

# PROCUREMENT STRATEGY 2009

## PORTFOLIO RESPONSIBILITY: RESOURCES

CABINET

25 JUNE 2009

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### Wards Affected

County-wide.

### Purpose

To seek Cabinet's agreement of the updated Procurement Strategy.

### Key Decision

This is not a Key Decision.

### Recommendation

THAT

- a) the updated Procurement Strategy be approved; and
- b) the Strategy's emphasis on sustainability be noted.

### Reasons

1. "Procurement" is the process of acquiring goods, works and services from third parties. The process spans the whole life cycle from identification of needs, through to the end of a service contract or the end of the useful life of an asset. It includes options appraisal and the critical "make or buy" decision. An appropriate strategy helps deliver this activity in an effective manner.

### Considerations

2. The strategy updates the 2008 document and is designed to define the approach that must be followed by officers. It is also a point of reference, providing guidance on all procurement related activity.
3. In a departure from the previous Procurement Strategy, it reflects the importance of sustainable procurement as well as supporting local sourcing of goods and services where possible.
4. The strategy reinforces the Council's commitment to achieving value for money and this will feed into the Use of Resources section of Comprehensive Area Assessment.
5. Implementing this strategy will assist in improving the way the Council performs its procurement activities and deliver better procurement outcomes and tangible benefits. It encompasses and reinforces all the corporate policies that need to be taken in to consideration before, during and after the procurement process.

6. It is not intended to be a procedure manual. Other documents will provide this detail and will be available via the Intranet.
7. The strategy places an emphasis on sustainable procurement that should include seeking more local sourcing. The council cannot discriminate in favour of local suppliers because they are local. However, there is a close link between sustainability and environmental factors and procurement decisions outlined in the strategy. The council has recently taken a more pro-active approach to increase the number of local suppliers who may be either aware of appointments to bid for council business or more able to make an effective proposal to be considered for contracts.
8. The emphasis on sustainability is in line with evidence that central government is also placing this factor at a higher level of importance. Specific council activity to deliver a sustainable sourcing approach will centre on four key elements:
  - a) To ensure that procurement practices support corporate objectives.
  - b) To evaluate and improve current procurement practices to achieve better value for money.
  - c) To ensure good practice examples and processes are identified and applied consistently across the organisation.
  - d) To integrate procurement activities into other strategies adopted by the council and to ensure that corporate objectives are addressed holistically.
9. Local sourcing will be encouraged by enhancing local firms' ability to compete.
10. More effective use of the council's web portal on the website will be made to register suppliers and for planning tenders. The web portal will also display a listing of the council's regularly bought categories of goods and services that could be sourced locally.
11. It is in the council's interest that more opportunities are published on the portal. As a result, the strategy will make it mandatory for staff to publish all requirements with a value over £5,000 on the portal.
12. The strategy also indicates that the Regeneration and Resources Directorates will seek to hold a training seminar with Business Link and the Chamber of Commerce, to help potential suppliers understand the requirements when submitting tenders for public sector contracts. Coupled with this, there be an annual "Meet the Buyer" event.
13. Since early 2009 procurement training has been in place to promote a common understanding of the principles, objectives, key skills and methods of procurement to key officers in directorates. This was an action arising out of the Use of Resources assessment.
14. The strategy contains input from NHS Herefordshire to help build on the emerging joint working around procurement. The HPS Steering Group has requested an update on progress to achieve joint working in procurement and a report will be presented to the Steering Group meeting of 26<sup>th</sup> June.

## **Financial Implications**

15. An effective Procurement Strategy can make a considerable contribution to the Council's overall financial position.

## **Risk Management**

16. A clear, up-to-date Procurement Strategy is an effective means of managing the risks associated with procuring goods and services.

## **Alternative Options**

17. There are no alternative options

## **Consultees**

18. None

## **Appendices**

- Appendix A - Procurement Strategy 2009

## **BACKGROUND PAPERS**

- Procurement Strategy 2008