountability.

In line with guidance from the West Midlands Centre of Excellence, it is proposed to simplify procurement governance arrangements by withdrawing the existing procurement policy, which has effectively been superseded by the revision to the Procurement Rules, and replace that policy with a dynamic library of procurement guidance available to all members and employees of the Council, and which reflects the policy of the Council. This guidance will, for example, establish the Council's priorities regarding environmental sustainability in procurement, set out the Council's requirements for good contract management, and determine the Council's position on procurement partnerships.

In order to secure member involvement and commitment to this strategy, and the ongoing use of procurement to implement the policy of the Council and drive business transformation, it is proposed to establish a Procurement Board, comprising key officers and relevant portfolio holders, to provide strategic oversight to the procurement process and particularly to the implementation of wider Council policy through the online procurement guidance library. This Board would operate on a virtual basis through Microsoft Share Point, meeting in person only when necessary.

These new governance arrangements, which will be reviewed at regular and appropriate intervals, will continue to provide a framework to enable all the Council's buyers to demonstrate value for money whilst taking account of social, economic and environmental issues, and will enable good practice in procurement to be disseminated quickly and effectively to the Council's buyers.

7. Progress to date

Some progress has been made in the three years since the drafting of the current procurement strategy: there have been some collaborative procurement exercises with other local authorities; the Council's Procurement Rules have been revised and updated; a comprehensive procurement training and awareness programme has begun.

However, there remains much to do. Planning of procurement within the Council is still patchy, with 'panic buying' occasionally taking place, sometimes for large scale, strategic procurement, and procurement is not undertaken, on the whole, as a corporate strategic activity. Procurement is still largely viewed as a purchasing function, rather than as a means of driving innovation in service delivery and achieving value for money. There are few e-procurement solutions in place. Sustainability, in the widest sense of the word, has been largely peripheral to the procurement function, despite being a milestone in the National Procurement Strategy which should have been achieved by 2005; the growing threat of climate change makes action in this respect essential. Contract management and review is sometimes overlooked. Guidance within the Council on procurement has usually been out of date. Intelligence on how and where the Council's money is spent has not been available. Opportunities for procurement partnerships with other public bodies have been limited.

8. Strategic issues

The outstanding areas for improvement, referred to above, together with accepted good practice in procurement, can be encompassed within ten strategic aims which form the basis of this procurement strategy, and represent areas in which the Council needs to act, if further progress is to be made and procurement is to become a tool by which improvements across the Council can be obtained. These ten strategic aims are outlined below.

8.1 **Strategic aim: a more co-ordinated approach to procurement which delivers good value for money for the Council, allows aggregation of demand between individual service areas, and minimises spend on large corporate contracts**

The Council needs to get good value for money, and demonstrate economy, efficiency and effectiveness of service delivery, in order to deliver the challenging targets set in the Medium Term Financial Plan. Good procurement clearly has a primary role to play in delivering the savings required of the Council, and must focus on achieving the most economically advantageous goods, works or services for the Council. This is not necessarily the lowest price, and other criteria such as quality, delivery, technical capacity, ongoing revenue costs such as the need for maintenance or training, sustainability, fair

trade and market management must also be taken into account, so that the whole life costs can be assessed..

Achievement of good value for money will require a broad spread of procurement options to be adopted, including

- Ensuring that procurement activity is undertaken in the most effective and appropriate manner, within a corporate framework and having considered all options, including risk management and contract management
- Minimising procurement costs by, for example, reducing the number of low-value creditors (especially those where annual spend is less than £1,000), and monitoring savings achieved through effective procurement, and developing a performance management regime for procurement.
- Using procurement activity to support and promote Council policies and priorities, including working with the supplier base to promote equal rights, sustainability and economic regeneration.
- Subjecting procurement procedures and processes to regular review, and linking these to the Council's business re-engineering programme.
- Investing in procurement training and systems to support the procurement process, particularly the identification of whole life costs, and how to let sustainable contracts.

The devolved model of procurement provides a good fit with the Council's size, style and values, and this model should be retained as far as is practicable. However, procurement activity is sometimes uncoordinated and rushed, leading to opportunities to aggregate demand being missed. Planning annual procurement activity in advance will enable officers to undertake procurement in a more structured manner, identify options and opportunities for collaborative or aggregated procurement, and prepare properly. Collaborative or aggregated procurement within the Council should therefore become the norm.

A similar partnership approach needs to be adopted for larger, corporate contracts. The various options of collaborating formally with other councils or suitable bodies in individual procurement exercises, entering into framework agreements (nationally negotiated agreements), or joining purchasing consortia have already proved beneficial, allowing participating councils to aggregate demand and so take advantage of lower prices. The Council will continue to

promote collaboration and aggregation of contracts, and the use of framework agreements and purchasing consortia, unless to do so would not be in the best interests of the Council. The Council will ensure that the terms of any contract which it lets, contain a clause allowing other partners to join the contract at any time.

The Council recognises the benefit of working in partnership with organisations from the public, private and voluntary sectors in delivering improvements to service delivery. Strategic partnerships already exist, such as that between Hewlett Packard and the Worcestershire Hub, and provide access to investment, skills, and new opportunities that the Council is unable to acquire alone, and the Council will adopt a pragmatic approach to assess, for all its strategically important projects, whether strategic partnering offers the best long-term solution as part of its option appraisal.

The Council does not employ a qualified procurement professional, but through contacts in other districts (particularly the City of Worcester), and in the West Midlands Centre of Excellence, has access to such expertise. The Council will continue to develop and strengthen such arrangements, and will explore the possibility of concluding, in the short term, a more formal partnership with the City of Worcester and other interested districts to create a joint procurement function, similar to the regional procurement hubs which have transformed the NHS supply chain in recent years.

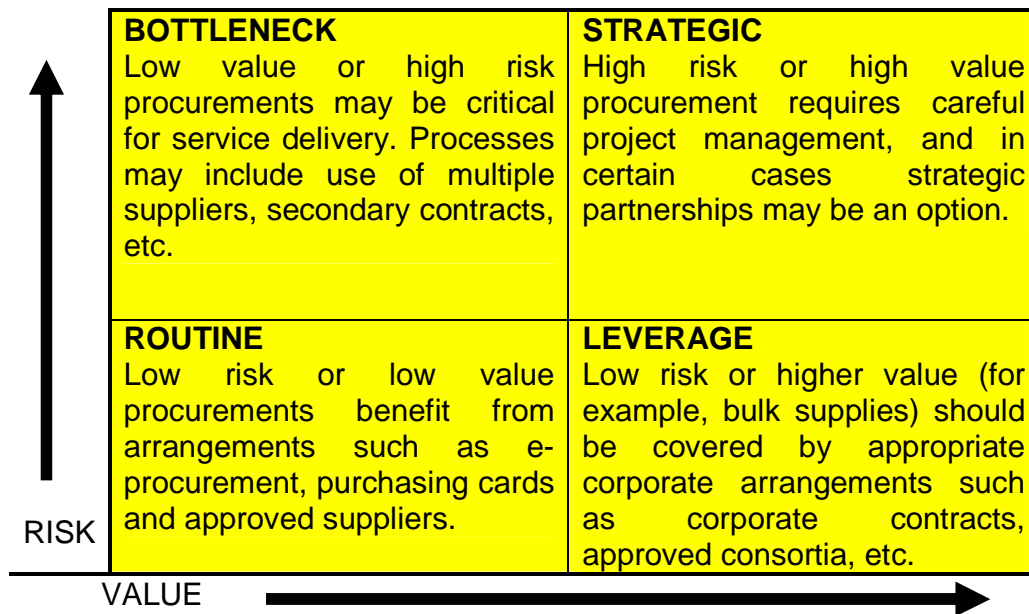
8.2 Strategic aim: Procurement opportunities which are sustainable for the supplier whilst providing good value for money for the Council, and which are sourced in a manner appropriate to the strategic importance of the goods or serviced being procured

It is in the Council's interest to develop long term relationships with suppliers, particularly those within the Malvern Hills District. This will mean considering the most appropriate length for contracts, as well as avoiding the imposition of terms and conditions which make the contract unsustainable from the supplier's point of view, and have the effect of imposing additional costs upon the Council when a contract fails and needs to be re-sourced.

The method of procurement is also important. Different procurement options will be suitable for different goods and services and will involve undertaking different practical steps to achieve the desired outcome. The Council will base its overall management of procurement by modelling its requirements on a risk / value matrix, as illustrated below. The Council's ongoing training and awareness programme will ensure that this approach is also applied to individual procurement decisions, and guidance will be developed and made available to buyers via a SharePoint procurement site. A balanced scorecard evaluation model will also be developed to enable tenders to be evaluated on

the basis of good value for money, rather than on a cost basis alone. Existing procurement contracts will be audited against this risk/value matrix.

Diagram: Procurement Analysis



Using this approach helps to ensure that procurement decisions are taken on the basis of a risk management framework, and increases the likelihood of achieving a sustainable contract that delivers the required outcome.

8.3 Strategic aim: Procurement which drives business transformation and customer focus by challenging existing service delivery methods

It is all too easy to see procurement as a means of acquiring goods and services on a like for like basis, and ignoring the challenge to service provision which should precede every major procurement decision, and which provides the opportunity to measure procurement in customer focus terms. There is a need for procurement to drive a radical examination of the way in which services are delivered to the customer, and who delivers these services. In the Audit Commission’s review of procurement activity “Competitive Procurement” the act of procurement is described as “a mechanism to challenge current services and to determine new models for service delivery”. Some service areas (such as Property Services and Revenues & Benefits) have been subject to this challenge.

This challenge can be accomplished by conducting an options appraisal as part of every major procurement exercise, or as part of another review of service delivery, in order to assess the wants and needs of the customer, and how best these might be satisfied. The options appraisal will include consideration of alternative service delivery options such as:

- In-house provision
- Public sector consortium
- Local authority company
- Joint venture company
- Framework agreement
- Partnering contract
- Design, build, finance and operate contract
- Concession or franchise
- Private sector solution
- A mixture of the above

and will take a view as to whether it is necessary to obtain the goods, services or works at all, and if they are necessary, what is the most appropriate route to procure goods, services and works to ensure that the Council achieves good value for money and an outcome which is focussed on the needs and wants of the customer. Such assessments fit well with the Council's Business Process Re-engineering programme, and with Customer Focus, which is a key organisational priority for the Council. There will be some services for which consideration of alternative provision may be inappropriate. The Council will conduct an assessment to identify those services where an options appraisal would be most and least appropriate.

The role and function of local government is currently under debate, and there is continuing discussion of the notion of local government as a facilitator and commissioner of services, as opposed to a provider. As a small district council, it makes sense for Malvern Hills to explore the opportunities for engaging the community in the design and delivery of their own services, regardless of the outcome of this national debate. Any challenge to existing services should, therefore, also include an assessment of whether the voluntary or community sector could or should play a role in delivery of those services. The Council will work with community sector umbrella organisations to inform this challenge, by mapping the potential of social enterprise and community bodies in delivery of services.

8.4 Strategic aim: The development of a performance management framework for procurement

Procurement activity, like all other Council activities, should be undertaken in a performance management environment. Procurement already influences the attainment of some national performance indicators (for example, e-

procurement is an element of BVP157). However, the development of local procurement performance indicators, for example, local and regional spend as a proportion of the Council's overall expenditure, or the average cost to procure would provide a more realistic appraisal of the contribution which procurement makes to the achievement of the Council's objectives.

Where possible contracts and specifications should include measurable outputs or outcomes, performance standards or other appropriate measures by which the contract can be assessed. These measures should be based on what matters to the customer who will receive the service. Contracts should, within the confines of the procurement legislation, provide scope for continuous improvement and appropriate exit strategies. Projects should be packaged to encourage delivery in the most cost effective manner

The monitoring and management of contracts is a critical factor, and can make the difference between a successful contract and a failed one. However, the temptation historically has been to consider procurement as ending with the letting of a contract, and consequently contract management within the Council to date has been poor. Contractual arrangements should be effectively planned, managed and monitored throughout the contract duration, with the emphasis on securing the best possible outcome for the Council. Where appropriate, contracts should include quality and performance standards and indicators, based on what matters to the customer, which are monitored and reviewed, and should incorporate an appropriate balance of control and partnership. Contract management training will be delivered to improve the Council's performance in this area.

Clear terms and conditions of contract benefit both the Council, (which can ensure that its own needs are consistently met within the contract) and the supplier (for whom the terms and conditions allow a better understanding of the obligations, and therefore the costs, of any proposed contract). The Council will develop a set of standard terms and conditions of contract which will be used in appropriate circumstances to ensure the most economically advantageous outcome for the Council.

Good intelligence and information is essential to the management of any activity. Until very recently the Council had no overview as to how and with whom its money was spent. Such spend intelligence, now available to the Council, is essential if the Council is to identify areas of procurement activity where collaborative working with other partners can be pursued, where aggregation of demand within the Council can be undertaken, and where procurement savings need to be targeted. This spend analysis data will be refreshed on a regular basis in order to provide procurement intelligence which can inform future service delivery and procurement decisions. Allied to information regarding the Council's spend is the need to develop a robust method of identifying savings achieved through effective procurement; currently

no such mechanism exists which can be guaranteed to capture all savings across the Council.

Staff engaged in procurement and contract management should be suitably trained for the purpose, as should members who need to understand the process in order to provide proper oversight and scrutiny. This Council is committed to providing opportunities for members and staff to gain the skills needed to procure effectively. Accordingly, members and staff with procurement responsibilities will be:

- Given the appropriate training to undertake effective procurement and purchasing
- Made aware of their responsibilities under the Council's corporate procurement framework
- Advised on the budgetary implications of procurement decisions

A training programme is already underway, and will address a number of procurement issues over the coming years.

Training is only one way to manage and enhance procurement knowledge. There remains a need for accurate and user friendly guidance, from both within and outside the Council, to be made easily available to users. The Council is developing an online resource to offer detailed procurement guidance to all staff engaged in procurement activities. This resource, using Microsoft Office SharePoint Portal, will continue to be developed in order to ensure a consistent approach to procurement throughout the Council, and the embedding of procurement principles.

External sources of advice and guidance also provide an important procurement resource which the Council needs to capture and utilise. The Council has developed good relationships with the West Midlands Centre of Excellence, and will continue this engagement to ensure that the Council's buyers have ready access to best procurement practice.

The Council also participates in a regional procurement forum, where good practice and information is shared between procurement officers within the County. This engagement will also be continued and developed further.

8.5 Strategic aim: socially responsible procurement

The Council seeks to undertake socially responsible procurement. The three strands of socially responsible procurement (economic, social and environmental) are addressed in more detail below.

8.51 Economic Regeneration

Procurement activities should take into account the effect on the local economy and whether it will assist in the stimulation and regeneration of the area. Wherever possible, consideration should be given to maximising the benefit to the local economy, in order to achieve the Council's objective of 'Prosperity shared by all'. Although 71% of the Council's spend is with small to medium sized enterprises (SMEs) nationally, only 16% of the Council's current spend is with small businesses within the district. Overall, The Council has signed a Concordat issued by the Small Business Service, which demonstrates its commitment to supporting SME's. However, the Council should use its spending power to support local small business where possible.

Procurement legislation limits the Council's ability to favour local businesses, but there are numerous ways in which it can legitimately support the local economy. Actions which the Council will take include:

- working pro-actively with the local businesses to explain how to do business with the Council
- providing information about future procurement activity, and advertising tenders on procurement websites developed specifically to assist small businesses (such as www.supply.2.gov.uk)
- packaging contracts in a manner, where possible, that does not preclude the following from tendering:
 - local and regional companies
 - small and medium sized enterprises
 - newly formed businesses
 - the voluntary and community sector
- developing local and regional lists of approved contractors and suppliers
- using purchasing cards to procure low value goods (often through local outlets).

The Council recognises and values the added benefits that the voluntary, community and social enterprise sectors can provide. In order to inform Council buyers of opportunities that may be provided by the sector the Council will work with CBC (Co-operation Black Country) and other agencies to develop a resource that maps the potential of the voluntary sector and social enterprises.

8.52 Climate change and Sustainability

The Council is committed to ensuring that services are delivered in a way that protects the quality of the environment and minimises any adverse impact on community well-being. The Council recognises that procurement can be integral in delivering more sustainable outcomes for the district. To achieve this it is necessary to ensure that environmental, social and broader sustainability

considerations are taken into account at the earliest stages of the procurement cycle. Decisions must be taken to ensure that projects are packaged so as to encourage delivery in the most economic, efficient and effective manner and, as far as possible, meet the needs and preferences of customers and residents.

Specific guidance on sustainability issues in procurement is currently being developed and will be included (and regularly reviewed) on the procurement guidance section of the Council's intranet. This guidance will make it clear that all procurement must have due regard of the principles of sustainability, and must consider environmental and social issues, such as Fair Trade and waste minimisation, at the earliest stages of the procurement cycle. The use of a balanced scorecard tender evaluation model will ensure that contracts are assessed on a wider basis than that of initial cost alone.

Equally importantly, the Council will work with the supply chain to continually seek improvements and to address ethical issues, for example, adopting the use of Fair Trade products, and supporting local suppliers in order to reduce the Council's carbon footprint. The Council will seek to use its spending power and good relationship management to encourage the supply chain to place sustainability and environmental concerns at the heart of its product and service sourcing operations. This will mean, for example, a presumption in favour of companies who have an established environmental management system or who are accredited to ISO 14001, or who are willing to take measures to improve environmental sustainability.

Unless it can be shown not to be in the interests of the Council, the Council's own procurement will take account of environmental sustainability by setting standards for minimum recycled content of goods, by working with the supply chain to minimise packaging, and by adopting a presumption in favour of purchasing only goods from verified sustainable sources. The Council will, wherever possible, work with other authorities and agencies to establish and promote minimum recycled content standards for products used by the Council and procured through joint procurement arrangements. The Council will also use its influence to seek to establish minimum environmental standards for all construction, refurbishment and maintenance work in which the Council has an involvement.

Equally importantly, the Council will develop and apply procedures for the proper management and disposal of assets to ensure both value for money and to minimise any adverse impact on the environment.

8.53 Equality and diversity

The Council as an influential, democratically elected body is able to promote a positive approach to equality throughout the region. In its procurement processes it is able to demonstrate its commitment to equality to all its suppliers and contractors in the questions it asks, by providing advice on equality issues and by ensuring that contractual arrangements actively promote equality.

The Council will ensure that information on how to access opportunities to supply the Council is widely available. In order to support the Council's commitment to raise the performance of the local economy, this will include local firms, particularly small and medium sized enterprises, businesses run by black and minority ethnic groups and voluntary and community sector groups.

The Council will seek to use its purchasing and commissioning power, as well as good supplier relationship management, to promote good practice in terms of equality and diversity amongst the supplier base.

Information which explains the Council's expectations regarding equalities and diversity issues will be developed and made available to all suppliers working with and for the Council.

8.6 Strategic aim: the development of appropriate e-procurement facilities

E-procurement is "doing business" electronically. The benefits of e-procurement include:

- lower process costs
- quicker and easier ordering of goods, services and works
- quicker payment of suppliers

The Council recognises the potential benefits of e-procurement and is committed to implementing an electronic 'procure to pay' process to eliminate unnecessary cost from the procurement process and thus release resources to be used more effectively elsewhere. The Council will investigate and, where appropriate, adopt a comprehensive set of e-procurement solutions that include:

- e-procurement portals to procure supplies and services.
- the regional e-tendering website for e-tendering.
- ensuring that contract opportunities are advertised through the Council's own website
- purchasing cards for low value spot purchases.
- e-auctions
- e-sourcing
- corporate financial systems integrated with e-procurement solutions, to enable e-ordering and e-invoicing/payment.

E-procurement also allows authorities to work collaboratively to achieve economies of scale and shared expertise and knowledge. The Council will consult with neighbouring districts to assess the feasibility of establishing a regional web-based supplier and contract management system to manage contracts (including performance information) identify collaborative opportunities, streamline the procurement process and further enhance the use of e-tendering.

9 Conclusion

Malvern Hills District Council wants its services to be efficient, effective and economic. 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.

Some elements of the strategy can be achieved relatively simply by the provision of straightforward and accurate procurement guidance to managers. Overall, however, the strategy requires a change in the culture of the Council, away from previous passive approaches to procurement, and towards a more customer-focussed, active involvement in procurement processes (and particularly contract management), which is able to provide a robust challenge to the way that goods and services are currently acquired and delivered.

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 development and maintenance of clear and up to date guidance, and access to training and external knowledge and expertise, will provide a basis for these improvements.

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. The majority of these actions will be delivered through the Head of Business Support and Customer Services, and the Business Change Manager, with support from the Council's Learning and Development team and the Corporate Communications Officer, as well as drawing on external sources of

expertise such as the West Midlands Centre of Excellence. The Corporate Operational Management Team will play a key role in delivering the strategy, both by championing the prerequisite culture change, and in ensuring that internal resources are co-ordinated in order to deliver the strategy. The strategy and action plan will be monitored on a regular basis, by the Head of Business Support and Customer Services, in conjunction with the Portfolio Holder for Resources and the Procurement Board, and reviewed annually.

APPENDIX 1

The Council will:			
Target date	Action	Strategic aim	Responsible officer (support from)
By the end of 2006-07	Complete an assessment of opportunities for collaboration and joint working with other authorities and public sector bodies that can deliver efficiencies and/or service improvements	1	JM, MD (MLN)
	Develop and implement a standard process for evidencing savings achieved through effective procurement	1	JM (PG)
	Develop and implement local performance indicators for procurement	4	JM, MD (WMCoE, DR)
	Pilot the use of procurement cards for high volume, low value transactions	6	MD (All)
	Develop and publicise online procurement advice available through Microsoft Share Point Portal	2, 4	MD (SSU)
	Develop a register of council buyers, to enable training needs to be identified and delivered against	4	MD (MLN, L&D)
	Develop guidance, and deliver training on, letting sustainable contracts	1, 2, 4	MD, JM (WMCoE, L&D)
	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	4, 5.2	JM, MD (IP)
	Develop a forward plan for procurement, to allow inter-departmental procurement opportunities to be aggregated	1	MD (MLN)
	Analyse current procurement spend to identify large spend areas such as agency staff, and prioritise savings opportunities	1	MD (COMT)
	Develop and introduce a standard set of contract Terms and Conditions for the Council	4	JM (PG)
	Continue to engage with the West Midlands Centre of Excellence	1	MD, JM
	Continue to play a leading role in the District	1	MD

	Council Procurement Group		
	Develop and introduce guidelines on minimisation of waste with regard to packaging	5.2	JM, MD (IP)
	Establish minimum environmental standards for all construction, refurbishment and maintenance work in which the Council has an involvement	5.2	JM, MD (IP, NES)
	Use standard Terms and Conditions of contract to promote ethics and equality amongst the Council's suppliers	4, 5.2	JM, MD (JRW)
	Develop a 'balanced scorecard' procurement evaluation toolkit covering whole life costs, sustainability, social responsibility, etc	1, 2, 4	JM, MD
	Provide training on contract and supplier management	4	MD (L&D)
	Assume a default position of collaboration with other authorities with regard to procurement	1	JM (COMT, MLN)
	Explore with Worcester City and other potential partners the possibility of a formal partnership for procurement	1	MD, JM
	Audit existing contracts against the financial/risk matrix	2	JM, MD
By the end of 2007-08	Increase the proportion of spend with local and regional suppliers from the current baseline of 17% to 25%	5.1	JM (MLN)
	Post and maintain a fully transparent and up to date database of contract information on the public website	5.1	MD (MLN)
	Develop and maintain a list of council procurement opportunities on the public website	5.1	MD (MLN)
	Issue all tenders through an electronic tendering portal such as supply2gov.uk	5.1, 6	MD (MLN)
	Implement the good practice guidance for commissioning with the voluntary and community sector published by the Home Office and OGC 'think smart...think voluntary sector'	5.3	JM, MD (COMT)
	Develop, in conjunction with representatives of the voluntary and social enterprise community, a resource to map the potential of the voluntary sector and social enterprises in the delivery of Council services	5.3	JM, MD
	Develop an options appraisal programme	3	JM (JRW),

	which links with the procurement cycle, Best value reviews, and Business Process re-engineering		COMT)
	Work with the Worcestershire Procurement Forum to develop a common list of approved contractors and suppliers	5.1	MD
	Develop a supplier management programme	4	JM, MD (MLN)
	Develop guidelines on environmentally sound disposal of assets	5.2	JM (IP)
	Become a Fair Trade Council	5.2	All
	Work together with other authorities to promote minimum recycled content standards for products used by the Council	1, 5.2	JM, MD (IP)
	Pilot the Bravo e-tendering/e-sourcing system	6	MD
	Investigate opportunities for procurement benchmarking, either through a benchmarking club or by using the Procurement Excellence Model	1	JM (DR)
	Rationalise the number of suppliers to the Council	1	JM, MD (MLN)
	Ensure that all new contract/supply arrangements are let on the basis of electronic invoicing and payment	6	JM (PG, MLN)
	Review procurement procedures and processes	1	JM
By the end of 2008-09	Refresh the comprehensive spend analysis provided by Spikes Cavell	4	MD
	Review the procurement strategy	1	JM
	Review procurement procedures and processes	1	JM