



**WORCESTER CITY COUNCIL**

**PROCUREMENT STRATEGY**

**Revision June 2013**

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## **1. Introduction**

- 1.1. The Council's obligations under the Local Government Act 1999 in respect of Best Value require it to make arrangements to secure continuous improvement in the economy, efficiency and effectiveness of the Council services.
- 1.2. The effective procurement of goods, services and works is crucial to the achievement of Best Value.
- 1.3. This Strategy Document is designed to assist in the achievement of the Council's corporate goals and promises whilst at the same time ensuring fairness, transparency and probity. The operation of the principles set out in this Strategy are underpinned by the Procurement Code.
- 1.4. Any decision to procure from a third party for services currently provided by the Council will only be made after full consultation with the trade unions and staff concerned. Full regard must also be had to the Code of Practice on Workforce Matters in Local Authority Service Contracts.

## **2. The Council's Strategic Priorities**

- 2.1. Worcester City Council has set the following strategic priorities in its Best Value Performance Plan. Each of these has implications for the procurement process.

### **2.1.1. Cleaner and Greener City**

The Cleaner and Greener priority area brings together our complementary aims of keeping Worcester both clean and healthy. Our work ranges from improving the aesthetics of our environment by collecting waste and reducing litter, to safeguarding public health by enforcing the quality of our air and the cleanliness of food produced in local establishments.

At the same time we are also developing the city's parks, open spaces and natural environment. All these aims together are intended to provide a healthy and improved quality of life for all residents and visitors to the city. They also relate directly to national government's 'Cleaner Safer Greener Communities' agenda.

### **2.1.2. Safer and Stronger Communities**

The Safer and Stronger Communities priority brings together a range of services which seek to improve the overall quality of life of people across the social spectrum. This will be achieved by promoting healthier lifestyles and encouraging residents and visitors of Worcester to be more active within a safer local environment. We also seek to improve the well being of residents in the city by ensuring that they have access to good quality housing that is appropriate to their needs.

#### 2.1.3. Urban Renaissance

It is the council's duty to develop and manage the growing city with respect for its historic past and an understanding for its future needs. We aim to deliver, in partnership with the county council and others, a city that achieves the right balance of development for its interlocking roles as a place to live, work and play.

The City Council's planning policy, development management, design and conservation work is all directed towards achieving high quality built and natural environments that reduce resource consumption and help to combat climate change, particularly in the city centre. We will help ensure it is maintained to the appropriate standard and that it provides excellent road, rail and bus services.

We will also work with VisitWorcester to develop the visitor economy and make Worcester an all year round tourist destination.

#### 2.1.4. Customer Care and Citizen Engagement

Worcester City Council believes that outcomes for our customers – the residents of Worcester and our other service users – should be at the heart of everything we do. As well as delivering excellent services we want to engage with the citizens of Worcester as much as possible in order to understand their needs and aspirations and involve them in the decisions that we make.

The Customer Care and Citizen Engagement priority outlines how all of our services, from the frontline Customer Service Centre right through to the back office, will achieve this. We will identify our customers, treat them fairly and involve them as fully as possible.

#### 2.1.5. Performance, Innovation & Efficiency

The council is in a very difficult financial situation and is making make numerous funding cuts and restructuring all service areas in order to ensure a sustainable future. At the same time the expectation of local people for quality public services rightly continues to increase.

The Performance, Innovation and Efficiency priority articulates our desire to meet these challenges through better use of our resources and continuously improving the way we operate. It is the responsibility of both particular support functions (such as insurance, payroll and procurement) and also of all services in terms of improving performance, meeting budget targets and maximising the opportunity of our people to work to their strengths.

### **3. Procurement Principles**

- 3.1. The purpose of procurement is to meet the user's requirements in the context of achieving the strategic priorities referred to above. The user's requirements, including any specific level of quality or standard of service must, however, be tested critically for need in relation to the Council's strategic priorities or other statutory requirements, cost effectiveness and affordability.
- 3.2. To the greatest extent possible, the requirements should be expressed in terms of outcomes and performance to avoid any suggestion of favouritism and to provide scope for innovative solutions.
- 3.3. Requirements should be specified by reference outputs or performance related criteria or to recognised standards, where relevant, making provision for equivalents to be offered where appropriate and taking care not to discriminate directly or indirectly against any potential suppliers who can meet the identified criteria for user requirements.

- 3.4. The Council will aim to achieve value for money, defined as the optimum combination of whole-life cost and quality (or fitness for purpose) to meet the user's requirements.
- 3.5. It will consider sustainability as an important criterion in any procurement providing that the cost or availability does not prejudice service delivery.
- 3.6. In assessing value for money, the Council will also take into account costs of transportation and storage (where applicable), stocks required, delivery and availability and the costs of the procurement process itself (i.e: the time spent on procurement).
- 3.7. Any procurement decision should aim to minimise the overall use of energy and promote the conservation of natural resources.
- 3.8. Wherever possible the use of re-cycled material should be specified and the contract should require any waste material arising from it to be either re-cycled or disposed of in an environmentally sympathetic manner.
- 3.9. Procurement decisions should aim to minimise the generation of waste and use of unnecessary packaging.
- 3.10. Where the use of timber or other natural resources is involved, these should be obtained only from sustainable sources.
- 3.11. Where suitable alternatives are available at reasonable cost, the procurement process should prohibit the use of environmentally damaging products.
- 3.12. Contractors should be provided with a copy of the Council's Environmental Statement of Intent and be required to provide their own Sustainability Policy/ Environmental Statement of Intent along with evidence of implementation.
- 3.13. In achieving value for money, the Council's anticipates that it will operate a mixed economy of provision with some works and services provided in-house and some from the private sector. Where services are currently provided in-house, the Council will critically examine usually by way of a Best Value Review whether this is the best way of providing these services in the context of the Council's strategic priorities. Any decision to procure from a third party services currently provided by the Council in-house will be made after full consultation with the employees concerned and the trade unions, as required by Circular 03/2003 Local Government Act 1999: Part 1 Best Value and Performance Improvement.

- 3.14. The Council will take a long term strategic view of the procurement of its requirements including the potential for innovative funding, the management and balance of risk and the opportunity for cross service/agency working.
- 3.15. Where the Council decides that in house provision will not of itself enable the Council to satisfactorily achieve its corporate goals, it will seek to adopt a partnering approach in which both the Council and the supplier seek to gain maximum mutual advantage through longer term relationships.
- 3.16. In longer term contractual arrangements the Council will seek to incorporate provisions for continuous improvement so that the Contract is more favourable to the Council on a year by year basis.
- 3.17. Any decision to adopt a partnering approach in respect of services currently provided in-house by the Council will only be made after full consultation with the trade unions and staff concerned (see paragraph 1.4 above).
- 3.18. The Council will seek to base its procurement decisions on outcomes rather than inputs and will decide whether or not to provide a service in-house having regard to the procurement principles set out above.
- 3.19. The Council wishes to utilise economies of scale in procurement where this can be shown to be beneficial in securing best value. It will, therefore, seek to work closely with local authorities and other bodies having similar procurement requirements to itself.
- 3.20. Officers responsible for procurement should, therefore, consider whether to utilise joint purchasing arrangements, either existing consortia such as the Government Procurement Service, West Mercia Supplies or other appropriate qualifying consortia arrangements - alternately by setting up new joint procurement arrangements with other Local Authorities either regionally or nationally.
- 3.21. The Council wishes to support local businesses and Small to Medium Enterprises (SME's). Officers responsible for procurement should, therefore, try to;
  - identify any local businesses that are able to do the work.
  - ensure that they are aware of the opportunity.
  - ensure that they have access to general information about the Council and its needs.

- 3.22. However, care must be taken to ensure transparency and fairness to all potential tenderers and any information specific to a particular tender must be made available to all tenderers. Conflicts of interest must also be identified in the tendering process.
- 3.23. Where the Council proposes to enter into a contract to provide services directly to the public, the Contractor must be able to provide a service that meets everyone's need. Race equality, disability equality, and other equalities issues relating to customer diversity will, therefore, be a key requirement of that Contract which need be reflected in the specification and Conditions of Contract. They must also be considered at each stage of the procurement process and in the arrangements for monitoring and managing the Contract. Examples of such services are housing and management of sports and leisure facilities.
- 3.24. Race equality, disability equality, and other equalities issues must also be considered as a key requirement of any Contracts let by the Council for the provision of services which involve direct contact with the public e.g. parking control or security services.
- 3.25. In the case of Contracts involving little or no contact with the public, contractors should be provided with a copy of the Council's equal opportunities statement and required to provide a written equal opportunities policy with evidence of implementation and non-compliance procedures.

#### **4. Organisation of Procurement**

- 4.1. Currently, most day to day procurement of goods and services is dealt with on a decentralised basis within services.
- 4.2. There are, however, a number of examples where procurement contracts have been set up centrally, but individual ordering is devolved to Services e.g. office supplies and photocopiers.
- 4.3. Other procurements are dealt with centrally by Shared Services with specific expertise in that area e.g. IT equipment, telephones, gas and electricity supplies. This can produce advantages in economies of scale.
- 4.4. Examples of procurement Contracts set up centrally but with devolved ordering include :
  - stationery and office supplies
  - multifunctional devices and printers
  - window cleaning
  - hygiene services

- water dispensers
  - cash collection
  - confidential waste disposal
  - electricity, gas and water supply
  - ICT software and hardware
- 4.5. There are other areas where the Council might obtain efficiency and cost savings by putting together corporate contacts where at present each service procures individually.
- 4.6. The Council will seek to improve the ways in which it undertakes procurement by making individual services responsible for particular areas of procurement across the whole Authority and making the procurement expertise within the Authority more generally available across the Authority to support the setting up of such centralised contracts.
- 4.7. In the case of major procurements, a project plan will be drawn up at the beginning of the procurement exercise, setting out the standards of work, how the work will be undertaken and the terms for their completion.
- 4.8. Where a corporate contract has been set up for the procurement of goods or services, it is the responsibility of all Council services to ensure that their procurement of these goods or services is undertaken through that contract.
- 4.9. Where corporate contracts are in use, monitoring systems will be established to ensure that they are being fully utilised, that “off contract” purchasing is not taking place and that anticipated savings are being achieved.

## **5. Procurement Rules and Procedures**

- 5.1. The rules and procedures for procurement are those determined by EU directives embedded in UK law and those set out within the Council’s Financial Regulations, in that order of precedence.
- 5.2. The regulation of Contracts currently comprises Financial Regulations and the Councils Procurement Code. These are reviewed at least every three years to ensure that they remain relevant.
- 5.3. The level of delegation to Officers has been set with a view to simplifying and speeding up the procurement process in a manner which is consistent with maintaining probity and minimising risk.

- 5.4. All Procurements which exceed the current EU thresholds will be carried out in conjunction with the Procurement Manager to reduce risk and ensure compliance.
- 5.5. Where a decision has been made to procure goods, works or services from an outside body, the general presumption will be such goods, works or services should be acquired by competition, unless there are compelling reasons to the contrary.
- 5.6. In all their dealings in the procurement process, Councillors and Council employees should do their best to preserve the highest standards of honesty, integrity, impartiality and objectivity and shall comply with the Council's Codes of Conduct at all times.
- 5.7. In dealing with suppliers and providers, the Council will ensure that there is an equal opportunity for all that meets the stated criteria to participate in bidding for requirements. Wherever requested unsuccessful applicants and bidders will be provided with a debrief.
- 5.8. The Council will seek to remove obstacles to conducting business and will encourage local firms and businesses to participate in procurement processes and become suppliers and contractors to the Council.
- 5.9. In appointing contractors, the Council will generally appraise offers received on the basis of the most economically advantageous tender (MEAT) and will take account of whole life costing, seeking an appropriate balance between cost and quality in the evaluation.
- 5.10. In any procurement the Council will consider the impact upon the market of particular ways of packaging and presenting requirements so that these are as attractive as possible consistent with the needs of users.
- 5.11. Contracts or arrangements for the procurement of goods and services will be subject to market testing on at least a three yearly basis except in the case of any long term contracts which have been entered into for a period of greater than five years in order to provide improved value for money for the Council.
- 5.12. Where a contract under which staff originally transferred out from the Council is re-tendered, the Council will consult with the trade unions and staff concerned in the same way as if this was a decision to procure from a third party services currently provided by the Council.

## **6. Process Management**

- 6.1. Service Managers will be responsible for ensuring that records and procedures set out in the Procurement Code are properly maintained, decisions are properly recorded and that clear audit trails exist in order to ensure fairness, transparency and probity.
- 6.2. Resources relating to procurement will be kept under review as part of Best Value reviews and the Council will encourage the use of electronic and other means of communication to reduce acquisition and transaction costs.
- 6.3. Contractors will be paid in line with the Council's Prompt Payment Policy. The Council will extend the use of electronic means for ordering and paying invoices.
- 6.4. The accelerating use of electronic commerce will have an effect on this Strategy and the Council's Procurement Code relating to Contracts. The Council will investigate electronic means of procurement where this can be shown to have advantages for the Council in achieving the objectives set out in the Strategy and will make appropriate amendments to the Procurement Code relating to Contracts to govern this.

## **7. Training**

- 7.1. The Council will ensure that all Officers responsible for procurement and contract management are appropriately trained and conversant with the rules of good procurement.
- 7.2. Arrangements will be made to disseminate information and good practice on procurement to all those undertaking procurement and appropriate training courses will be arranged for such staff.

## **8. Councillors and Procurement**

- 8.1. Elected Members are involved in major procurement decisions with Financial Regulations establishing from time to time the level of procurement decisions which can be taken by individual Officers, individual Cabinet Members and the full Cabinet.
- 8.2. Members will also have a role in ensuring that procurement processes produce quality outcomes, in scrutinising those processes and monitoring the outcomes of those processes, particularly with regard to the Corporate Contracts referred to in paragraph 4.4.