

Chapter 5 – Doing Business Electronically

Preparing for e-procurement

Key Objectives: To set out Oxford City Council's approach to, and preparations for, e-procurement.

E-procurement refers to the use of information and communication technologies (ICT) to automate and improve the efficiency and effectiveness of procurement processes. The National Strategy suggests that e-procurement has enormous potential to improve local authority procurement performance and to save money.

Oxford City Council is enthusiastic but also healthily sceptical about the possibilities that e-enablement offers. Central Government's own record – the Passport Office, the CSA, and the NHS – suggests that benefits can be overstated. We certainly take the view that e-enabling inefficient manual processes will simply produce inefficient e-processes.

This is why, in 2001, we commissioned Buying Team to work with us to review some of our core procurement processes. This review involved:

- low-value, high-volume spend
- high-value spend where there were options to consolidate into a single contract
- procurement processes for areas of spend that could lead to process savings and e-purchasing
- identifying new initiatives, to secure improvements in these areas.

The review resulted in corporate contracts being put in place for: stationery, office consumables, toners and envelopes; temporary agency staff; energy purchasing. The Council has since reviewed other areas of spend and put corporate contracts in place for print, bottled water, and mobile phones

As a result of these reviews and the resulting contracts, we have embedded the core principles of good procurement:

- developing additional call off contracts for business units to use for repeat volume purchases for common areas of need
- aggregating service and supply needs from different business units for similar requirements to achieve maximum value
- monitoring spend across the Council to ensure business units purchase within the contract arrangements to achieve maximum savings or benefits appropriate for that service
- working with partners, contractors and suppliers to ensure continuous improvement measures are included in services and supplies delivered by contract
- establishing direct order processes that will reduce its order processing and invoice administration costs.

As a result of the work that we have already done to transform our manual processes, we are in a strong position to take advantage of the benefits offered by e-procurement. Governance responsibility for implementation rests with the Customer Care/IEG Steering Group, which is responsible for the delivery of all IEG-related projects.

National requirements

Key Objectives: To identify the e-procurement outcomes required by Central Government and the benefits that these will deliver. To identify a framework of projects that will support the Council's vision, meet the milestones of the national e-procurement strategy, and be sufficiently flexible to take advantage of the outputs from the Regional Centre of Procurement Excellence and the Strategic Procurement Partnership for Oxfordshire (SPPO).

The ODPM requires local authorities, by December 2005, to be able to:

Generate orders electronically:

A buyer should be able, through their PC, to view inventory online (ideally from existing LA contracts, local and national suppliers, regional collaborative contracts, and the 'best of breed' national contracts); to select a required product or service from an electronic catalogue or by entering a product code; to generate an electronic order and to obtain authorisation for it electronically if required; and to transmit the order directly to the supplier.

Receipt goods and accept invoices electronically:

The buyer should be able to log the receipt of goods electronically; to accept and log invoices in electronic form; and to match the electronic purchase order, delivery receipt and invoice details on their system before payment to the supplier is authorised.

Make electronic payments:

Once a payment has been authorised, the council should be able to transfer funds electronically, generating an electronic notification of payment to the supplier. For low value purchases, the use of purchasing cards should be considered.

Provide a Single Business Account (SBA):

A Single Business Account provides a single point of contact between the Council and businesses who use Council services. The Council allocates each business a unique identifier. This identifier is stored and managed through a corporate CRM system and can be accessed by phone, contact centre, or the website. The SBA enables the Council to hold information about business customers centrally. It also provides businesses with improved access to the full range of Council services relevant to businesses. The SBA will enable a business to manage their relationship, transactions and interactions with the council at any time. ODPM requires that we have a Single Business Account in place by the end of 2005. However, it will not be possible for all suppliers, particularly small and medium enterprises, to implement electronic systems. It will, therefore, be necessary to maintain a non-electronic capability during the period of this strategy and probably well into the future.

Oxford City Council needs to identify those technical solutions that will best enable us to deliver these improvements.

Developing the business case

Key Objective: To identify the potential benefits and costs that need to be taken into account when building the business case for implementing a solution within the e-procurement framework

The Council's vision commits us to maintaining financial stability. Realising the benefits of e-procurement involves heavy investment in ICT. ICT projects – as Central Government experience shows - are risky and need to be regularly checked against the supporting business case (OGC Gateway reviews). Developing a business case for each potential solution within the e-procurement framework is a key step in the implementation.

Developing the business case for technical solutions related to e-procurement is complex. While the benefits of continually improved internal processes can be quantified, other benefits are less easy to pin down, for example:

- the added value for staff who are better motivated because they are enhancing their own capabilities by learning to use new technology procurement solutions
- the benefit of using suppliers who really do want to do business with the Council.

Benefits of this kind contribute to achieving the Council's vision and need to be built into the business case for each project.

The e-procurement framework

Key Objective: To de-mystify some of the terms used in e-procurement, to provide a high-level description of the solutions, and identify the benefits of e-procurement

The Council's vision commits us to making access to our services easy and investing in our staff. The technical solutions within e-procurement have the potential to allow suppliers greater access to the internal council services (e.g. finance and purchasing) and to improve the job satisfaction for staff, enabling them to be part of a team that achieves more with less.

There are a number of technical solutions within the e-procurement framework that can help the Council achieve its desired outcomes. Oxford City Council will implement those solutions that best support our vision, and provide increased efficiency and effectiveness.

There is nothing new about what the solutions achieve; it is about applying the benefits of 21st century technology to core local government processes.

Technical Solution	Description	Comments
Advertising of opportunities	<p>A council website advertises potential tender opportunities to the business community including information on "how to do business" with the Council. The suppliers can also access pre-tender questionnaires and it is possible to "push" out opportunities to interested suppliers using email.</p> <p>The North East Purchasing Organisation has implemented this type of technical solution</p>	<p>The "how to do business" publication is already on the Council website and stands up well against similar publications by other authorities.</p> <p>Advertising on the website will bring interest from across the world. This increases the workload associated with managing social and environmental risk.</p>
Sourcing and tendering	<p>There are two solutions to consider here e-tendering and e-auctions. The former is designed to perform the tendering function on-line from advertisement to contract management and is most suitable for bespoke solutions.</p> <p>E-auctions on the other hand are more suitable for purchasing large quantities of very well specified commodities. For example the Portsmouth Hospital Trust saved £640,000 on pharmaceuticals when it conducted a reverse e-auction (lowest bid wins)</p>	<p>A partial implementation of e-tendering (e.g. receipt and distribution of tenders) can be a "quick win" for the council and its suppliers.</p> <p>E-auctions are very complex to set up but do have a track record of generating savings. The East Lancashire Consortium saved £20,000 on the costs of printer cartridges.</p>
Catalogue Management	<p>In order to buy electronically there has to be either catalogues or marketplaces. As the names imply, catalogues are the electronic equivalent of shopping catalogues and marketplaces are similar to street markets. The issues are about where they are held and who maintains and controls access to them. It is possible for the Council to maintain catalogues from its suppliers on its own equipment or to access the catalogues on the supplier's equipment.</p> <p>Similarly marketplaces can be on either the council's systems, the suppliers' or a third party e.g. the IdeA marketplace</p>	<p>Maintaining the catalogues and marketplaces is not a simple or inexpensive task. The supplier community cannot afford to maintain its interfaces to catalogues on several customer systems. The result is that in general catalogues are held on the supplier's equipment and marketplaces are best managed by consortia (e.g. IDeA, Essex).</p>
Electronic Ordering	<p>This is about raising purchase orders electronically and using workflow to gain the correct levels of authorization. The orders can then reach the suppliers electronically, by fax or telephone. Suppliers are encouraged to accept orders electronically but in order to retain the SME sector as suppliers, the non-electronic means still needs to be available</p>	<p>This is all about process and the balance between cost and risk. Implementing electronic ordering is not difficult but it is important to cut the authorization path without losing the audit trail or taking away the authority of budget holders.</p>

Technical Solution	Description	Comments
Goods receipting and delivery notes delivered electronically	The concept is that the user is able to communicate electronically to the back office system that the goods have been received and (in most cases) trigger the invoice payment.	The technical solution has to cope with all the exceptions that may arise, partial delivery, faulty goods etc. Handling these issues is a policy and process problem that the technical solutions have to support.
Invoice processing	Invoices are legal documents that can now be submitted electronically. Electronic matching of invoices against purchase orders is a major time /money saver. Although this process can preclude the consolidation of a number of invoices to a single supplier (depending on the software employed) it does enable the staff to focus purely on the exceptions.	Again this is a process issue. Electronic invoicing is lagging behind electronic purchasing capabilities from suppliers – which is not surprising. So the paper invoice is with us for quite a while. (Note: IDeA marketplace has developed an on screen invoice matching process (with Derbyshire County)).
Electronic Payment	BACS has revolutionized the way payments are made over the last 25 years. The Council in handles the money part of the transaction in this way over 87% of cases. The next move is to send the remittance advices electronically as this not only saves postage but also can be accomplished without human intervention.	The issue here is getting suppliers to accept an electronic remittance advice. Few have the capability of handling it electronically and certainly the SMEs will have to change their procedures.
Supplier Access to back office systems	Most back office systems now have the capability to allow suppliers to gain access via the Internet in order to track their invoices and payments. This can be of benefit to the Council and its suppliers. Today's hosted solution provides suppliers with their own secure area from where they can track transactions – but this does not give them any linkage to the council back offices systems	A question of balancing service against risk. But it is something that will face the entire public sector over the next 5 years as the effects of Gershon are felt. Partnerships will have to include sharing of information without duplication.
Procurement Cards	Over £1½bn was spent last year on the Government procurement card (Source: OGC web site). It works in exactly the same way as the credit card that most of the public now uses. It also has the same advantages and disadvantages, easy to use and difficult to control! One of the key benefits is that all periodic transactions are consolidated into a single statement (normally monthly)	An ideal solution for low value high volume indirect purchases. From a staff point of view the benefits are not only in the ease of use but also in the morale boosting level of trust that is given to them.
Punch out	Not a solution in its own right but one of two ways of working with catalogues on supplier web sites. From the council's point of view this is the user being transferred seamlessly into the content of a supplier website and viewing the Council's subset of that supplier's catalogue – including council specific pricing. Once selected items (goods or services), are then passed back into the workflow of the FMS – allowing all the usual processes of commitment accounting, soft budget checking and so on.	The current position is that whilst several FMS suppliers are claiming that they have this facility, as far as Socitm Consulting is aware none can demonstrate a working system at a council site. Note that an FMS supplier will refer to "Punch out" as "Punch in" and vice versa! (IDeA:marketplace can demonstrate working punch out to Reed recruitment, Gilbert and OGC buying solutions).
Punch in	Again not a solution but a way of working with marketplaces. At the point of item selection the user would be (seamlessly) transferred from the FMS into the marketplace and all it's content	This is the way that the IDeA market places works and other marketplaces will work. The software that facilitates the item selection etc. sits within the marketplace

Technical Solution	Description	Comments
	(which could also include council contracts) – the item is selected, then passed back into the workflow of the FMS – allowing all the usual processes to take place	site and its maintenance etc is included within the price that the council pays for membership.
Marketplace	An electronic market place is no different from its physical equivalent. It's a place where buyers and sellers meet to transact business. An electronic market place however is also able to maintain specific contract conditions and prices for particular buyers with individual sellers. And enable new buyers to take advantage of any already negotiated discounts etc.	The biggest advantage for the buyer and seller is that each has a single interface to maintain with a marketplace. A council setting up its own marketplace would have to maintain interfaces with numerous suppliers and thus incur (not inconsiderable) costs.
Single Business Account	Central Government is encouraging local authorities to develop and improve the online provision of information and transactional services for local businesses. The establishment of a Single Business Account (SBA) is central to this initiative.	ODPM is preparing a toolkit to guide local authorities in setting up the systems necessary to manage the SBA.

Recommendation 45

That Oxford City Council review the processes that will be affected by e-procurement, with a view to establishing “quick wins” and projects that we must do now.

Recommendation 46

That Oxford City Council puts in place the Single Business Account (SBA) by December 2005.

Recommendation 47

That Oxford City Council develops its approved contractors list and contract register and investigates the value a company such as ‘Construction Line’ can bring to this process.

Action Plan

The following action plan sets out milestones from the National Procurement Strategy and tasks flowing from recommendations in this strategy that Oxford City Council intends to take.

Actions	Responsibility	Timescale	OCC Recommendation Number
Develop corporate procurement strategy developed, owned by Chief Executives, Members and senior offices	Procurement Steering Group	November 2004	ALL
Set up a decision-making structure, in accordance with PRINCE 2 (or alternative) principles, to manage best value and strategic procurement projects.	Programme Board	January 2005	ALL
Adopt PRINCE 2 or alternative method as the corporate project management methodology.	Strategic management Board	January 2005	1,2,3,5,9,14
Note the key role of risk management in the procurement process and agrees that the risk management function should be represented on the Procurement Steering Group.	Procurement Steering Group	November 2004	15
Put the resources in place to enable Facilities Management to co-ordinate management of corporate procurement functions.	Executive Board	April 2005	4
Identify centres of procurement excellence within the Council and put arrangements in place to ensure that all procurement within this field is carried out from within the relevant centre of excellence.	Procurement Steering Group	January 2005	5, 6
Establish a cross-departmental Procurement Liaison Team (PLT) and decide on merger of procurement steering group and capital monitoring group.	SMB	January 2005	6
Agree and resource the implementation of a best value review programmes, to be managed by SMB, supported by the procurement steering group.	Procurement Steering Group	April 2005	7
Map current procurement processes, in particular the "process to pay" procedure	Procurement Steering Group	Sept2005	8

Actions	Responsibility	Timescale	OCC Recommendation Number
Update contract procedure rules to take into account whole life costs.	Legal Services	2005	9
Agree the performance indicators set out in Annex B and that these should be regularly monitored using Corvu.	Facilities Management and Procurement Steering Group	April 2005	10
Complete an audit of procurement skills currently available within the Council, and a procurement training needs analysis..	Facilities Management	December 2005	12
Resource and procure training which is required to enhance procurement capacity within the Council.	Human Resources Training team	April to Mar 2006	13
Build sufficient skills in PRINCE 2 project methodology to ensure that all projects within Oxford City Council are delivered on time and to budget.	Human Resources Training team	April to Mar 2006	14
Develop the procurement intranet pages to offer advice on risk management, downloadable risk logs, risk checklists and other aspects of procurement knowledge.	Facilities Management	September 2005	15
Put arrangements in place to ensure that staff are aware of, and consulted about, employment issues in procurement issues and contracts.	Human Resources	December 2005	16
Strategy's implementation regularly measured	Procurement Steering Group	Ongoing	All
Set out approach to partnering in construction and service delivery.	See Chapter 2	November 2004	2, 5,17
Set out approach to collaboration and new trading powers.	See Chapter 2	November 2004	19,20,21
Build 2003 Act and 03/2003 Circular into processes and contracts	Not applicable until 2006	N/A	
Publish a <i>Selling to the Council</i> guide (website)	Strategy & Review/Facilities Management	Complete	28
Encourage officers involved in large procurement projects to meet with suppliers 'pre-contract' to discuss terms and conditions.	Relevant Business Units	Ongoing	25
Ensure corporate procurement strategy is addressing sustainability and equality issues, achieves the community plan	See Chapter 3	November 2004	29,32,,33,34
Apply the approaches to contract management set out in <i>Rethinking Construction</i> to other areas of Council procurement.	Procurement Steering Group and PLT	September 2005	2,5,17
Continue to explore the possibilities for joint provision of front and back office services	Procurement Steering Group, SPPO	Ongoing	18
Identify those areas where joint procurement /commissioning may be of benefit to the people of Oxford.	SPPO	Ongoing	19
Identify partners who may be interested in joint procurement /commissioning.	Procurement Steering Group	Ongoing	20
Continuously evaluates the potential benefits of using framework agreements and contracts put in place by public sector purchasing consortia.	Procurement Steering Group	Ongoing	21
Put in place policies and procedures			

Actions	Responsibility	Timescale	OCC Recommendation Number
that where relevant, ensure all framework agreements are open for use by public sector partners.	Procurement Steering Group	Ongoing	22
Put in place policies that define under what circumstances gateway reviews should take place and procedures to carry out those reviews.	Programme Board	Ongoing	23
Explore the possibilities offered by relevant marketplaces.	Procurement Steering Group	Ongoing	24
Develop a formal means of evaluating the partnerships in which we are involved .	Strategic Management Board	Ongoing	20
Formally evaluate all partnership arrangements on an annual basis.	Strategic Management Board	Annually	26
Place all tenders online.	Facilities management	Ongoing	30
Create a contact list of potential VCS suppliers and emails them every time a new tender is available.	Strategy and Review/Facilities Management	From Sept 2005	31
Review tender documents, ensuring they are concise and jargon free.	Legal/Facilities Management	December 2005	32
Make clear to the VCS that feedback - after the bidding process is complete - is available, and explain how to get it.	Each BU that places a tender	September 2005	33
Work with the VCS to ensure that PQQs are as short, simple, and ask only for necessary information.	Facilities Management	December 2005	34
Encourage smaller companies to contribute by encouraging sub-contracting.	Each BU that places a tender	December 2005	35
Expand the questionnaire in early 2005 to include all Oxford City businesses.	Facilities Management	Mar 2005	36
Re-send the questionnaire at regular intervals (every 2 years) to determine how Oxford's business profile is changing.	Facilities Management	Mar 2007	37
Develop the business database to include increased search capability and incorporates VCOs and promote it within the business community.	Strategy and Review / SPPO	Sept 2006	38
Implement and monitor an SME issue log in partnership with SPPO.	Facilities Management	Sept 2005	39
Work with SPPO to standardise tender documents.	Facilities Management	December 2005	40
Review the processes that will be affected by e-procurement and establish "quick wins" projects.	Procurement Steering Group	Ongoing	45
Develop a 'single business account' within the council.	Strategy and Review	October 2005	46
Develop the approved contractors list. Investigate using 'Construction Line'.	Financial & Asset Management	April 2005	47
Develop a contract register which is linked to the approved contractors register.	Financial & Asset Management	April 2005	47
Conclude a compact with the local voluntary and community sectors	Neighborhood Renewal/ Strategy & Review	Complete	
Produce a tendering guide on the website.	Facilities Management	Complete	
Produce a policy of consulting with potential supplier groups when drawing up tender documents & timetables.	Facilities Management	September 2005	38

Actions	Responsibility	Timescale	OCC Recommendation Number
Provide feedback questionnaire on OCC's tender process, with a view to improve it.	Facilities Management	December 2005	34
Seek early supplier involvement to ensure that contract management arrangements are clear from the outset.	Relevant Business Unit	December 2005 ongoing	33
Involve Centre of Excellence (districts and upper tiers)	Facilities Management	Ongoing	All
Reduce average time from OJEU notice to contract award by 10%.	Legal Services/relevant Business Units	December 2005 ongoing	All
Collaborate with smaller districts for shared services	Legal Services/relevant Business Units	Ongoing	18,19,24
Co-operate regionally via networks of centres of excellence	Facilities Management	Ongoing	All
Implement appropriate e-procurement solution implemented	Customer Care/IEG Steering Group/Facilities Management	December 2006	45
Implement government procurement card/equivalent for low value purchases	Facilities Management/Audit & Risk	December 2005	45
Measure progress against performance indicators.	Performance Management Team/Facilities Management	April 2005	All
Address relationship of procurement to community plan.	Strategy & Review/Facilities Management	April 2006	32 to 39
Encourage diverse and competitive supply market.	See Appendices G and H	December 2005	24
Build sustainability into procurement strategy, processes and contracts.	Strategy & Review/Facilities Management	April 2005	All
Invite bidders to demonstrate effective use of supply chain.	Legal Services/Facilities Management	June 2005	9,17
Ask bidders to identify community benefits.	Relevant Business Unit	April 2005	9,17
Work with smaller suppliers to help them develop sustainability criteria.	Facilities Management	December 2005	9
Work with suppliers to explore joint solutions to improve sustainability, e.g.: <ul style="list-style-type: none"> ▪ reducing packaging (volume and weight) ▪ returning reusable packaging to the supplier ▪ examining order quantities and aiming to reduce order frequency 	Legal Services/Facilities Management/ Strategy & Review	December 2005	9
Organize an annual 'meet the buyer' event in the Town Hall.	Strategy & Review/Facilities Management	September 2005	All
Undertake regular health checks against National Strategy (districts)	Facilities Management	Ongoing	All
Reduce average time from OJEU notice to contract award by 25%	Facilities Management/Legal/ SPPO	December 2006	All
Access an appropriate e-marketplace	SPPO/SERCE	December 2006	45

Annex A - Business Risk Checklist

Risks must be managed during the whole life cycle of any contract. Below is a checklist of issues that need to be addressed before the contract is awarded to help minimise the probability and impact of risks crystallising. The checklist caters for high value, complex and high-risk contracts. For low value, repeat and low risk contracts judgement will need to be exercised in the practical use of this checklist while still minimising risk to an acceptable level.

Completing this checklist does not take the place of undertaking full risk assessments before each new stage of the contract is commenced and maintaining the register up to date during the course of the contract.

From identifying need to contract closure:

Issues	Completed Yes/No	Initials	Date
1. Do the proposal objectives align with the Council's vision and procurement strategy objectives			
2. Has senior management/member/legal and financial advisor's support been canvassed			
3. Will the purchase add value to the Council and/or Oxford			
4. Have the service requirements of users been identified and their support for the proposal obtained			
5. Have different procurement options been considered			
6. Has an initial risk assessment been undertaken			
7. Has a comprehensive specification and benefits realisation been prepared			
8. Have outline costs (throughout the life of the contract) and financial control arrangements been established			
9. Have internal user resources (training, skills, systems changes, monitoring of contract service performance) implications been identified and assessed			
10. Have the EU procurement regulations and Constitution requirements (contract regulations) been reviewed and key requirements for compliance identified?			
11. Have the contract management skills been evaluated and manager (and support team where necessary) candidates identified			
12. Have mechanisms for managing contract performance (by the client users and principals, contractor, supplier and contract manager) been established			
13. Have mechanisms for managing communications and relationships been established			
14. Have mechanisms for addressing poor performance (penalties) and dealing with internal complaints (investigation and adjudication) been established			
15. Has an exit strategy been established			
16. Have change control (variations) arrangements been identified			
17. Have the tender assessment criteria been identified			
18. Have potential suppliers been identified and canvassed for interest and availability			
19. For high value, complex or high risk contracts has a contract board been considered			
20. Has the contract an end date			
21. Does the outline business case for the contract contain these elements and also clear timescales, milestones for delivery, involvement of users, roles and responsibilities and the approvals process?			

Annex B - Performance Indicators

Providing Leadership & Building Capacity					
Local Procurement Performance Indicators		Information Provider	Data Source	Start date	Measurement frequency
Proc 1	Project management Percentage of medium and high-risk projects managed using gateway reviews and Prince 2 Value over.....	Programme Board and Capital group	Capital and IT project management reports	April 2005	Annually
Proc 2	Internal user satisfaction with the Corporate Procurement Service Measured through satisfaction survey and feedback	Facilities Management	Internal satisfaction survey	Dec 2005	Annually
Proc 3	Time to procure Average no of days from publication of OJEU notice to contract signature	Legal/Project manager	Need to keep register of OJEU notices (by type)	April 2005	Annually
Proc 4	Construction time and costs on target for projects with a value over..... Needs to be developed with Graham Bourton and John Hill	OBS and Built Environment	Very few major projects	April 2006	Annually
Proc 5	Average order or invoice value Total indirect spend divided by the number of orders/invoices to external providers	Financial Management	Agresso	March 2005	Annually
Proc 6	Average cost of procure to pay process Total cost of the procurement process (requisition to payment) divided by the total number of orders	Facilities Management to co ordinate	Agresso	March 2005	Annually
Proc 7	30-day payment of invoices (BVPI 8) Percentage of invoices paid by the authority within 30 days of receipt	Financial Management (creditors)	Agresso	In place	Monthly
Proc 8	Average spend per supplier Total invoice spend divided by the total number of suppliers	Financial Management	Agresso	March 2005	Annually
Proc 9	Progress Towards Strategy Implementation The number of milestones achieved from the <i>National Procurement Strategy</i>	Facilities Management	NPS progress	March 2005	Quarterly

Proc 10	Skills development Percentage of training budget spent on procurement development and related skills, including, project management and supplier relationship management	Sarah Brammier Mc Crisken	Compel	March 2005	Annually
---------	--	---------------------------	--------	------------	----------

Partnering and Collaboration					
Local Procurement Performance Indicators		Information Provider	Data Source	Start date	Measurement frequency
Proc 11	Collaboration and efficiency Percentages of spend on indirect aggregated through framework arrangements, corporate contracts or collaboration with other organisations.	Facilities Management	Agresso GL Ledger	Mar 2005	Annually

Doing Business Electronically					
Local Procurement Performance Indicators		Information Provider	Data Source	Start date	Measurement frequency
Proc 12	Number of transactions per month using procurement cards	Financial Management	Need P cards	Mar 2006	Annually
Proc 13	Electronic processes relating to e-procurement Percentage of no of indirect orders placed through electronic means	Facilities Management	Agresso GL Ledger/ Extranet/E marketplace?	Dec 2006	Annually

Stimulating Markets and Achieving Community Benefits					
Local Procurement Performance Indicators		Information Provider	Data Source	Start date	Measurement frequency
Proc 15	Sustainable Procurement The percentage of framework contracts awarded which include demonstrable positive sustainable improvements	Facilities Management	Contract register	March 2006	Annually
Proc 16	Local government market 1 Percentage of indirect spend with SMEs as a percentage of spend with National suppliers	Facilities Management	Agresso Oxfordshire directory	March 2006	Annually
Proc 17	Local government market 2 Percentage of indirect spend with the third sector i.e. suppliers in the voluntary, community and social enterprise	Facilities Management	Agresso Oxfordshire directory	March 2006	Annually
Proc 18	Supplier satisfaction of Oxford City Council as customer/ business partner Satisfaction survey and exception reporting	Facilities Management	Annual Survey data plus e mail and feedback	March 2006	Annually
Proc 19	Procurement and ethnic minority businesses The percentage of local authority contracts by (a) number and (b) by value, awarded to ethnic minority businesses	Facilities Management	Need supplier identifier and contract register	March 2006	Annually
Proc 20	Equal opportunities in contracts Checklist of supplier demonstrates full compliance with the Act.	Facilities Management	Contract register	March 2006	Annually
Proc 21	Race equality in contracts Checklist of supplier demonstrates full compliance with the Act.	Facilities Management	Contract register	March 2006	Annually
Proc 22	Support for ethnic minority businesses Checklist of supplier demonstrates full compliance with the Act.	Facilities Management	Contract register	March 2006	Annually

Annex C - Best Value Review Process

1. Purpose

- 1.1 Oxford City Council wishes to reinstate a formal programme of best value reviews. The purpose of these reviews is to improve:

The efficiency, economy, and effectiveness of our services
Our performance against national performance indicators.

The reviews must address the "4 Cs": consult, compare, compete, and - most importantly - challenge.

This note suggests a review methodology.

2. Context

- 2.1 The Local Government Act 1999 accepted restructuring an in-house service as one possible means of delivering best value.

- 2.2 The Local Government Act 2000 redefined best value and service improvement service improvement as a function of partnership, with the potential this brings for enhanced creativity and expanded infrastructure.

"Best value will require authorities to develop new capacities - either alone or with others - to analyse supply markets and identify what such markets can provide, to select the best suppliers and manage new forms of relationship with them" (Para 40).

- 2.3 The Gershon Report - and the Chancellor's spending review in which its findings are embedded - reinforces the message of the 2000 Act.

The National Procurement Strategy for Local Government and the establishment of nine Regional Centres of Procurement Excellence will force local authorities to use partnership arrangements to achieve improvements in their back office and transactional services. It implies that application of the same principles of service improvement could produce front office service improvements.

3. Progress So Far

- 3.1 The Executive Board agreed a best value review methodology on 23 April 2002.

- 3.2 That methodology:
Set out a five-stage process consisting of: scoping, investigation, options development, recommendations, and monitoring implementation.
Responded to the District Auditor's requirement that we should "develop and formally approve an approach to meaningful member engagement in best value taking account of the new political arrangements and the planned area structures"

- 3.3 That paper was informed by the work of the Inter Authorities Group - a performance improvement network of operational and corporate managers drawn from over 100 local authorities. It remains essentially valid. The "4 Cs" have not gone away and systematic member involvement is necessary.

The model set out below is a streamlined version of the paper already approved by Executive Board.

Review Process

Stage 1 – Scoping the Review	
Tasks	Who Should Be Involved
a) Establish steering group	<ul style="list-style-type: none"> ▪ Portfolio holder ▪ Shadow portfolio holder ▪ Strategic director ▪ Corporate strategy representative ▪ Project manager ▪ Stakeholder representatives
b) Agree aims, objectives, and scope of the review	<ul style="list-style-type: none"> ▪ Steering group ▪ Finance (and/or other relevant) Scrutiny Committee
c) Agree: <ul style="list-style-type: none"> ▪ A review team, including accountants, to do operational work on the review ▪ External experts to provide challenge and advise about key issues, change options etc ▪ A project plan ▪ Resource implications for running the review 	<ul style="list-style-type: none"> ▪ Steering group
d) Write report documenting and finalising the scoping process	<ul style="list-style-type: none"> ▪ Steering group (project manager)
Stage 2 – Investigation	
a) Establish a baseline service statement (staff, budgets, current processes, opening hours)	<ul style="list-style-type: none"> ▪ Review team
b) Brainstorm key strengths and weaknesses of the service	<ul style="list-style-type: none"> ▪ Review team ▪ Steering group
c) Consult with stakeholders to find out what they want from the service	<ul style="list-style-type: none"> ▪ Review team ▪ Stakeholders
d) Challenge the service (why, how, where etc)	<ul style="list-style-type: none"> ▪ Review team ▪ Steering group
e) Write report finalising investigation phase	<ul style="list-style-type: none"> ▪ Review team
Stage 3 – Develop Options	
a) Compare with other providers to establish best practice, competitiveness, and to suggest service improvements	<ul style="list-style-type: none"> ▪ Review team ▪ External experts ▪ Other providers
b) Develop options	<ul style="list-style-type: none"> ▪ Review team ▪ Experts
c) Evaluate options, including procurement options	<ul style="list-style-type: none"> ▪ Steering group ▪ Review team ▪ Experts ▪ Finance (and other relevant) Scrutiny Committee
d) Consult on costed options	<ul style="list-style-type: none"> ▪ Steering group ▪ SMB
e) Write report finalising the options development and appraisal phase	<ul style="list-style-type: none"> ▪ Steering group (project manager) ▪ SMB ▪ Executive Board
Stage 4 – Recommendations	
a) Develop implementation plans for preferred change option	<ul style="list-style-type: none"> ▪ Steering group ▪ Review team ▪ Relevant business managers
b) Establish performance targets	<ul style="list-style-type: none"> ▪ Steering group ▪ Review team
Stage 5 - Monitoring Progress Against Action Plans	
a) Monitor progress (through exception reporting)	<ul style="list-style-type: none"> ▪ Business managers (monthly) ▪ SMB (quarterly) ▪ Executive Board (quarterly) ▪ Finance (and other relevant) Scrutiny Committee

Annex D - Best Value Reviews

The Strategic Management Board has agreed the core criteria that will drive the new best value review programme. Priority will be given to those areas that:

- have high comparative costs
- achieve low BVPI results
- have low customer satisfaction ratings
- are priorities in the Council's Improvement Plan.

A full best value review timetable will be available by mid-January.

Appendix I - Further information sources

Chapter 1 – Providing Leadership

- DETR, *Local Government Act 1999 & 2000* and related *Guidance*
- Jane Foot, *How to do Cross-Cutting Best Value Reviews: a practitioner's Introduction to joined-up working*, the Inter Authorities Group, 2001
- District Audit, *Oxford City Council Best Value Performance Plan: Statutory Report*, June 2001
- DTLR, *Strong Local Leadership - Quality Public Services*, December 2001
- Sir Peter Gershon, *Releasing resources to the front line*, July 2004

Chapter 2 – Partnering and Collaboration

- <http://www.oxford.gov.uk/business> For further information on SPPO (see 'procurement')
- <http://www.constructingexcellence.org.uk/> for more on 'rethinking construction'
- <http://www.oxfordshiregateway.gov.uk/> for details of our partners

Chapter 3 – Stimulating Markets and Achieving Community Benefits

- <http://www.trade-local.co.uk/> The partnership set up to improve local business links in Haringey
- <http://www.supplyinggovernment.gov.uk/> For further information on Haringey
- http://www.brta.gov.uk/responses_new/smallbusinessresponse.asp Further information
- <http://www.eastoxford.com/> A social enterprise dedicated to social, economic and environmental regeneration. <http://www.ocva.org.uk/> An umbrella organisation for the voluntary sector in Oxfordshire.

Chapter 4– Green Procurement

- www.sustainable-development.gov.uk The government's sustainable development resource.
- www.wrap.org.uk The Waste and Resources Action Programme, sponsored by DEFRA.
- www.wellbuilt.org.uk A network for local authorities procuring sustainable construction
- www.greensupply.org.uk Advice and guidance on aspects of environmental and sustainable purchasing
- www.recycledproducts.co.uk Waste Watch
- www.iema.net Institute of Environmental Management and Assessment
- www.envirowise.gov.uk Uk Envirowise programme

Chapter 5 – Doing Business Electronically

- <http://www.ebusinessforum.com/index.asp> Hewlett-Packard: Tracking e-procurement savings
- <http://www.idea-knowledge.gov.uk/> The benefits of e-procurement – Local e-government procurement Project
- <http://www.accenture.com/> Sara Lee Bakery Group: E-procurement
- <http://www.nepp.org.uk/> Experiences of e-procurement. North Kesteven Council and Radius
- <http://www.eltrun.aueb.gr/> E-procurement in practice. A presentation by Vassilis Serafeimidis (KPMG)
- <http://www.idea.gov.uk/> E-procurement – the Essex experience by The IDEa's Director of Business Development, Gary Richards
- <http://212.22.96.179/> Report on survey of council implementation of e-procurement in construction and housing services. Carried out in late 2003 for National e-procurement project, Strand 5
- <http://www.supplymanagement.co.uk/> Local Councils Struggle to capture online benefits Caroline Stranger
- <http://www.buyitnet.org/> E-P5 Measuring the Benefits: What to measure and how to measure it
- <http://www.paessex.gov.uk/> Essex councils go green: on half the price. (A case study from the OGC website)
- <http://www.buyitnet.org/> BuyITnet – Cussons case study
- <http://www.telegraph.co.uk/> Daily Telegraph article 29.09.2004 "Local Councils get Streetwise over costs" Quotations from John Thornton, Director of e-government at the IdeA

NB. These are not the full addresses. You will need to visit the strategy online for the links to work.

Appendix II - Glossary

Acronym	In full
BM	Business Manager within Oxford City council
BU	Business Unit within Oxford City Council
CS	Community Strategy (Oxford City Council)
DA	District Audit
IDeA	Improvement and Development Agency
KPIs	Key Performance Indicators
NPS	National Procurement Strategy
OCC	Oxford City Council
ODPM	Office of the Deputy Prime Minister
PQQ	Pre Qualification Questionnaire
SOPO	Society of Procurement Officers
SPPO	Strategic Procurement Partnership for Oxfordshire
SPT	Strategic Policy Taskforce
SSP	Strategic Service Delivery Partnership
VCOs	Voluntary Community Organisations
VCS	Voluntary Community Sector
VFM	Value For Money

▪

Appendix III - Sustainable design and specification principles

Design of buildings

- Small is better
- Design for easy maintenance
- Design an energy efficient building
- Design buildings to use renewable energy
- Optimize material use
- Design water efficient, low-maintenance landscaping
- Make it easy for occupants to recycle waste
- Recycle grey water if feasible
- Design for durability
- Design for future reuse and adaptability
- Design for recovery
- When buildings are being refurbished or new buildings being developed, consider using grey water (for example, rain water) to reduce the demand for fresh mains water.

Location and planning site

- In-fill and mixed-use development
- Minimise car dependence
- Value site resources
- Promote biodiversity
- Provide responsible on-site water management
- Situate buildings to benefit from existing vegetation

Materials

- Avoid ozone-depleting chemicals and those with a high global warming potential
- Use durable products and materials
- Choose low-maintenance building materials
- Choose building materials with low embodied energy
- Use building products made from recycled materials
- Use salvaged building materials when possible
- When buying wood, choose European soft wood over hard wood. The wood must come from schemes that have been certified as sustainable, such as by the Forestry Stewardship Council (FSC). Do not use tropical hard woods such as teak, iroko and mahogany unless it is reclaimed wood for reuse.
- Avoid materials that will give off gas pollutants
- Minimise packaging waste

Equipment

- Install high-efficiency heating and avoid air conditioning
- Install energy efficient lights and appliances
- Install water-efficient equipment

Site development

- Protect trees and topsoil during site work
- Avoid use of pesticides and other chemicals that may leach into the groundwater
- Minimise site waste
- Make education a daily practice
- Sustainable demolition practices

Consider the following principles when drafting specifications.

Fitness for purpose and value for money

Ensure that the procurement under consideration does the job that is required for all potential users, including groups with specialist needs where appropriate.

Resource, energy and water efficiency

- When refurbishing buildings or constructing new buildings, follow green construction guidelines as far as possible. This will make sure that as little energy will be used as possible in the construction phase and that the building is as energy-efficient as possible.
- Running costs are often overlooked when procuring. Obtain full operational and maintenance guidance to ensure buildings are used effectively (for example, low energy and water efficiency equipment are kept fully operational) and they are kept in good repair.
- Seek equipment that is energy efficient, such as Energy Star rated products. Also check that your product does not have a 'knock-on' effect of using more resources, for example, specifying paper towels over hand-driers may increase the volume of paper you dispose of, which also has a cost.

Minimum use of virgin and non-renewable materials

Wherever possible, the use of recycled or reused materials should be encouraged, as these generally have a much lower impact on the environment. Examples include computer processor cases or road aggregate.

Maximum use of post-consumer materials

There are many grades of recycled materials. Where possible seek materials that have been used once and are being reused to perform a repeat or new function, rather than materials that have been reused from a manufacturing process waste which has never been used by the consumer.

Non (or reduced) polluting with minimum use of toxic chemicals, CFCs, ozone and other pollutants

Not only do these products help reduce your environmental impact, but choosing low-polluting alternatives often means you can avoid lengthy COSHH assessments and training, for example, cleaning staff or lab technicians.

Maximum durability, reparability, reusability, recyclables and upgradeability

Essentially this is a quality issue. Seek long-life products, that will survive being mistreated, that can be repaired, reused and ultimately, recycled. Importantly, seek products that enable you to upgrade them and improve performance over time rather than having to buy new equipment to do the same job.

Minimum packaging

Many products involve the use of excessive amounts of packaging. The minimum amount to ensure safe handling should be encouraged. (Excessive packaging also results in unnecessary disposal costs for the purchaser).

Design for disassembly

When products are made up of thousands of different types of materials, particularly plastics and metals, it helps if they are designed to be easily taken apart or disassembled so that the materials can be recycled. This is particularly relevant to electronic and electrical products such as fridges, televisions, personal computers and printers.

Fault controls to prevent unnecessary waste

When specifying plant equipment, such as boilers, ensure that you specify metering and monitoring equipment. Whilst it might increase acquisition costs it will alert you to inefficient use and enable you to reduce running costs, spills or waste problems.

Health and safety standards

These should never be overlooked and it is sensible to evaluate many products with a qualified health and safety officer. Examples include electrical equipment, vehicles, cleaning chemicals and furniture.

Biodegradability

Some products may be suitable for composting. Where that is the case, ensure that the materials can break down speedily and safely.

From Sustainability and Local Government Procurement (2003)