

Brent Council Corporate Procurement Strategy 2005

The Corporate Management Team endorsed a Corporate Procurement Strategy in September 2003. A number of interim reports to the Corporate Management Team updated the strategy and defined an action plan. This revised strategy has been updated to link to the National Procurement Strategy for Local Government published by ODPM and the LGA. The revised strategy provides a framework for the use and development of procurement to promote the Council's Corporate Strategy objectives and corporate policies.

Detailed procedures and guidance for letting contracts and ensuring compliance with policy and legislative requirements can be found in the Blue Book – Contract Procurement and Management Guidelines.

The National Procurement Strategy's four main strands are:

- Providing Leadership and Building Capacity
- Partnering and Collaboration
- Doing Business Electronically
- Stimulating Markets and Achieving Community Benefits

1. Providing Leadership and Building Capacity

Objective

"There should be a commitment from the top of each council (leader, chief executive, procurement champion) to procurement excellence by managing it strategically and resourcing it adequately" National Procurement Strategy October 2003

Current Status

The Council is strongly committed to providing leadership and enhancing capacity in its use of procurement. This Procurement Strategy is designed to take the Council's use of procurement forward, building on the foundations that already exist.

Senior level sponsorship of procurement and this strategy is provided by the Director of Finance and Corporate Resources as Chief Officer Procurement Champion and by the Deputy Leader of the Council as Member Procurement Champion. The primary role of these Champions is to promote, encourage, challenge and drive improved use of procurement across the Council.

A clear structure exists to support these activities, consisting of:

- The Procurement and Risk Management unit as the Council's centre of expertise for procurement issues:

- The Efficiency Review Board, chaired by the Director of Finance and Corporate Resources, comprising senior officers representing each of the Council's services areas: and
- The Procurement User Group, chaired by the Head of Procurement, comprising officers actively undertaking procurement activities.

Specific roles are:

Budget Holders/Key Stakeholders – tasked with delivering the Council's strategic objectives and are the key group in the Council's effective use of procurement, This strategy can only be delivered with their active participation.

Member Procurement Champion – The Deputy Leader provides the procurement voice in the Executive, promoting the procurement vision particularly with members and gaining their commitment to change. He also champions the procurement strategy and its implementation.

Performance and Finance Select Committee – has responsibility for reviewing and monitoring the effectiveness of procurement in the authority.

Chief Officer Procurement Champion – The Director of Finance and Corporate Resources provides the procurement voice on the Corporate Management Team, advocating an organisation-wide approach and support to the procurement strategy, gaining commitment to change and monitoring its implementation.

Borough Solicitor and Legal Services – promote the organisation wide approach to procurement and supports the procurement strategy. Advises the Procurement and Risk Management Unit on legislative and regulatory impact of proposed changes to procurement policy and guidance

Procurement and Risk Management Unit – responsible for procurement strategy, policies and procedures and for ensuring the use of procurement is co-ordinated successfully across the council. This co-ordinating role ensures that opportunities for aggregation of requirements and collaborative work are identified. It also has a central role in ensuring that lessons learnt on one project are disseminated to others, improving the council's knowledge base. The Procurement and Risk Management Unit serve as the main link to the London Centre of Excellence, other councils and to central government on all procurement related matters.

Efficiency Review Board – responsible for delivering real improvements in efficiency through being more effective at procurement, making support services more efficient and effective, reviewing the way the council carries out transactions and manages its customer interface and finding ways of making more productive use of staff time. The Board identified a prioritised list of potential projects related to each of the work streams set out in the Gershon Report and is responsible for monitoring efficiency gains.

Procurement User Group – The group provides the conduit for the sharing of experience across the council and the dissemination of relevant information

Plan of Action

The implementation of this procurement strategy will require sustained leadership from Members and Chief Officers to ensure that the Council is an organisation that is proactive in its approach to delivering good practice procurement

To support this there are a number of key tasks for the Council to accomplish. These include:

- A review of all of the Council's procurement related policies, regulations and procedures to ensure they support the delivery of the procurement strategy and improve the use of procurement to deliver the council's objectives. This will be led by the Procurement and Risk Management Unit
- The production of clear guidance on new or revised policies
- The communication of this both internally and externally where required
- The provision of targeted training. This will be led by the Procurement and Risk Management Department

Specific areas to be addressed are:

Basis of Procurement Decisions – The Council will make its procurement decisions on the basis of best value for money (most economically advantageous tender in the EU directives and UK regulations). Contracts will not be awarded only on the basis of lowest initial price with certain exceptions for appropriate works contracts. There will always be an assessment of quality, benefits and the costs that will be incurred by the Council throughout the life of the asset or contract period.

Project Management – It is not possible to create a one size fits all approach to procurement project management. However there are significant benefits for all large procurements from a combination of using a more formal approach to project management, the creation of an appropriate business case after a thorough options appraisal and ensuring the identification and allocation of risks. The Procurement and Risk Management Unit will provide guidance on the appropriate level of project management in accordance with the procedures issued by the Director of Finance and Corporate Resources in March 2005 (attached as Annex A).

Risk Management – Effective use of procurement strengthens the Council’s approach to corporate governance and links to other areas of corporate governance control such as the risk register. The risk register identifies specific risks to the Council and its ability to deliver services, and consequently specific procurement decisions may be taken as part of the risk control mechanism. It is also likely that major procurements will identify additional risks or opportunities for inclusion on the risk register.

Forward Planning – To ensure effective use of procurement the Council will develop a single contract register for the whole Council. This Contracts’ Register will cover all procurements and contracts to be tendered and/or awarded by the Council over £50,000. It will be an effective tool for the Council’s internal use, other local authorities and the Council’s suppliers. The register will include all future known procurements – both new projects and the renewal of existing contracts. The Procurement and Risk Management Unit will provide guidance on the information required.

Procurement review timetable - Major contracts/expenditure sub-category reviews will be conducted by the Procurement and Risk Management Unit on a rolling programme to be agreed with Service Area Directors. This work will review our strategically and operationally important areas of expenditure, agreeing longer term procurement strategies with the service areas.

Gateway Review – Large procurements will be subject to Office of Government Commerce style Gateway Reviews at the appropriate stages throughout the project. Gateway Reviews provide a formalised structure of project review at several key stages in the life of the project. The reviews serve to validate that the project is on-track, feasible and still required. The Procurement and Risk Management Unit will provide guidance on the information required.

Contract Management – Contracts must be managed throughout their life to ensure that:

- the benefits identified in the business case are delivered;
- contracts costs are controlled;
- variations to contract specification are controlled; and
- our suppliers comply with relevant legislation related to racial equality and diversity.

The Procurement and Risk Management Unit will conduct reviews of high value or strategically important contracts to determine the adequacy of the level of contract management utilised. The unit will also develop and offer training in contract management.

Documented Guidance – The Council’s current procurement related policies are published in the Blue Book, Contract Procurement and Management Guidelines. The Procurement and Risk Management Unit will lead a review of all procurement related policies and procedures. The Blue Book will be amended as required.

2. Partnering and Collaboration

Objective

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

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

National Procurement Strategy October 2003

Current Status

The Council utilises a wide range of contracting opportunities, partnering and collaboration and actively looks to maximise the proven advantages. There are some areas of procurement related to externally provided goods and services where collaboration could be increased either on a regional or sub-regional basis.

Plan of Action

The Council will proactively seek out collaborative opportunities with other councils and other public bodies, through active participation in existing consortia such as the West London Alliance and the London Centre of Excellence.

The Council will use the identified collaborative opportunity wherever this is of benefit:

- Exclusively to the Council
- To both the Council and the other bodies: or
- Exclusively for the other bodies **except** where there is a negative impact on the Council.

3. Doing Business Electronically

Objective

“ To achieve efficiencies in the procure-to-pay cycle including reduction in the cycle time and reduction in transaction costs. This will free resources that can be directed into front line services.

To use e-marketplaces to assist councils to access framework agreements and contracts” National Procurement Strategy October 2003

Current Status

The Council fully supports the need to e-enable procurement processes where indicated by the appropriate business case. The Council has investigated, and will continue to investigate, the individual component parts of e-Procurement and will implement those suitable to the Council's infrastructure and needs.

Plan of Action

e-auctions and e-tendering - are relatively quick to implement and are low cost. Funding has already been agreed for these work streams to go ahead, with timetables provisionally agreed.

On-line ordering - Pending the completion of the review of the finance systems, there will be a continuing roll out of the on line ordering of stationery. Other on line ordering sites will be considered as they become developed by our current or new suppliers.

Market places, purchase to pay systems, and purchase order processing systems – will be explored in greater detail as part of the review of finance systems. This will enable us to establish which options for finance systems are compatible with which e-procurement options. A comprehensive summary of the benefits and costs will be prepared.

4. Stimulating Markets and Achieving Community Benefit

Objective

*“Engage actively with suppliers;
Use procurement to help deliver corporate objectives, including the economic, social and environmental objectives set out in the community plan”*

National Procurement Strategy October 2003

Current Status

Analysis of the Council's payment systems, which are currently the only reliable source of information on the Council's suppliers, showed that the Council made payments to over 16,000 different firms in an eighteen month period between 2003-2005.

This strategy has already highlighted that the Council does not always procure on a strategic basis and must do more to make a greater contribution to the delivery of its strategic objectives via its management of suppliers and procurement.

Plan of Action

Marketing the Council – The Council will improve the way it markets itself to suppliers. The Council's review of its procurement processes includes the principle of making it easier for suppliers to understand how to do business with the Council. Supporting this approach a basic "Selling to Brent" guide was published on our web site in 2004 and this will continue to be enhanced throughout 2006. The Council will expand its consultations with the business community through local and national bodies and special interest groups. These will include amongst others:

- Chambers of Commerce
- Small Business Federation
- DTI's Small Business Unit
- Brent's Black and Minority Ethnic Forum

Small and Medium sized Enterprises (SMEs) – The Council will sign up to the National Procurement Concordat for Small Medium Sized Enterprises coordinated through the Office of the Deputy Prime Minister.

Diversity – The Council will take a positive approach to removing the specific barriers to trading with individual sectors. This will be applied across the supply chain and where it is not appropriate for the Council to trade directly it will encourage, and include as contractual commitments where appropriate and permissible, the use of these sectors as sub-contractors. The Council's Equality and Diversity Policy states that the Council will build diversity considerations into its business and people management processes. The Council also acknowledges it has a public duty to promote race equality and disability equality sees its use of procurement as essential to help fulfil this.

The amended Race Relations Act (RRA) and Disability Discrimination Act (DDA) outlaws racial and disability discrimination in all functions of local authorities, including procurement. In complying with the legislation the Council will ensure that public money is not spent on practices that lead to unlawful racial or disability discrimination, and that procurement is used to support and encourage equality of opportunity and good community relations.

Contractors and potential contractors need to be aware of the legal duty placed on the Council since it has implications for them. The Procurement and Risk Management Unit will work with the Corporate Diversity Team to produce guidance to support the Council's Equality and Diversity Policy objectives and its obligations under equalities legislation.

Supplier Monitoring – The Procurement and Risk Management Unit will work closely with Finance to regularly monitor the information available on the Council's supplier base through the payment systems. The Unit will also develop a council wide supplier database detailing expenditure by supplier and category of goods or services purchased. The database will be analysed to identify duplications of expenditure and/or supplier, opportunities for aggregation, suitable expenditure areas for targeted elements of the supplier base such as SMEs, ethnic firms and social and voluntary sector service providers.

Summary

In endorsing this Procurement Strategy and undertaking the stated actions the Council formally acknowledges the importance of effective use of procurement in contributing to the delivery of its strategic objectives.

Sustainable procurement has not been specifically addressed in this strategy, but it has been addressed in the Corporate Environment Policy endorsed by the Executive in November 2005.

The Procurement Strategy will be subject to an annual review of progress and will be benchmarked against the National Procurement Strategy and progress at other West London authorities.

GUIDANCE TO ALL DIRECTORS AND SERVICE UNIT MANAGERS – MARCH 2005

Procurement Services & Procedures

Public sector procurement is becoming increasingly important with new and detailed requirements for resource management, project management, collaborative working and cost and efficiency savings. The drivers behind these requirements are the National Procurement Strategy and the Gershon report with its associated efficiency savings targets. In order to link the demands placed upon us, meet the required targets and be successful in our CPA assessments it is necessary that we take a council-wide overview of our procurement methods and projects.

In order to facilitate this, the Corporate Management Team agreed a council-wide approach to all procurement projects in December 2004. As a result the following procedures will come into effect from 1st April 2005:

- **Details of all anticipated procurement of goods or services with a budget of £50,000 or above must be channelled through the Procurement and Risk Management (P&RM) team for initial assessment as to the required level of project management, support and advice.** Procurement should be advised of anticipated procurement work at the very earliest stage, i.e. as soon as you become aware that there will be a need to procure goods or services or re-tender or renew a contract and well in advance of any requirement to publish mandatory procurement notices. After the initial assessment by the P&RM team (contact details provided below) where appropriate, and agreed by both parties, that project support work will be carried out by P&RM team members or Tim Flint. Information regarding the range of procurement services offered by the P&RM department is shown below. Project based work is chargeable but it is anticipated that taking a project based approach to procurement activities will result in a reduction in cost or enhanced contracted service levels to the service area wherever possible. Taking a council-wide view of our procurement expenditure will also help service areas reap the benefits of economies of scale, enhance your contract monitoring and management opportunities and ensure that all of Brent's procurement complies with legislative requirements and best practice guidance. It is not possible to provide detailed figures relating to cost as this will vary considerably depending upon the size of the project and the level of procurement support. An indication of an hourly rate is £40, a projected cost of procurement support will be provided at the start of each project and discussed with the client.
- A Procurement Driving Licence (PDL) will be developed together with a training and development programme. Ultimately all staff working on procurement activities will be encouraged to achieve a specified

standard within the PDL. It is recognised that there are already areas of considerable procurement expertise within Brent and this will be taken into account when planning an individual's training programme. Training will be chargeable, but will be on a sliding scale linked to the level of training required.

- Major contracts/expenditure sub-category reviews will be conducted by the P&RM team on a rolling programme to be agreed with Service Area Directors. This work will review our strategically and operationally important areas of expenditure, agreeing longer term procurement strategies with the service areas. This work is not chargeable but will require some service area resources.

WHAT THE PROCUREMENT UNIT OFFERS:

General Procurement advice

- General procurement guidance regarding most suitable approach
- Advice relating to financial regulations, standing orders, contract tendering
- Troubleshooting

Medium Level Procurement Project Management

- Discuss and agree on project brief, appropriate tendering approach and timetable
- Produce a simple project plan, define stage boundaries, updating and co-ordinating actions as necessary.
- Help identify any problems/issues and assist in solving them.
- Undertake research and collection of information to inform the development of the specification.
- Liaise with Legal Services and arrange drafting of contract conditions, tendering instructions etc.
- Develop specification and consult
- Draft OJEU Notice if appropriate, adverts, questionnaire, letters etc.
- Place OJEU Notice if appropriate & advertise contract
- Administer notification of interest from contractors, receive completed questionnaires
- Facilitate evaluation of questionnaires, liaising with specialists.
- Design evaluation forms and facilitate Select List Panel – finalise Select List
- Invite to tender
- Facilitate tendering including dealing with queries
- Design evaluation forms and facilitate Tender Evaluation Panel, define roles of panel members
- Arrange and facilitate tender presentations/interviews where appropriate
- Maintain records and audit trail
- Assist in developing monitoring/contract management approach.

- The Procurement & RM team can, if appropriate, assist in a variety of ways, from providing advice and guidance to “hands on” project management of a tendering process.

Major Level Procurement Project Management

Some of the key activities in the management of a procurement project are shown below, broken down into project stages. All activities are undertaken by a project team comprising the key stakeholders, facilitated by procurement.

- *Project Initiation*

- Define the outcome
- Define critical success factors
- Outline options and associated costs/benefits
- Adopt processes or project management
- Identify stakeholders
- Define the project scope
- Determine the project approach
- Plan for management of risk
- Plan for cost management
- Identify dependencies with other projects
- Produce a project plan
- Develop SWOT analysis
- Revisit scope
- Define reporting arrangements

- *Running a Project*

- Drafting reports to Executive, placing required notices
- Help with drafting specifications, contract terms and conditions
- Agree team members and roles
- Stage planning
- Establish decision points (gateway review)
- Implementing controls
- Managing product delivery
- Reporting against plans
- Risk and incident management
- Cost management

- *Closing a Project*

- Project reporting
- Identify follow on actions

- *Project Review*

- Were anticipated benefits achieved?

- Identify barriers to success
- Identify any additional achievements
- Lessons learned

Procurement skills development

- Project Management
- Contract Management
- Procurement Best Practice

Expenditure Analysis

- Expenditure breakdown by service area
- Identification of expenditure anomalies
- Define areas of potential cost reduction
- Eliminate areas of expenditure/supplier duplication
- Provide trend analysis and expenditure forecast reports

Market Research

- Service specific market knowledge
- Industry best practice information
- Private/public sector innovation
- Public/Private sector benchmarking
- Economic and market force analysis

By utilising some or all of the services above you will free up resources, reduce overall procurement costs, raise procurement and contract management skills standards where required and contribute to service areas meeting their targets. In addition to informing the procurement team of any new projects please advise them of projects which are already underway – this will help in producing the first council-wide contracts register and forward contract plan.

Points Of Contact Are:

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