

To: City Executive Board

Date: 15 February 2010 **Item No:** 6

Report of: Head of Procurement and Shared Services

Title of Report: Procurement, Commissioning and Supplier Management Strategy

Summary and Recommendations

Purpose of report: To seek approval from the City Executive Board to agree the Council's new Procurement, Commissioning and Contractor Management Strategy 2010 to 2014.

Key decision:

Executive lead member: Councillor Oscar Van Nooijen

Report approved by:

Finance: Alec Dubberley – Finance Business Partner

Legal: Lindsay Cane – Law and Governance

Policy Framework: Oxford City Council Corporate Plan

- Transform the Council by improving value for money and service performance

Recommendation(s):

- 1) That the City Executive Board approves the new Procurement, Commissioning and Supplier Management Strategy 2010-2014.

1. Background

- 1.1 The Council's first Procurement Strategy was approved by the Executive Board in 2005. This strategy sought to introduce and guide the Council's work on procurement matters and support the Council in delivering the

requirements laid out in the National Procurement Strategy for Local Government.

- 1.2 Since 2005 Oxford City Council has significantly developed and improved its in-house procurement capacity and skills, and now has an embedded and robust programme of procurement activity underpinned by the earlier strategy.
- 1.3 Since the first National Procurement Strategy there has been increasing pressure on local authorities to improve public services and use procurement as a vehicle for reducing costs and becoming more efficient. Ambitious efficiency savings targets are set out in CSR07 and in the recommendations set out in the Gershon and Varney reports. These affect all areas of service delivery.
- 1.4 The 2006 Simms Report 2006 provided a framework for ensuring that sustainability is taken into account in any spending decisions and the 2008 Glover Report set out targets for the public sector to increase spending with SMEs and other minority organisations to support the development of supplier diversity within the economy.
- 1.5 The earlier strategy was an excellent guide to developing procurement improvements but now needs updating to reflect the Council's current position and the direction for the next four years.
- 1.6 The Council will be developing a new framework for commissioning in the 2010, and as a result of the transfer of Leisure and ICT services has had to develop a framework for managing these new arrangements effectively. The new strategy seeks to explain how the Council will further develop a framework for managing these partnerships to ensure that the Council is able to realise the savings and efficiencies that are due to be delivered.

2. Structure of the Strategy

- 2.1 The new Procurement, Commissioning and Supplier Management Strategy 2010 – 2014 seeks to address the following:
 - How the Council intends to implement and exceed the key recommendations as laid out in both the Glover Report (improving SME involvement in public procurement) and the Simms Report (putting sustainable procurement at the heart of the organisation)
 - Effective and efficient procurement and commissioning. This section draws out the Council's objectives for procurement, commissioning and market testing processes and explains how the Council will manage associated risks
 - How the Council interacts with and seeks to develop its local suppliers and support them to win more public sector business

- How the Council embeds equalities and takes into account supplier diversity
- The Council's approach to whole-life costing and sustainability through the supply chain.

3. Future of the Strategy

- 3.1 Although this strategy is intended to cover the period 2010 – 2014, it will be necessary to review it in terms of performance and to take into account any new situations, for example: an upturn in the economic climate, or new legislation or initiatives that may affect its content. It is proposed that the Procurement, Commissioning and Supplier Management Strategy should be reviewed on an annual basis.

4. Financial Implications

- 4.1 There are no financial implications.

5. Legal Implications

- 5.1 It is best practice for Councils to have in place a Procurement Strategy, however, there are no legal implications. Higher value procurement activity is governed by the EU Procurement Regulations.

6. Risk

- 6.1 The risks associated with the implementation of this strategy are minimal. Please refer to Appendix 1.

Recommendation(s):

- 1) That the City Executive Board approves the new Procurement, Commissioning and Supplier Management Strategy 2010-2014.**

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List of background papers: Appendix 1 Risk Register.

Version number: 1

PROCUREMENT, COMMISSIONING AND SUPPLIER MANAGEMENT STRATEGY

2010 - 2014

Foreword

I am delighted to introduce the Council's Procurement, Commissioning and Supplier Management Strategy, which will guide this key business function through its development over the next four years.

Procurement of goods and services is of critical importance both to local government, and to the communities we serve. The Council currently spends over £53 million each year on procuring and commissioning services, goods and works. We are committed to using our procurement activity to support our wider social and economic goals including sustainability, social inclusion and supporting the development and delivery of a diverse supply arrangement, and we are committed to our Living Wage policy for all suppliers and contractors involved in the provision of goods or services to the Council, as well as for our own staff. Internally, our procurement operations are a key part of our Service Transformation programme, securing value for money for the Council and the people it serves by transforming services and processes to make them as efficient and effective as possible. They will also be crucial to the delivery of our commitment to maintain the Council's financial stability.

This strategy sets out our plans for improving procurement from 2010 – 2014, showing how we intend to:

- address the strategic and corporate priorities identified in the Corporate Plan and Sustainability Strategy;
- align our operations closely with internal and external stakeholders to define needs and outcomes;
- work more effectively with the external market to yield improved outputs and maximise supplier diversity;
- improve efficiency via e-procurement and e-tendering;
- develop local supply chains through improved understanding of our requirements;
- increase our internal capacity to achieve value for money through all third party spending.

I hope that this strategy will provide a useful tool for all parts of the Council, and that it will allow our current and prospective external partners to understand better the way in which we do business.

The Council's overarching aim is that our procurement operations should enable more efficient use of public resources, and promote enhanced social, economic and environmental outcomes at every link in the supply chain.

Councillor Oscar Van Nooijen
Lead Member for Service Transformation

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1 – Introduction

NATIONAL CONTEXT

1. Improving public services and increasing efficiency, especially through partnership, have been core policy themes for the UK government. These themes – underpinned by the savings and targets set out in CSR07, and by the recommendations set out in the Gershon and Varney reports – cut across all areas of service delivery. They remain the key drivers of national policy and the national procurement strategy. However, current economic conditions – and these seem likely to continue for some time – have added real urgency to the efficiency agenda and the need to look at new ways of delivering public services and ensuring all third party spend is necessary, efficient and gives value for money.

REGIONAL CONTEXT

2. Since the last strategy was developed the Council has increasingly worked within a collaborative framework with other public bodies, particularly supporting the work of the Improvement and Efficiency Agency for the Southeast. By sharing officer resources to develop new regional and local supply arrangements where appropriate this has helped the Council to develop new relationships, and use new leverage, knowledge and expertise in its own procurement activities.

LOCAL CONTEXT

3. The status and importance of procurement in the public sector is growing and there is increasing pressure on the Council to improve procurement performance for a number of reasons. Most importantly:
 - procurement has a critical role to play in supporting the Council's corporate priority to improve value for money and service performance, not least in regard to its 'gateway' role in the business case approval cycle to ensure that strategic procurement routes are considered and whole life costing models are developed
 - engaging stakeholders in the procurement process is a critical success factor in developing output-based specifications
 - savings, realised through improved procurement can be channelled into priority services or into reducing the Council's net capital and/or revenue expenditure
 - as a public body, the Council is required to comply with the EU Public Procurement regulations (based on EU directives) and is accountable for achieving best value
 - effective contract and supplier management provides a key improvement opportunity post-contract based, upon the experience effect and learning curve
 - the Council is expected to meet the expectations set out in the 2003 National Procurement Strategy, the Gershon, Glover and Simms reports, and the

annually set targets within our own corporate plan

- the Council is required to submit an annual efficiency statement (now known as N179)
- implementation of e-procurement processes is a key element in improving procurement efficiency
- sustainability issues need to be more deeply embedded in our procurement processes
- equalities and supplier diversity needs to more deeply embedded in our procurement processes

SUPPORTING THE COUNCIL'S DIRECTION OF TRAVEL

4. The Council has a robust three-year Corporate Plan. This is updated annually, and underpinned by annual Service Transformation Plans for each service area. The Council has a corporately-managed service transformation work programme and an agreed programme of fundamental service reviews. These work programmes ensure the realisation of the Council's ambitious savings and efficiency targets.
5. The procurement team is a key enabler for the delivery of the transformational improvements, through the management of any procurement activity to ensure the transformation work programme is delivered.
6. The programme of fundamental service reviews was agreed in 2008/2009 and several service area reviews have already been completed. This work programme is managed by the procurement team, who carry out a review with the service manager of any area of all third party spend to identify potential new ways of buying in any services or commodities before recommending any agreement to market test the service against an external provider.
7. The Council has annual procurement savings targets which the procurement team are responsible for delivering. The team has an agreed procurement work plan linked to each service plan and the corporate contract register.
8. Lastly the Council seeks to use collaborative procurement wherever this is appropriate to deliver savings and efficiencies. The Council manages a Shared Procurement Hub providing procurement support to three other Oxfordshire district councils and is developing a joint work plan based on local regional supply arrangements.

SHARED PROCUREMENT AND COLLABORATION

9. Reflecting the scalability opportunities within the county and as a result of a successful funding bid through Improvement and Efficiency South East (IESE) and additional funding from the other districts, a Shared Procurement Hub for Oxfordshire District Councils was established and has been hosted by the Council since April 2009.

10. To date over £150k of quick win savings have been achieved for all hub members from renegotiated contracts and prompt payment discounts. Our achievements have been recognised and commended by IESE.

ANALYSIS OF SPEND

11. Appendix 1 shows a breakdown of the Council's expenditure for 2009/2010.
12. Expenditure analysis is an ongoing activity to inform the Council's areas of focus, including identifying opportunities to aggregate and contract for areas of spend currently 'below the radar' e.g. skips, window cleaning, office furniture and office accommodation. Procurement arrangements in all of these areas offer opportunities to develop new supply arrangements through local suppliers and support the local economy.

CONTRACTED SERVICES

13. By far the largest proportion of controllable spend for all members of the Shared Procurement Hub lies in the major contracts between the councils and third parties for the provision of services. These contracts will be the focus for improving the Council's procurement and contract management methods. This area of expenditure is expected to increase during the lifetime of this strategy, based upon the Council's market testing and market stimulation activities as more engagement with other organisations takes place.

PROCUREMENT OPERATIONAL ACTIVITY

14. Analysis of the Council's procurement activity (2008/2009 figures) shows that:

Number of invoices	Average value / Invoice (£)	Number of active suppliers	Number of SMEs/NfP suppliers	Total spend (£)	SME/NfP supplier spend (£)	Top 25 supplier spend (£)	Invoices (#) paid electronically
37,766	1,369	2,738	1,100	51,715,225	21,161,080	18,035,456	1,000 approx

15. The large number of invoices, the high non-electronically produced proportion, the low average invoice values and the low volume of SMEs all provide an opportunity for the Council to improve its approach to procurement and to yield efficiency improvements.

IMPLEMENTATION RESPONSIBILITY AND ACCOUNTABILITY

Management team

16. The management team within the Council comprises the Chief Executive, and three Executive Directors (supported by senior corporate officers). This team is responsible for owning, leading, driving and challenging services to implement the procurement strategy and to ensure its success.

Executive

17. To reflect the political commitment to this strategy, the City Executive Board Member for Service Transformation has assumed lead responsibility for procurement. He will ensure that procurement is recognised and proactively considered in the political processes of the Council and its partners. He will also lead councillor engagement with the procurement strategy, and will be involved in accordance with the Constitution in overseeing major procurement decisions and processes.

Heads of Service, Managers and Team Leaders

18. Operational responsibility for procurement of a value less than £100k rests with individual managers throughout the Council. They manage and undertake procurement activity in line with the strategy and acting within the contracts and financial procedure rules specified in the constitution. They are expected to learn from best practice guidance provided by the Corporate Procurement Team and to contribute to the dissemination of learning to improve the procurement performance of the Council.

New Procurement Board

19. As a result of a review of the Council's Corporate Board structure at the end of 2009 and the importance of achieving the procurement savings and efficiency targets the Council will set up an internal quarterly board to oversee and monitor the progress of the procurement and market testing work programmes.

Corporate Procurement Team

20. The team has responsibility for managing all tendering activity and all EU tenders. The team also supports and advises service areas on smaller value quotes particularly where there are limited markets.
21. The team is responsible for ensuring that all Council spend is compliant with EU Procurement Regulations and check expenditure levels for each supplier every quarter.
22. The team also trains and develops officers through corporate procurement training programmes.
23. The team also includes a Shared Procurement Hub Officer who supports procurement activity for three of the other Oxfordshire councils. This officer is funded by IESE and the three councils but is employed and line managed by the Corporate Procurement Manager. The Council manages the shared procurement work programme through a Memorandum of Understanding, and is delivering savings through a managed collaborative approach which would not have been achievable without this post. More details on this key initiative are provided in the section on collaboration and shared procurement.

2 – Efficient and effective procurement

DEFINITION AND PURPOSE OF PROCUREMENT

24. The starting point for the procurement strategy is the definition of procurement.

Procurement is defined as:

The mechanism by which the Council acquires access to the assets, goods, works and may commission services that enable it to fulfil its objectives.

25. Procurement is at the heart of everything that the Council does to achieve its objectives at every level, including providing support to the corporate transformation programme. The procurement team ensures that delivery of the transformation programme is consistent with a corporate approach to procurement, as well as leading on the delivery of a number of key projects.
26. It covers the process of acquiring goods and commissioning services and works either from third parties or through in-house sources and covers the entire cycle from identifying needs through to the end of a contract. It is important that the Council sets clear rules for the procurement of these goods, services and works to ensure that procurement is carried out with openness, integrity and accountability, that the probity and transparency of the process is evidenced and that the Council is fulfilling its fiduciary responsibilities.
27. The Council does not believe that it is necessary or appropriate for it to own all of the assets it uses, that it needs to directly purchase all of the goods that it uses or that it should necessarily directly provide all of the services for which it is responsible. The Council's focus is on securing access to appropriate assets, goods, works and services that enable it to meet its objectives in the most cost effective way possible over the lifetime of those assets, goods, works and services.
28. The Council recognises that procurement is not the responsibility of one individual but requires an organisation-wide approach. In the light of the Council's actual expenditure, it intends to concentrate strategically on higher value procurement. In this way its approach to procurement will be proportionate and focus on areas of highest potential to improve performance. It will, however, also take reasonable and responsible measures to procure lower value goods or services more efficiently.

OBJECTIVES

29. The objectives of the procurement team are strategically aligned with the Council's six corporate priorities and 2009-2012 Corporate Plan. This includes the key priority to 'Transform the Council by improving value for money and service performance'.
30. Procurement manages three work programmes which directly impact the Council's value for money agenda.

- Procurement work plan (see Appendix 2), including:
 - contract renewals
 - ad-hoc/one-off requests
 - reviewing contract term options
 - creating new contract opportunities based upon aggregating fragmented spend across the Council currently below the radar.
- Procurement hub work plan, including:
 - shared/framework contract renewals
 - reviewing contract term options
- creating new collaborative contract opportunities based upon analysis of common or similar areas of demand.
- Market testing work plan (see Appendix 3), including:
 - Market testing of key frontline services (identified as part of the Council's medium-term financial strategy) to assess whether these services deliver best value
 - review of the design and delivery process to gauge savings achievable from demand management, business process improvement and specification challenge

31. The Council intends to achieve a 'Level 4' value for money standard for procurement and commissioning by the time of the 2010 audit commission review.
32. The Council intends to ensure its procurement plays a role in delivering the Council's transformation objectives and contributes positively to priorities around the community strategy, workforce issues, diversity and equality and sustainability.

PROCUREMENT PRINCIPLES

33. Procurement activity supports the Council's aims in several ways:
 - a) Where services are delivered via third parties, we will ensure that our suppliers provide **high quality public services** which meet the needs of its residents and **improve the quality of life of the community**.
 - b) Wherever possible we will contribute towards a **strong and sustainable economy in the city and wider locality**, by providing opportunities to local suppliers to supply to the Council, without compromising the drive to obtain best quality at optimum cost.

- c) We will assist in controlling costs by cost effective procurement, through ensuring the best possible commercial deals with suppliers and the development of cost effective procurement processes, operated in accordance with EU directives.
- d) We will endeavour to work only with suppliers with clear policies supporting equality and diversity and who **oppose any form of prejudice and discrimination**.
- e) We will ensure that suppliers have appropriate health and safety policies, processes and procedures in place to ensure the safe delivery of products and services, thus contributing to a **safer community**.
- f) We will endeavour to ensure that sustainability issues are fully taken into account in sourcing products and services to **protect and improve our environment**.
- g) The Council is committed to its **Living Wage Policy** adopted in 2009. The Council requests as part of any key contract or supply arrangement that the contract provider pays any employee over 18 a minimum rate of pay of £7 an hour (based on 2009/2010 pay rates). This is now a standard part of any suitable tender assessment and has recently been successfully incorporated into our Leisure and temporary agency staff contracts.
- h) Where suppliers aspire to improve their policies, processes and procedures we will work with them to help them achieve this aspiration.

PROCUREMENT POLICIES, PROCEDURES AND EU DIRECTIVES

34. Procurement is governed by the Council's local code of corporate governance and the Constitution including the contract procedure and financial rules. In order to assist major procurements and to ensure that the above principles are adhered to, protocols will be developed as summarised below to provide guidance on the processes to be followed and, where appropriate, useful frameworks and examples of good practice:

- We will provide potential suppliers with **clear specifications of our requirements** at the earliest possible stage and ensure these are understood. Wherever possible these will be European or equivalent standards (e.g. BSI).
- Our purchasing procedures allow **competition for business** from suppliers, having due regard for the urgency of the requirement and its value. In cases of low value and/or urgency we may not obtain multiple quotes.
- For high value purchases (over the EU procurement thresholds) we will always publish our **tender evaluation criteria** at the tender stage to make clear to prospective suppliers how we intend to select the preferred supplier. We will follow and keep abreast of legislation and provide continuous learning opportunities for procurement staff and other officers involved in the procurement of goods or services.

- Where the Council is undertaking market testing of an existing service, we will ensure that all potential tenderers are made aware of the objectives of the market testing and the Council's core requirements in relation to TUPE, two tier workforce, Living Wage, pensions and customer service focus. The in-house team will be fully involved in the market testing and form part of the tender panel. Final tenders will be evaluated against an in-house comparator and will consider all issues which could distort any evaluation to ensure that a 'level playing field' is created for the tenderers and in-house team.
- The EU Remedies Directive came into force on 20 December 2009 and affects any new EU procurement activity that commences after this date. This directive provides new rights to an unsuccessful tenderer to pursue the Council for damages from the Council if the Council have failed to comply with the EU Procurement legislation. The Constitution requires any tendering that exceeds the EU threshold to be managed by the procurement team and requires the Head of Law and Governance to agree any specific terms to reduce any contractual or supply risk transferring to the Council. The Council also has an agreed training programme for developing procurement skills and commercial awareness. This is being systematically provided across the Council to all officers involved in any purchasing or tendering activity, to provide assurance that all officers understand the correct processes to follow and the internal governance arrangements.
- We will **debrief** (in writing or face to face) all parties to a tendering process as to why they were or were not successful. Feedback will always be meaningful and constructive to enable unsuccessful bidders to develop their knowledge and skills in bidding for future supply opportunities.
- Contracts will only be placed on the Council's **standard terms and conditions** or appropriate industry standards (e.g. JCT/INEC₃ for works contracts), except with the authority of the Council's legal officer.
- The Council will only contract with suppliers who are committed to **continuous improvement** and all contracts (other than for one-off supply) will include agreed improvement programmes and performance indicators, which will be subject to regular review.
- The Council will promote **prompt payment discounts** in order to achieve our aim of supporting the economy whilst achieving savings. The procurement team have taken a proactive approach and whilst supporting suppliers with cash flow we have successfully negotiated between 1% - 5% in discounts. This will have an ongoing emphasis and will be incorporated into the tendering process to embed the practice.
- There will be clear **segregation of responsibilities** within the procurement process to eliminate the potential for fraud or favouritism and all staff placing contracts will be appropriately qualified and supervised to ensure the **highest ethical standards**.
- The Shared Procurement Hub will work collaboratively with other local procurement groups and public sector organisations in order to be able to

deliver best value to the Council taxpayer. The Council is part of a wider group of councils who manage county-wide procurement hubs and uses this collaboration to share best practice and consider the best collaborative approach to different spend categories.

- The Council is implementing an online tender management system in order to improve process efficiency internally and for suppliers. This is being driven by all councils who participate in the Shared Procurement Hub and will be implemented by 31 July 2010.

PROCUREMENT OPTION APPRAISAL

35. The Council has a corporate system for approving the business cases before a new project is approved. The Council uses a PRINCE2 approach and all project managers are trained to this standard. As part of the delivery of any project the Council will carry out an options appraisal and consider the procurement design options before approval to commence a project is given. In reviewing procurement options the Council will agree the best delivery option having considered which of the following will deliver the best outcome:

- deliver or make in-house.
- buy from outside.
- partner with other councils, voluntary sector or not for profit organisations to deliver jointly.
- a combination of the above.

A detailed explanation of the Council's option appraisal framework is given in Appendix 4.

EVALUATION OF TENDERS

36. Evaluation of tenders will be conducted in accordance with the latest EU procurement directives, relevant case law and OGC guidance will be based strictly on criteria and the respective weightings published in the tender documentation. Appendix 5 shows the Council's evaluation framework.
37. The use of evaluation criteria will be proportional to the size of the procurement. A simplified version will be used for procurement activity below the EU threshold which is currently £156,442 for goods and services.
38. Wherever possible the Council will seek to award contracts on a competitive, most economically advantageous basis. All contractors will be expected to participate in performance reviews.
39. In accordance with the Council's sustainability strategy, evaluation and comparison of whole-life costs will be performed and considered in making award

recommendations.

40. Contracts for service delivery to Council residents and housing tenants will include a stage in the tender process for representatives of the service receivers to provide feedback on the short-listed bidders and their solutions offered.

CAPITAL ASSETS AND HIGH RISK PROCUREMENT PROJECTS

41. In the event that the Council does not have the necessary in-house expertise to manage the procurement of major capital assets and/or high risk service commissioning projects, it will appoint subject matter experts to advise it on the procurement as required to ensure optimal value for money and risk management.
42. The procurement of capital assets or multi-year service contracts can be a long and expensive process with potentially major revenue implications. The Council uses the PRINCE2 project management system and will apply this methodology to such projects to ensure that it learns from experience and has the opportunity to improve its (and its partners') future performance.
43. During the procurement of such projects, the Council will insert a series of gateways to monitor and confirm the project remains viable in terms of cost and timescale.
44. The Council recognises that procurement should not end with the provision of the capital asset or award of the service contract but involves the whole-life cost and it uses whole-life cost analysis to support bid analysis and comparison, including disposal costs.

PROCUREMENT TARGETS AND REPORTING

45. Procurement agrees performance targets annually and reviews them half-yearly, which reflect the Council's corporate plan and other strategic improvement themes. This approach to target setting ensures that procurement remains focused and aligned with current and forward priorities. Examples include operational performance targets such as realisable benefits, supplier rationalisation, SME supplier engagement etc. as well as longer-term projects such as county-wide collaboration, establishing an e-procurement platform etc.
46. Performance against targets is measured and reported on a quarterly basis. Performance measurement is audited by the Finance service area and the results acted upon as appropriate, e.g. budgets are adjusted accordingly based upon expected realisable benefits.
47. The monitoring of performance against agreed targets enables us to demonstrate value for money benefits.

COLLABORATION AND SHARED PROCUREMENT

48. The national efficiency agenda is challenging for district councils because of obvious issues around scale. All of the Oxfordshire councils have an informal collaborative arrangement through SPPO and have many shared contracts put in place by either us or the County Council. Three of the districts had no procurement support and realised that whilst a business case for employing their own Procurement Officer could not be justified, there was potential to create a post managed by this Council who could support the delivery of additional projects and savings to us all through working in each council. The business case identified that up to an additional £250k a year could be achieved through working as a procurement hub. Funding was sought and approved for the two years until March 2011 in the first instance.
49. The Shared Procurement Hub for Oxfordshire has been in operation since April 2009 and is hosted by the Council and managed by the Corporate Procurement Manager.
50. The Shared Procurement Hub supports the delivery of best value and achievement of value for money in line with each of the member council's corporate priorities. This takes into account of the different procurement needs that are unique to each hub member, and which are supported by the development of an appropriately collaborative procurement strategy.
51. The Shared Procurement Hub members share the use of a procurement officer. The functions at West Oxfordshire District Council, South Oxfordshire District Council and Vale of White Horse District Council for the procurement of 'routine' assets, goods, works and services are decentralised. Procurement within these councils is, however, championed at strategic director level and a number of procurement initiatives have already been completed, resulting in realised benefits of £150k in the first nine months of operation. The Shared Procurement Hub will support the development of co-ordinated procurement initiatives across all hub members, supported by their respective management teams, with co-ordinated delivery enabled by the use of the Council's procurement staff.
52. In addition, the Council will take responsibility for the development and standardisation of the procurement section on the intranet of each of the Shared Procurement Hub members, which shares latest guidance documents and templates, identifies best practice in other councils and elsewhere, and provides links to relevant government and other websites.
53. The Shared Procurement Hub is working to the following procurement targets:
 - reduce the number of suppliers to the Council and create more economic, efficient and effective relationships with key suppliers
 - consolidate invoices, deliveries and payments to reduce processing costs
 - create a shared list of commodity supply contracts, gain access to buying consortia, increase e-purchasing and, where appropriate, set up framework agreements to achieve volume discounts

- ensure each hub member conforms to its project management system for all significant procurement
- ensure equalities, diversity and sustainability issues are taken account of in the procurement process
- assess the training needs of officers and elected members for procurement, contract management and project management, developing competency frameworks and implement appropriate training and development within 2010.

MARKET TESTING SERVICES

54. The Council's commitment to market testing is embedded and is being delivered within the annually agreed work plan (see Appendix 3). Prior to a full market test the Council reviews the design of the delivery of the service to locate savings opportunities from BPI and/or benchmarks against existing third party expenditure.
55. Completed projects as at December 2009 include Leisure, Internal Audit Services, Print, ICT, Catering, Park and Ride and Management of Carfax Tower, with the result that the Council has moved from delivering all services in-house to delivery through contracts (by partners). The market testing work programme is an active service review mechanism enabling the Council to gain assurance that our services are delivering best value against the marketplace.
56. The three current service reviews for 2009/2010 (covering the Refuse and Recycling service, the provision of a MRF and the In-House Copier Service) are due to be completed by March 2010.

COMMISSIONING

Commissioning is defined as:

Securing the services that most appropriately address the needs and wishes of the individual service user, making use of market intelligence and research, and planning accordingly.

57. This definition makes it clear that commissioning is not the same as contracting. The Council currently secures many of these services that address identified needs through grants rather than contracts. Award of grants can often be much more effective, efficient and low cost than competitive tendering processes.
58. The Council's approach to this is set out in the Grants Prospectus. Grant funding is awarded to those organisations that have a proven track record of service delivery, and that can demonstrate objectives and projected outcomes to help the Council meet its priorities. The Council commissions services within a defined long-term period, generally of three years.

RISK

59. Risk in procurement is the potential exposure to financial, legal and reputational damage through either an unplanned event or unwanted outcome happening. There are three key activities that form the basis of risk management:
- Risk Analysis is the process of examining everything that can go wrong with an activity, and then estimating the probability of that happening. The Council carries out a thorough investigation of all risks prior to any procurement activity, which ensures that the appropriate sourcing strategy will be chosen.
 - Risk Assessment is the process of assessing the likely impact of a risk on the Council. Each risk is assessed and given a probability score of that risk occurring, for example low, medium or high. The Council will then take the decision on how to control or eliminate that risk.
 - Risk Mitigation is the process of allocating an owner who will be responsible for planning and managing mitigating measures.
60. As part of any large procurement (i.e. over the EU threshold) the project team will also use PRINCE2 project management methodology to ensure the project delivers the project objectives and outcomes. A project risk register and issues register will be set up and regularly monitored.
61. The procurement team is responsible for identifying any corporate risk from procurement and contract management activity and this will be added to either the corporate or service risk register. These registers are monitored by the relevant service head and/or Corporate Management team, and escalated as appropriate to the quarterly procurement board.
62. In terms of the Council's procurement process, most risks can be categorised in four areas, as follows:
- Strategic – e.g. long-term impact of bad decision or poor implementation
 - Programmatic – e.g. failure to comply with legislation, internal procedures, processes, codes
 - Legal – e.g. illegal or unethical practices or lack of documentation
 - Operational – e.g. poor contract management, failure to deliver, terms do not meet requirements/expectations.

These are mitigated through the ensuring risks are identified at all levels (strategic, programmatic, legal and operational) and risk registers are maintained throughout the period of any major procurement or contractual agreement.

3 – Corporate & Social Responsibility

SUSTAINABILITY AND SOCIAL GOALS

63. The Council supports the definition “Sustainable procurement is a process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole-life basis in terms of generating benefits not only to the organisation, but also to society and the economy, while minimising damage to the environment.”

Procuring the Future (Sustainable Procurement Task Force, June 2006).

64. There is a compelling business case for making the Council’s procurement spend more sustainable, both from our own sustainability strategy and various national reports and case studies. Key factors informing the sustainability agenda in respect of procurement include:
- savings can be realised through the design of new property and refurbishment of existing property with lower through-life operating costs, better management of demand (including re-use, recycling and standardisation) and the acquisition of products that are more efficient in their use of energy, water and other resources.
 - The environmental imperative is clear, particularly the need to reduce CO2 emissions and the amount of waste going to landfill.
 - Socio-economic benefits include the creation of employment and training opportunities for the long-term unemployed and people with disabilities to the elimination of child labour within supply chains.
 - Through better coordination and challenging of demand and consumption locally, regionally and across the wider public sector, and improved engagement with suppliers, procurement activity can be harnessed to stimulate product and process innovations that deliver improved environmental performance and further savings. This includes the engagement of SMEs, NfP and voluntary sector organisations.
65. Summarised below are examples of local policies implemented by the Council to promote the sustainability agenda. These are aligned to the Council’s sustainability strategy:
- The Council considers sustainability at the early stages of procurement and ensures that the design and specification stage contributes to delivering sustainability. For example if the product contains wood, the Council insists on Forest Stewardship Council certified wood. When procuring a supplier to run the Town Hall café, the Council insisted that Fair Trade tea and coffee be included on the suppliers’ menus.

- Equally important is the necessity to consider whole-life costing with every procurement decision that the Council makes. This is achieved during the options appraisal stage where staff need to be aware of the true or whole life cost of the product. The following list is not exhaustive but provides examples of areas to take into account: indirect costs, direct running costs, administrative costs, spending in order to save, recyclability and disposal costs.
- When purchasing low-value commodities, service areas are always steered towards sustainable products. For example, the corporate stationery and building materials contracts have sustainable products on the Council's core list, which enables the Council to have the assurance that it is directly buying 'green' products.
- All bidders in tenders are required to explain in output-specific terms, their CSR policies and activities and achievements, including CO2 emission reduction, wastage reduction, recycling or re-use activity etc.
- Where relevant and suitable, the Council secures commitment from bidders to offer training, apprenticeships etc. in the event that they are awarded the contract. This approach has proved successful with construction-type contracts.
- Where conceivable, we specify sustainability-friendly goods and products and evaluate tenders on a whole-life cost basis including cost of disposal if appropriate, CO2 impact, future aggregation/scalability potential etc.
- The Council is committed to working with organisations deemed to be the best in their field. For example during larger or high profile projects, where sustainability is a major factor, the Council regularly works with Waste and Resource Action Programme (WRAP) to formulate the best solution and shares their vision of "good for business, good for the environment."
- The Council will facilitate these supplier performance reviews which address sustainability improvement as an element of more general continuous improvement, and targets suppliers as appropriate on established/recognised local government high-yield priority spend areas:
 - Construction and FM (building and refit, highways and local roads, operations and maintenance)
 - Waste management
 - Energy
 - Transport (business travel, motor vehicles)
 - Food
- All new contracts for service delivery to residents and housing tenants now include a stage in the tender process for representatives of the service receivers to provide feedback on the short-listed bidders and their solutions offered.

Appendix 6 includes a case study and testimonial relating to the impact of the procurement process on the achievement of social goals.

MINIMUM LIVING WAGE, PAY AND PERFORMANCE POLICIES

66. The Council's policy is to ensure that a minimum living wage is paid to any employee who is employed by an organisation providing a key contract on behalf of the Council. This is already in place in contracts for leisure and temporary agency staff.
67. The Council has identified that working with suppliers who share similar ethical arrangements is important to the success of the relationship. The Council is also keen to support organisations that have in place transparent and fair pay and performance policies for all staff including senior management.
68. The Council's sustainability strategy is reviewed and updated annually and the procurement strategy will be reviewed accordingly to ensure alignment and consistency in the Council's procurement approaches. By 31 March 2011, the Council will publish a sustainable procurement policy and implementation action plan, which is being developed in consultation with the South East Centre of Excellence and the Council's sustainability development officer, and it will reflect the current guidance and toolkit to support local government implementation from the OGC. This will set out the Council's priorities and respective timescale(s) and will be built around the flexible framework (see Simms report below). Appendix 7 contains the flexible framework.

SIMMS REPORT

69. The Sustainable Procurement Task Force (SPTF) was set up under the direction of Sir Neville Simms and in June 2006 it delivered its findings and recommendations – the National Action Plan: "Procuring the Future".
70. The recommendations were addressed to the government and wider public sector, including local government, and were grouped under the following six headings:
 - a) **Lead by example** – make sustainable procurement a leadership priority and clarify ownership within government
 - b) **Set clear priorities** – streamline the framework and provide clarity on policy priorities
 - c) **Raise the bar** – meet minimum standards now and set demanding goals for the future
 - d) **Build capacity** – develop capabilities to deliver sustainable procurement
 - e) **Remove barriers** – ensure budgetary mechanisms enable and support sustainable procurement
 - f) **Capture opportunities** – smarter engagement with the market to stimulate innovation

71. There are three 'building blocks' that the Council are putting in place to support the implementation of the recommendations of the Simms report:
- a) The **Flexible Framework** (a maturity model with five levels). This tool is intended to guide public sector organisations in the actions required to make sustainable procurement happen. The Flexible Framework will be used as the basis of the Council's sustainable procurement policy as a route map to better performance. Appendix 7 contains the flexible framework. The Council will measure itself against this framework on a quarterly basis.
 - b) **Prioritisation methodology**. The Task Force identified the need for a filter mechanism to determine policy priorities. For this purpose it developed a methodology which helps identify the areas of spend where attention should be focused. The Task Force recommended the use of this prioritisation tool by each public sector organisation to prioritise actions locally. The Council has taken these factors into account during the most recent spend analysis and will continue to do so.
 - c) **Toolkits**. It was suggested that the government identify an owner for a "sustainable procurement delivery team" which would develop specialist toolkits and provide expert advice and support. The tools and support would be made available to all public sector organisations. The Council will use these toolkits as and when appropriate.

DEVELOPING THE LOCAL ECONOMY AND VOLUNTARY SECTOR

72. For the purpose of this strategy document the term 'local supplier' refers to any company whose presence in Oxfordshire provides significant local benefits to the community, through employing staff, offering training opportunities and demonstrates a commitment to the local economy.
73. In order to reflect Oxfordshire's economic landscape, the Council's procurement team actively works with the SME, voluntary and not-for-profit sector to encourage them to apply for public sector contracts. Notable achievements include:
- Independent housing advice contract – awarded to Shelter.
 - Project management of play area refurbishment contract – awarded to Groundwork UK, a not for profit trust.
 - Agency staff and playground supplies contracts – the Council have second tier supply arrangements in place.
 - Joint print framework tender in collaboration with Cherwell District Council – framework agreement has been awarded to eight suppliers, six of which are located within a 20-mile radius of both councils. This was facilitated by local active market engagement:
 - Analysed the local market and identified prospective printers

- Invited all local printers to 'Meet the Buyer 09' and set-up a 'print' stand
 - Met and profiled all stand visitors to give them a feel for our requirements and to see if they would be interested in applying
 - Tender documents and strategy were designed and targeted so as to attract the local SME print market
 - Held a workshop before advertising to build enthusiasm and create competition
74. In addition, the Council plans to encourage suppliers who we formally contract with, to offer the same prices to local, SME, voluntary and not for profit organisations.
75. Activity targeted at encouraging local suppliers and SME participation in public sector contracts include:
- Monthly training workshops for local suppliers, which can range from tendering workshops to sessions about certain elements of procurement, for example CSR. Some suppliers fail to realise that they are actively practising CSR and therefore do not include it in tender submissions – we can draw this out and improve their ability.
 - Detailed one to one feedback for local SMEs if they haven't been successful.
 - Annual Meet the Buyer events.
 - Bi-monthly newsletters.
 - Prompt payment - we are signed up to the government prompt payment code and encourage suppliers to adhere to this as well.
 - The Council will continue to work with prime contractors – both at tender stage and during the life of a contract – to promote the contribution that small firms, ethnic minority businesses, social enterprises and voluntary and community sector suppliers can play in the supply chain. We will provide details of our prime contractors on our website.
 - Support to, and our involvement with, local business organisations, committees and small business friendly concordant. The Council is regularly present at FSB meetings.
76. Each authority involved in the Shared Procurement Hub has included a page on their website titled 'Selling to the Council', which is specifically designed to make it easier for SMEs and other potential suppliers to do business with the respective councils. This contains a list of contracts, a list of currently advertised opportunities with downloadable information packs, overviews of the Council's procurement rules, contact information and a downloadable 'Selling to the Council' handbook.

GLOVER REPORT

77. The Glover Report on improving SME participation in public procurement made a number of recommendations which the Council will embrace and follow. The Council is already achieving some of the recommendations by widely advertising its tender opportunities and by implementing e-tendering. A wider picture can be gained by referring to Appendix 8, which details the recommendations and reflects the Council's response and position as at December 2009.

STIMULATING MARKETS

78. The Council is committed to developing innovative partnership models with suppliers both to supplement and in some cases to take on service previously delivered in-house.
79. This activity both complements and extends the Council's engagement with suppliers in the local economy and voluntary sector. Under a theme of 'achieving improved outcomes by doing things differently', suppliers are encouraged to question, challenge, contribute, propose etc. in open dialogue as a means of viewing things from different perspectives and different angles. This approach yields both suppliers' views and insights on other buyers' approaches, from both the private and public sectors.
80. Achievements and outcomes from this activity include the following:
- Management of leisure facilities – delivered in partnership with a Trust.
 - Playground refurbishment contract for parks projects – awarded to Groundwork UK Trust, who undertake to work with the Council to secure additional funding for play area refurbishment. Groundwork engages directly with local communities to get them involved in projects to ensure the end result meets local requirements.
 - Temporary agency contract – awarded to Champion Recruitment, a local company, but where the second tier (contingency/back up support) is provided by national providers.
 - Refuse and recycling contract – exploring a managed service environment, i.e. a hybrid solution combining private sector strategy development and management of the Council's staff and resources.

WHAT THE COUNCIL HAS DONE TO SUPPORT LOCAL BUSINESS THROUGH THE CREDIT CRUNCH

81. The Council moved rapidly to allocate additional officer resources to help combat the impact of the 2008/9 credit crunch and to support local and small businesses.

These changes have created new opportunities for local businesses who have successfully bid for new business from the Council. An example of this has been the new print supply framework including six local printing firms, which has resulted in an extra £200,000 being spent within Oxfordshire, helping to support local employment and reducing our carbon footprint by over 200 miles for each job we print locally.

The Constitution reflects our requirement that all lower value business opportunities which are normally placed through a quotation-gathering process must include at least one quotation from a local supplier.

The Council also signed up to the national Prompt Payment Code, our average payment time is less than 15 days and we aim to pay within 10 days of receipt of invoice.

The procurement team has also established a programme of monthly training events for local suppliers in conjunction with FSB and Business Link. Up to 50 local suppliers attend one of our training workshops each month. In 2009 the team provided training to over 200 local businesses.

These activities are a key part of the work of the procurement team and the Council is recognised nationally for its support to the development of local supply chains.

4 – E-procurement

E-PROCUREMENT IMPLEMENTATION

82. The Council recognises that e-procurement provides significant opportunities for substantial expenditure savings, reduced transaction costs and improved operational efficiency. The Council has automated part of the 'purchase to pay' process, through encouraging suppliers to supply their invoices to us electronically, increasing the use of 'One Bill' by suppliers as well as corporately establishing the use of government purchase cards for low value spend items. Corporate contracts are set up with online ordering and MIS to enable order tracking. The Council is currently undertaking a BPI review of the remaining processes before planning the full implementation of 'purchase to pay'.
83. The Council has implemented a corporate purchase card which features aggregated billing (one monthly invoice to create savings in transaction costs) and has established a number of corporate contracts with online ordering.

E-PROCUREMENT OF COMMON COMMODITIES

84. Many of the goods and services procured by the Council are common to other councils. The Strategic Procurement Partnership for Oxford (SPPO) has become the main forum for jointly purchasing common commodities throughout Oxfordshire councils. In many cases, electronic reverse auctions can be used to achieve the lowest price against a pre-defined 'basket' of requirements. Commodities suitable to e-auctions include paper, stationery and ICT consumables and telecoms, etc.
85. The Council's strategy is to continue with this partnership with other councils wherever prudent, and to this end we maintain regular contact with the Improvement and Efficiency South East (IESE) agency to identify when suitable opportunities arise.

5 – Equalities and supplier diversity

EQUALITY AND DIVERSITY

86. As a Council, we deliver services to customers and value our employees equally, irrespective of their ethnicity, gender, age, religion or belief, disability, sexual orientation or any other irrelevant factor. We recognise and value difference and respect our staff and service users as individuals.
87. To ensure that the Council procures goods, works and commissions services in a way which promotes equality and diversity, we strive to:
- have a fair and accessible procurement process
 - make sure that where contractors deliver services on our behalf, they do so in a way which meets the needs of all our residents and/or employees
88. By being proactive in these two areas, the Council will help to achieve its vision of building and safeguarding a fair, open and compassionate community. We will also be meeting our statutory duties to eliminate unlawful discrimination and promote disability, race and gender equality.
89. The Council will ensure a fair and accessible procurement process by continuing to:
- simplify the guidance available to potential suppliers about how we procure goods, works and services
 - make information about the Council's procurement opportunities more accessible including, for example, holding regular 'Meet the Buyer' events and frequently updated information on the website
 - engage with suppliers and offering training to them
90. When we use contractors to deliver services on our behalf, we will make sure that they do so in a way which meets the needs of all our residents and/or employees by:
- seeking information from tenderers about their equality and diversity policies and practices and using this to help short-list suitable candidates
 - requiring officers to consider any equality and diversity issues when they are procuring goods, works or commissioning services
 - including equality and diversity clauses as a standard feature in contracts to ensure contractors meet relevant statutory duties
 - consulting our major contractors on any statutory equality and diversity policies/schemes we develop. This will be facilitated through the monthly procurement newsletters

NATIONAL, REGIONAL AND LOCAL SUPPLY CHAINS

91. As part of our work to improve equality and supplier diversity, we have segmented categories of spend in relation to our preferred sourcing outcomes. This reflects our assessment of the preferred location of suppliers who provide the respective goods or services based upon the Council's business needs and service level requirements. We believe this will aid equality and diversity in the supply base by opening opportunities to supply the Council:
- Potential locally sourced categories: Agency staff, print, building contractors, security arrangements
 - Potential regionally sourced categories: Building supplies, bailiffs, project management for new build projects, additional legal support, festive lighting, catering, furnishings for tenants
 - Potential nationally sourced categories: Auditors, office consumables, utilities, vehicles
92. The Council will work with prime contractors – both at tender stage and during the life of a contract – to promote the contribution that small firms, ethnic minority businesses, social enterprises and voluntary and community sector suppliers can play in the supply chain. We will provide details of our prime contractors on our website.

SUPPLIER BASE RATIONALISATION

93. As a means of directing and targeting resources to optimise the return on investment, the Council uses a supplier segmentation analysis tool to enable supplier segmentation. This is shown in Appendix 9.
94. Based upon this, and taking the high expenditure (total contract value) suppliers as a priority, the Council will profile the suppliers to identify:
- The services and/or goods they currently supply
 - What additional scope (if any) that they possess
 - The extent of their agreements (or not) with other councils in Oxfordshire and elsewhere
95. Based upon this the Council will take informed decisions as to their potential for further development and opportunities for collaboration or for rationalisation.
96. Following the segmentation exercise (intended to be complete by the end of 2010) a rationalisation plan will be further developed.

6 – Contract and supplier management

97. Contract management is the management of contracts made with customers, vendors, partners, or employees. Contract management includes negotiating the terms and conditions in contracts and ensuring compliance with the terms and conditions, as well as documenting and agreeing any changes that may arise during its implementation or execution. It can be summarised as the process of systematically and efficiently managing contract creating, execution, and analysis for the purpose of maximising financial and operational performance and minimising risk.
98. The Council now has a supplier relationship management system and is developing a structured framework for managing large contracts with clear governance and reporting arrangements through the Council's corporate management boards.

BENEFITS OF CONTRACT MANAGEMENT

- Improved monitoring of supplier compliance with contract terms. Contract management can help identify any financial penalties levied on suppliers resulting from non-compliance, and lead to more informed tendering decisions for future contracts.
- Reduction in risk of non-compliance with regulatory requirements governing local government purchasing.
- More effective implementation of economic policies. Expenditure can be analysed to identify factors such as type, sizes and location of businesses supplying the Council.
- Better sourcing – contract management applications can alert buyers ahead of expiry dates for auto-renewal contracts and eliminate such contracts or re-negotiate their terms.
- Increased productivity through electronic management of the contract creation and approval process.
- Better maintenance of existing contracts – any changes and updates can be implemented and tracked more easily in the digital format.

CONTRACT SPECIFICATION

99. In order to achieve maximum benefits from contracts with third parties, the Council will focus on improving the specification for contracts and the terms of the contracts. It will seek specialist advice on the drafting of its major contracts and improve the drafting skills of its staff. Where appropriate it will consider innovative contractual arrangements which provide the flexibility to respond to changing needs over the term of the contract. Lessons learned from the preparation of contracts will be captured and shared internally and across the Oxfordshire councils.

100. The procurement team work closely with SPPO members to ensure that all learning is shared and any innovative new arrangement is shared. The group wherever possible manage tenders and use shared contract specifications tailored to fit the Council's requirements.
101. The Oxfordshire councils share a large number of supply and service arrangements which have been set up using a single contract specification. In the next two years the councils are hoping to develop standardised tender documentation and align (where possible and suitable) a range of procurement documentation and information to simplify our processes for potential suppliers.

PERFORMANCE REVIEW AND BUILDING IN-HOUSE CAPABILITY

102. The Council is committed to proactive performance management which applies to key services whether provided internally or by a third party. All key contracts are established with performance indicators which should be monitored by the contract manager for the supply arrangement. So far the management of this process has relied on the skills of the contract manager and the internal governance structure for the contract. A new supplier relationship management system will be established so that all key contracts require the supplier to upload their agreed performance indicators onto the system, which will enable the Council to understand supplier performance corporately. This will enable the Council to be able to more accurately capture the realisable benefits of any contract.
103. As the Council develops agreements with partners to develop and deliver services, it is essential that in each case that these partners provide the Council with their annual Service Improvement Plans. These need to be subject to at least quarterly performance reviews. Such arrangements are in place for the Leisure, Audit and Agency staff contracts.
104. The City Executive Board and, where appropriate, the relevant scrutiny committee, are able request update reports and the attendance of the contractor and officers as necessary to discuss any aspect of a key Council contract, thus providing an opportunity for direct involvement by councillors in monitoring service delivery.
105. The Council seeks to develop a partnership approach with contractors working together to continuously improve performance. Where, however, a contractor consistently fails to perform to a satisfactory level, the Council will use all of the options available to it under the contract to achieve either an increase in performance from the contractor, or ultimately terminate the contract for failure to perform to meet the requirements of the contract.
106. As the Council moves towards more partner-contracted service provision, the importance of effective relationship management and the resultant efficiency benefits achievable will become magnified. The Council has identified the skills and behaviours required to optimise the realisable benefits and has determined that its in-house competence and capacity needs to be enhanced. Consequently the Council has established a programme of Commercial Awareness, Procurement Skills and Contract Management training courses to be provided from 2010 and all officers who are involved in the interface and management of supplier relationships will attend the training over this year. The training has been designed to be action

generating and to dovetail with the Council's operating procedures to ensure that the skills and processes developed are applied and embedded in the 'business as usual' environment.

107. The programme will be continually reviewed and re-run each year to pick up new employees and to reflect the past learning, good practice and changes to operating procedures.

BUSINESS CONTINUITY

108. Business continuity is the process of preparing for and responding to a disaster event or situation that could have a serious impact on the delivery of the Council's services. All contracts for key service provision have approved business continuity plans in place which may be invoked in consultation with the Council in the event of service disruption.
109. The procurement team holds a list of all key suppliers and these suppliers are required to provide their updated business continuity plans annually. The plans are held on the Council's intranet.
110. These plans will be reviewed by the Head of Procurement, Corporate Secretariat Manager and Emergency Planning Officer. Any key supply arrangement that does not have a satisfactory plan for dealing with business continuity will be identified and added to either the service or corporate risk register (depending on the supply risk). The relevant Head of Service will be notified and discussions with the partner supplier will be arranged.

Appendix 1 – Spend Analysis 2009/2010 Budget

Spend by Service

Cost Centre		Employees £	Premises £	Transport £	Supplies and Services			Total £	
					Stationery & Consumables	Tools & Equipment Hire	Publications & Subscriptions		Telephony & ICT
S01	Policy, Performance & Communication	504,662		1,126	2,511	34,753	57,116	112,676	712,844
S02	Executive Support	750,400	6,298	3,520	10,650	2,783	7,684	3,163	786,785
S03	Strategic Procurement & Shared Services	210,208		885	9,036	1,191	2,249	623	224,192
S11	City Development	4,246,037	214,721	43,124	116,384	43,374	133,907	63,271	4,888,744
S12	Environmental Development	2,361,513	6,931	61,377	26,159	6,517	30,750	253,162	2,759,782
S13	Community Housing & Development	4,687,307	725,117	91,985	39,502	70,493	124,967	430,256	6,175,380
S14	Property & Facilities Management	1,121,610	2,837,806	18,090	8,759	5,998	20,876	16,612	4,033,709
S21	Customer Services	3,581,457	52,680	17,662	191,407	17,366	80,904	16,290	3,964,699
S22	City Leisure	2,346,319	2,574,087	604,747	219,851	63,645	66,518	28,918	5,904,382
S23	City Works	8,107,302	3,761,081	4,177,782	412,082	442,205	148,613	104,476	17,171,953
S24	Oxford City Homes	13,241,828	21,739,799	1,143,473	230,274	523,487	462,059	42,352	37,419,356
S31	Business Transformation	695,973	23,002	3,647	51,802	17,952	301,759	178,058	1,273,867
S32	Finance	1,371,873	114	5,731	15,852	15,551	31,209	7,723	1,459,260
S33	Human Resources	1,749,815		2,923	19,506	8,249	20,429	5,967	1,821,225
S34	Legal & Democratic Services	1,581,131	19,040	12,418	100,458	8,995	48,681	28,961	1,822,983
Grand Total		46,557,435	31,960,676	6,188,490	1,454,233	1,226,615	1,537,721	1,292,508	90,419,161

This expenditure analysis excludes expenditure on grants, parish precepts, housing benefits, and notional charges as these are outside the control of the Councils procurement process.

Premises include insurance, business rates and council tax, contract cleaning, repairs and maintenance, leases, rent/hire of rooms, service charges, utilities and waste management.

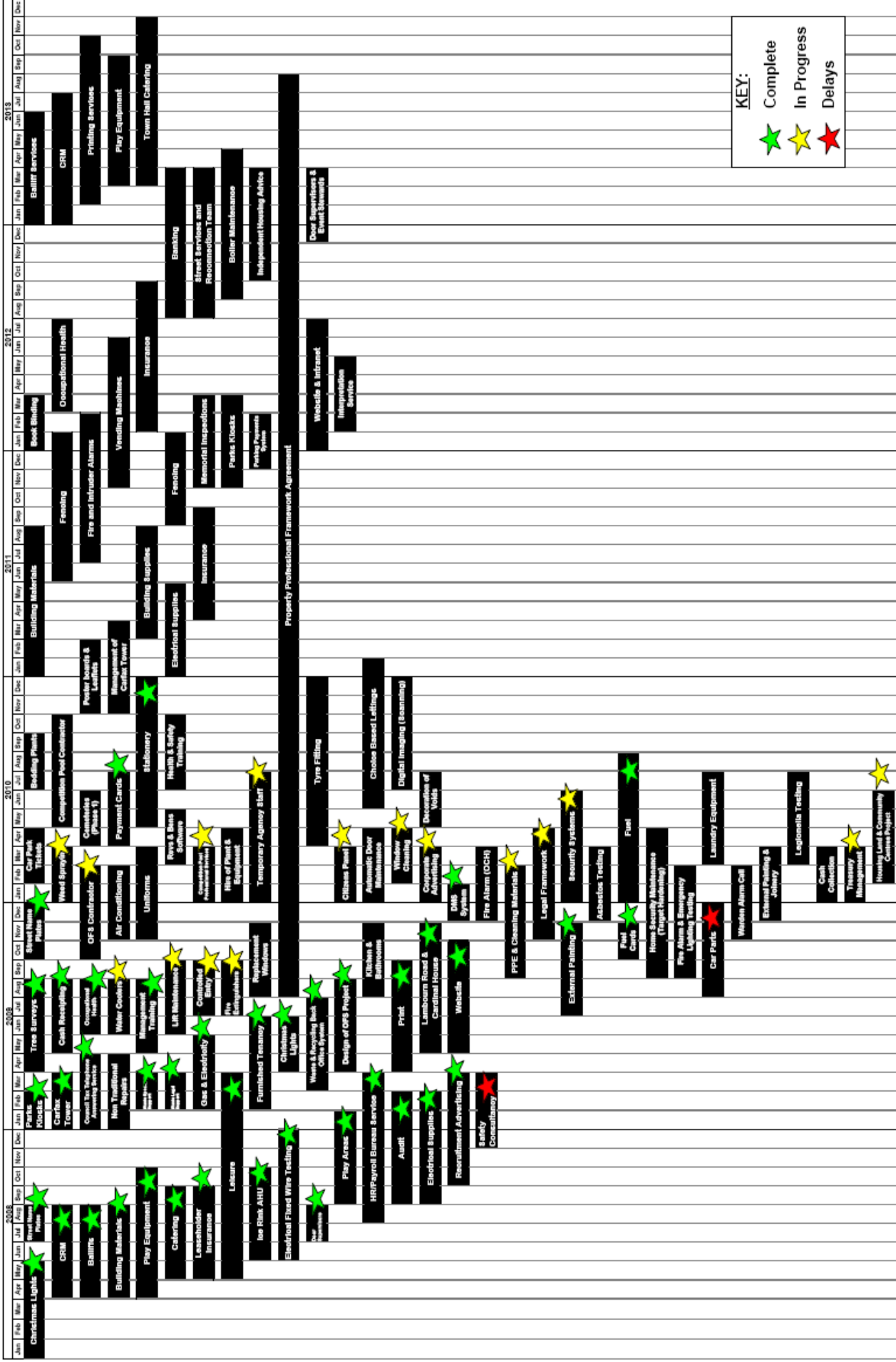
Transport includes car allowances (lump sum and mileage), fuel, hire of plant, leased car costs, licences, repairs and maintenance of vehicles and insurance.

Spend by Outsourced Services Oxford City Council outsourced contracts

Service	Contractor	Commencement date	End date	Annual Cost 2009/2010
Sports Centres	Fusion	30/03/2009	30/03/2019 + 5	£2,500,000
Internal Audit Services	PWC	01/04/2009	31/03/2012 + 2	£200,000
Print	Oxuniprint Fineprint Limited Hunts Multiflow Banbury Litho Limited MP Printers Lexon Paragon	01/11/2009	31/10/2013	£100,000
Carfax Tower	Guide Friday Oxford City Sightseeing Oxford	01/05/2009	30/04/2011	£35,000
ICT	Oxfordshire County Council	01/04/2009	31/03/2016	£1,000,000
Town Hall Café & Catering	Fosters Rooms Ltd	08/11/2008	07/11/2011 + 2	£65,000

The rates above relate to the current contractor rates, not from the original date of outsourcing

Appendix 2 – Procurement Work Plan 2008 - 2013



Appendix 3 – Market Testing Work Plan 2008 - 2011

MARKET TESTING DRAFT PLAN 2009

Hard/Soft Market Test	2008			2009			2010			2011			
	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Hard			Now to March 2009										
Hard			Dec to Feb 2009										
Service Review				Feb to Mar									
Hard													
Hard													
Soft													
Hard													
Hard													
Hard													
Hard													
Hard													
Service Review													
Service Review													

Legend

- Blue: Hard Market Testing
- Pink: Soft Market Testing
- Green: Service Review
- Red: Hard Benchmarking

Milestone Key

- Red Star: Delay to Delivery
- Yellow Star: Potential Delay
- Purple Star: Delivered/Complete
- Green Star: On Track
- White Star: Not Yet Assessed

Appendix 4 – Options Appraisal Framework

There are seven approaches that local authorities can take when choosing an appropriate service delivery option. These are:

- Withdraw from the activity. This is not likely to be possible for most major areas of the authority's activity. However, it may be possible for aspects of a service. It is clearly possible where the authority has *powers* rather than a duty to do things.
- Provide the service through an improved in-house approach. There will still need to be improvement targets and a plan for how they will be reached. There will still be public monitoring of service delivery.
- Joint commissioning involves joining with other local authorities or public bodies to jointly provide or purchase services. It can include delegation of powers to another authority, pooling of budgets, working with other government agencies, or arrangements with non-profit organisations.
- Market testing i.e. competition with an in-house bid.
- Externalisation i.e. competition without an in-house bid.
- Transfer includes circumstances where the authorities client role is passed to another organisation. This may be a not for profit organisation, such as a housing or community association, or a public/private partnership such as Joint Venture Company. In these cases the authority retains a residual interest (rights to nominate people to use the service, a seat on the board) as in housing stock transfers or some transfer of leisure services, or minority shareholding, as in the case of joint-venture companies.
- Hybrid options. In reviewing a service or function the authority must consider whether to break up activities currently treated as a single service or delivered through a single contract, and, equally, to consider whether to amalgamate services currently delivered separately. Where a service includes a variety of different types of activity, the option most likely to deliver best value may well be different for different activities. In such cases, the best value choice will involve different choices for different parts of the service.

OPTIONS APPRAISAL

Each option will be appropriate in particular circumstances, and some of the options can manifest themselves in different ways. The following tables set out when each option may be more, or less, appropriate. The bullet points are *alternative* reasons why the option may be more or less suitable; they are not checklists of conditions that must be met.

<p>Withdrawal The authority decides that it should withdraw from providing a service or taking part in an activity.</p>	
More suitable	<ul style="list-style-type: none"> ▪ Evidence of no need or demand for the service; ▪ Other providers can continue without intervention or support from the local authority; ▪ Costs of the service or activity considerably outweigh benefits; ▪ Service or activity makes no contribution to corporate objectives.
Less suitable	<ul style="list-style-type: none"> ▪ Doubts about the evidence; ▪ Uncertainty about whether the alternative providers do meet existing needs or demands; ▪ Potential for future service development.
<p>Improved internal service management Service is provided in-house. Management may be through traditional hierarchy, internal trading arrangements, or service level agreements. The authority may involve, or consult, users in decisions about overall objectives and in monitoring service quality.</p>	
More suitable	<ul style="list-style-type: none"> ▪ The existing internal service is, or is close to, meeting local targets and national standards; ▪ There is no supply market; ▪ Costs of externalisation are likely to be high; ▪ High impact if service fails.
Less suitable	<ul style="list-style-type: none"> ▪ Poor existing internal services; ▪ Need for external investment; ▪ Active, competitive, market with established suppliers; ▪ Service is easy to specify and monitor.

<p>Joint commissioning</p> <p>Two or more public service organisations agree to commission or provide services together. There is no ‘client’ or ‘contractor’ and the organisations are jointly involved in management.</p>	
<p>More suitable</p>	<ul style="list-style-type: none"> ▪ Services are provided from a single point (e.g. a one-stop-shop, or a call centre); ▪ Participating organisations are willing to agree mutual objectives in the interests of the joint service; ▪ Financial and other risks can be shared on an equitable basis; ▪ Participating organisations do not have the wide range of expertise or sufficient resources to deal with all requests for service but the volume of requests does not justify investment by each authority; ▪ Sharing resources, staff, etc. will produce significant economies and improve quality; ▪ All participating organisations require the same, or very similar service; ▪ Clear lines of responsibility and accountability can be established.
<p>Less suitable</p>	<ul style="list-style-type: none"> ▪ Organisational identities and imperatives are more important than a seamless service; ▪ There are no obvious and willing partners; ▪ Legal constraints cannot be overcome.

<p>Market testing</p> <p>The in-house organisation competes with external service providers to win the work. This is the same as 'voluntary competitive tendering' (VCT).</p>	
More suitable	<ul style="list-style-type: none"> ▪ The pressure of competition is necessary to ensure improvements or clarity of definition in in-house performance; ▪ There is an active and competitive supply market; ▪ The service is easy to specify and monitor; ▪ A new service area is being developed where there is the possibility of both in-house provision and the use of external provision; ▪ In-house performance can be benchmarked against competition.
Less suitable	<ul style="list-style-type: none"> ▪ Potential suppliers likely to suspect the authority is 'going through the motions' and not bid; ▪ Staff are unlikely to make the improvements necessary; ▪ The costs of preparing for competition (both client and contractor) outweigh benefits; ▪ The authority's service objectives go beyond a simple cost calculation; ▪ The in-house team has no real chance of winning; ▪ Market testing is suggested as a last ditch effort to avoid externalisation.
<p>Externalisation (1)</p> <p>Service is provided by external organisations that compete to do the work. Management is through the specification, which sets out the work to be done, and the contract conditions that form the basis of the relationship between client and service provider.</p>	
More suitable	<ul style="list-style-type: none"> ▪ Poor existing internal services, or new services where internal supply is thought inappropriate; ▪ There will be a clear client/contractor relationship; ▪ There is an active, competitive market with established suppliers; ▪ Benefits of using the market outweigh the costs; ▪ Service is easy to specify and monitor.
Less suitable	<ul style="list-style-type: none"> ▪ Internal service management is demonstrably best value; ▪ Opportunists or monopolists dominate the market; ▪ The Council's service objectives go beyond a simple cost calculation; ▪ Service is difficult to specify and monitor; ▪ Other methods of provision offer better value.

<p>Externalisation (2) A contract supplemented by a formal “partnership” arrangement</p> <p>The services are supplied through a contract that places greater emphasis on shared objectives and on the relationship with the supplier. These arrangements are also referred to as “partnering arrangements”.</p>	
More suitable	<ul style="list-style-type: none"> ▪ The service is difficult to specify and monitor; ▪ The authority wants to work with an organisation it can “do business with” rather than one that just “does the business”; ▪ It is possible to agree on a programme of future innovation; ▪ There is a high level of mutual trust between authority and suppliers; ▪ External suppliers can offer savings, innovation, or other benefits that cannot be found in-house.
Less suitable	<ul style="list-style-type: none"> ▪ Opportunists dominate the market; ▪ The service is easy to specify and monitor; ▪ In-house supply is more likely to deliver best value; ▪ The Council’s main objective is to achieve savings.
<p>Transfer</p> <p>The authority ceases to be the ‘client’. That role is taken over by another organisation. This may be residents’ association, community group, charity, co-operative or trust. The authority may still have a residual role, for example, a seat on the board, nominating people for services; grant aid; or by subsidising service delivery to the public.</p>	
More suitable	<ul style="list-style-type: none"> ▪ The activities of, or services provided by, the organisation fit with the Council’s overall objectives; ▪ The local authority and other organisations agree on the level of accountability required; ▪ Community groups already exist or are being formed; ▪ Services are provided to the community or the community and individuals make a contribution to the service; ▪ Community groups have, or can be trained in, necessary management skills; ▪ The authority has a commitment to community development and the involvement of communities in service management; ▪ Organisational independence is necessary to ensure users’ trust or ‘ownership’ of the service or activity; ▪ Where transfer offers advantages financially or in other ways by means of the legal standing of another organisation, for example, a trust.

Less suitable	<ul style="list-style-type: none"> ▪ The Council has clear service objectives that it wants to achieve; ▪ The service is significant (in financial or operational terms) and needs close management, specification, and monitoring; ▪ Personal or highly regulated services; ▪ It would be more appropriate (in line with Best Value and the authority's policies) to make contracts, or partnering arrangements, with local or community businesses; ▪ There is little, or no, community interest in service management and delivery; ▪ There is an active supply market and no policy gain can be made by transfer.
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Hybrid options

<p>The authority decides that no single option is appropriate. The service includes a variety of different types of activity, or the "Best Value" tests applied to different parts of the service come up with different answers.</p>	
More suitable	<ul style="list-style-type: none"> ▪ A "service" is made of discrete aspects that have different Best Value tests applied to them; ▪ Areas of excellence exist side-by-side with services that need considerable improvement; ▪ Different elements make clearly different contributions to overall service delivery and Best Value; ▪ There is a wide range of user needs which are best met in different ways; ▪ External resources can most effectively be used to support in-house services rather than competing with them; ▪ Evidence from the review is equivocal.
Less suitable	<ul style="list-style-type: none"> ▪ The service is easy to specify and monitor; ▪ The service is a clearly definable single service; ▪ The service is made up of so many separate elements that a hybrid approach could lead to an unmanageable complexity of contracts, agreements, and inter-dependencies; ▪ Economy and effectiveness are served best by a single service delivery organisation.

Appendix 5 – Evaluation Framework

ASSETS IN EVALUATING SUPPLIERS FOR THE PROVISION OF GOODS THE COUNCIL WILL CONSIDER:

1. compliance with the tender specification.
2. evidence of innovation.
3. project management performance.
4. track record of performance in delivering to time, budget and specification.
5. track record of working in partnership and client satisfaction.
6. repair and maintenance performance to minimise whole-life costs.
7. the ability of suppliers to offer alternative options that meet the specification and deliver additional social and environmental benefits.
8. compliance with health and safety, equality and other statutory requirements.
9. financial standing.
10. materials and employment sourcing policies and performance.
11. payment requirements/methods.

GOODS IN EVALUATING SUPPLIERS FOR THE PROVISION OF GOODS THE COUNCIL WILL CONSIDER:

1. compliance with the specification.
2. evidence of product and supply chain innovation.
3. initial purchase unit costs.
4. whole-life costs.
5. the ability of suppliers to offer alternative products that meet the specification and deliver additional social and environmental benefits.
6. willingness to allow aggregation of purchasing power and sharing of economies of scale.
7. flexibility of pricing based upon volume and value.

8. flexibility of delivery in terms of timescales, volumes and locations.
9. warranty and support services.
10. track record of performance and customer satisfaction.
11. financial standing.
12. payment requirements/methods.
13. compliance with health and safety, equality and other statutory requirements.

SERVICES IN EVALUATING SUPPLIERS FOR THE PROVISION OF GOODS THE COUNCIL WILL CONSIDER:

1. compliance with the specification.
2. evidence of, and scope for, innovation over time.
3. the willingness to develop a partnership approach to service provision.
4. initial purchase costs.
5. whole-life costs.
6. the ability of suppliers to offer alternative services that meet the specification and deliver additional social and environmental benefits.
7. track record of service provision performance and client satisfaction.
8. access to the competencies and support services required for effective performance.
9. flexibility of delivery in terms of timescales, volumes and locations.
10. track record of investment in training and development.
11. financial standing.
12. payment requirements/methods.
13. compliance with health and safety, equality and other statutory requirements.
14. commitment to performance improvement and the willingness to invest in systems etc.
15. willingness to share the financial benefits of increased economy, efficiency and effectiveness achieved through business process improvements.

Appendix 6 – Case Study On The Achievement Of Social Goals

Case Study:

The procurement team led on the OJEU procurement to enable the Council to provide Council tenants with the opportunity to rent furnished accommodation according to personal requirements.

Tenants are given control over how their property is furnished and provided with a catalogue from which they can furnish their accommodation. The Oxford City Homes Tenant Panel was involved in the tender exercise to ensure the requirements of Council tenants were supported. The following testimonial is from a tenant panel member:

Testimonial:

“I was invited, as an Oxford City Council tenant panel involvement member, to be part of the team who choose the company to supply the furnished tenancy contract. The companies did a presentation and we chose two of them that we were confident could supply the service satisfactorily.

Then we visited those two companies at their supply centre to see their warehouse operations and ask more detailed questions. We chose the best company after much discussion and will be putting together a brochure for the tenants to choose from.

This was a very interesting experience and gave me an insight of this service that is provided by Oxford City Homes. Inviting tenants to be involved with the Officers in making these decisions is beneficial to the tenants and Oxford City Homes to ensure that a good service is provided.”

Lilian Sherwood, OCC tenant and panel member.

Appendix 7 – Flexible Framework

THE FLEXIBLE FRAMEWORK	Foundation Level 1	Embed Level 2	Practice Level 3	Enhance Level 4	Lead Level 5
<p>People</p>	<p>Sustainable procurement champion identified. Key procurement staff have received basic training in sustainable procurement principles. Sustainable procurement is included as part of a key employee induction programme.</p>	<p>All procurement staff have received basic training in sustainable procurement principles. Key staff have received advanced training on sustainable procurement principles.</p>	<p>Targeted refresher training on latest sustainable procurement principles. Performance objectives and appraisal include sustainable procurement factors. Simple incentive programme in place.</p>	<p>Sustainable procurement included in competencies and selection criteria. Sustainable procurement is included as part of employee induction programme.</p>	<p>Achievements are publicised and used to attract procurement professionals. Internal and external awards are received for achievements. Focus is on benefits achieved. Good practice shared with other organisations.</p>
<p>Policy, Strategy and Communications</p>	<p>Agree overarching sustainability objectives. Simple sustainable procurement policy in place endorsed by CEO. Communicate to staff and key suppliers.</p>	<p>Review and enhance sustainable procurement policy, in particular consider supplier engagement. Ensure it is part of a wider Sustainable Development strategy. Communicate to staff, suppliers and key stakeholders.</p>	<p>Augment the sustainable procurement policy into a strategy covering risk, process integration, marketing, supplier engagement, measurement and a review process. Strategy endorsed by CEO.</p>	<p>Review and enhance the sustainable procurement strategy, in particular recognising the potential of new technologies. Try to link strategy to EMS and include in overall corporate strategy.</p>	<p>Strategy is: reviewed regularly, externally scrutinised and directly linked to organisation's EMS. The Sustainable Procurement strategy recognised by political leaders, is communicated widely. A detailed review is undertaken to determine future priorities and a new strategy is produced beyond this framework.</p>
<p>Procurement Process</p>	<p>Expenditure analysis undertaken and key sustainability impacts identified. Key contracts start to include general sustainability criteria. Contracts awarded on the basis of value-for-money, not lowest price. Procurers adopt Quick Wins.</p>	<p>Detailed expenditure analysis undertaken, key sustainability risks assessed and used for prioritisation. Sustainability is considered at an early stage in the procurement process of most contracts. Whole-life-cost analysis adopted.</p>	<p>All contracts are assessed for general sustainability risks and management actions identified. Risks managed throughout all stages of the procurement process. Targets to improve sustainability are agreed with key suppliers.</p>	<p>Detailed sustainability risks assessed for high impact contracts. Project/contract sustainability governance is in place. A life-cycle approach to cost/impact assessment is applied.</p>	<p>Life-cycle analysis has been undertaken for key commodity areas. Sustainability Key Performance Indicators agreed with key suppliers. Progress is rewarded or penalised based on performance. Barriers to sustainable procurement have been removed. Best practice shared with other organisations.</p>

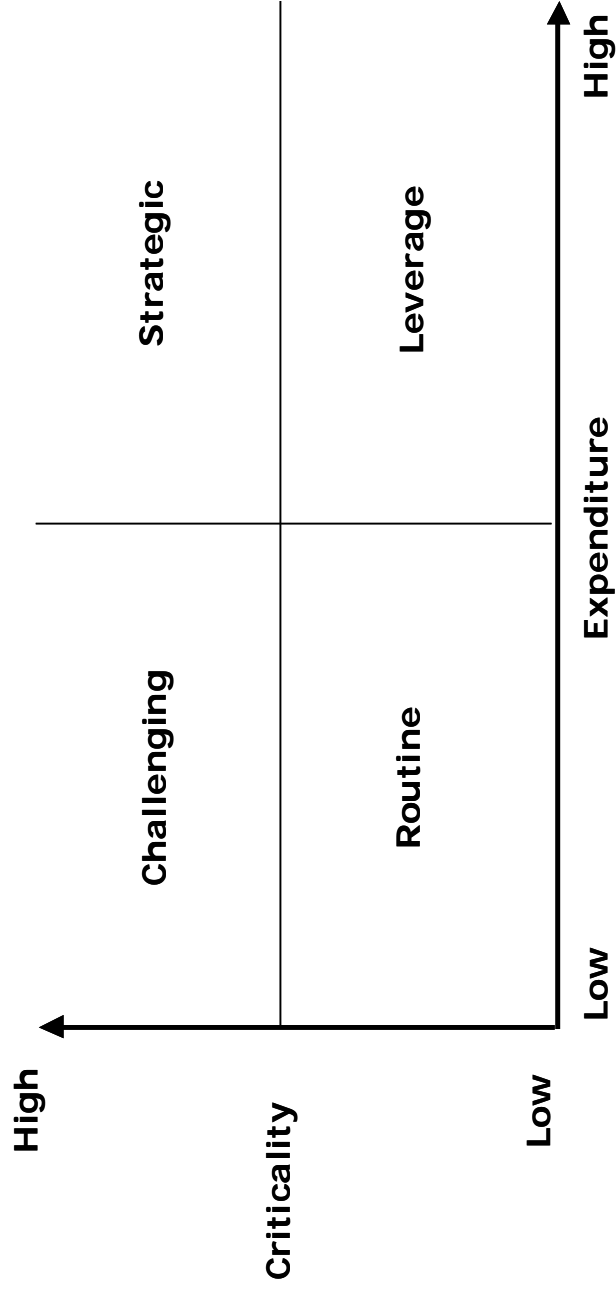
THE FLEXIBLE FRAMEWORK	Foundation Level 1	Embed Level 2	Practice Level 3	Enhance Level 4	Lead Level 5
Engaging Suppliers	Key supplier spend analysis undertaken and high sustainability impact suppliers identified. Key suppliers targeted for engagement and views on procurement policy sought.	Detailed supplier spend analysis undertaken. General programme of supplier engagement initiated, with senior manager involved.	Targeted supplier engagement programme in place, promoting continual sustainability improvement. Two way communication between procurer and supplier exists with incentives. Supply chains for key spend areas have been mapped.	Key suppliers targeted for intensive development. Sustainability audits and supply chain improvement programmes in place. Achievements are formally recorded. CEO involved in the supplier engagement programme.	Suppliers recognised as essential to delivery of organisation's sustainable procurement strategy. CEO engages with suppliers. Best practice shared with other/peer organisations. Suppliers recognise they must continually improve their sustainability profile to keep the clients business.
Measurement and Results	Key sustainability impacts of procurement activity have been identified.	Detailed appraisal of the sustainability impacts of the procurement activity has been undertaken. Measures implemented to manage the identified high risk impact areas.	Sustainability measures refined from general departmental measures to include individual procurers and are linked to development objectives.	Measures are integrated into a balanced score card approach reflecting both input and output. Comparison is made with peer organisations. Benefit statements have been produced.	Measures used to drive organisational sustainable development strategy direction. Progress formally benchmarked with peer organisations. Benefits from sustainable procurement are clearly evidenced. Independent audit reports available in the public domain.

Appendix 8 – Glover Report On Improving SME Participation In Public Procurement – Recommendations And Oxford’s Position

	Glover report recommendations	Oxford City Council’s response and position – December 2009
Transparency	<ol style="list-style-type: none"> 1. By 2010, contract opportunities above £20,000 across the whole public sector should be advertised electronically with standard indicative contract value ranges, and accessible through a single, free, easy to search online portal. 2. Government should issue all tender documentation electronically by 2010 and this should be kept as brief as possible. Businesses should be permitted to tender electronically for all public sector contracts by 2010; no ‘paper only’ tenders should be required after this date, with an ambition for all tenders to be electronic by 2012. 3. Details of contract awardees should be published online in a standard format within 48 days of contract signature, accessible via the single portal by 2010. 4. Tendering opportunities thought especially suitable for SMEs or consortia of SMEs should be flagged by the procurer during advertising process. Government should provide strategic and detailed guidance for procuring authorities on assessing suitable contracts for flagging, based on risk, value and market maturity. 	<ul style="list-style-type: none"> • All contract opportunities are advertised on the Council’s website and on the ‘alert-service@supply2.gov.uk’ opportunity alert distributed daily. • The Council is currently working with SPO (Strategic Procurement Partnership for Oxford) and the SECE (South East Centre for Excellence) to identify the most appropriate options to achieve this. • All contract awards are published on the Council’s website and on the ‘alert-service@supply2.gov.uk’ opportunity alert distributed daily.
Simplicity	<ol style="list-style-type: none"> 5. Qualification criteria that are not specific to a sector should be standardised and incorporated in all pre-qualification questionnaires so that businesses do not need to repeatedly submit the same core information in different formats. 6. Procurers should give businesses the opportunity to provide details of all previous relevant experience when bidding for contracts, not just public sector experience. This should be taken into account when selecting successful tenderers. 	<ul style="list-style-type: none"> • The Council has segmented categories of spend in relation to its preferred sourcing outcomes. This reflects a view of the preferred location of suppliers who provide the respective goods or services based upon the Council’s business needs including service level requirements. This is used to proactively target SMEs and NIP organisations to encourage involvement. • Council will work with SPO (Strategic Procurement Partnership for Oxford) and the SECE (South East Centre for Excellence) to achieve this and will review OGC advice. • This is incorporated in the Council’s tender documentation.

	Glover report recommendations	Oxford City Council's response and position – December 2009
Simplicity	<p>7. Procurers should ensure that, where they rely on a particular accreditation scheme or standard as part of the process of pre-qualification or contract award, that they take a flexible approach. Businesses should be given the opportunity to provide evidence that they can meet the contract requirements by reference to other similar equivalent accreditations or standards they may already hold – especially where these have been recognised or required by other public sector procurers.</p>	<ul style="list-style-type: none"> The Council will reflect this where appropriate in tender documentation and evaluation procedures.
Strategic Procurement	<p>8. Departments should use their Innovation Procurement Plans to set out how procurement aligns with their overall commercial strategy, encourages innovation and gives advanced notice of long-term procurement plans.</p> <p>9. Government should encourage wider use of outcome-based specifications across the public sector, as a means of driving innovation.</p> <p>10. Government should expect and enable prime contractors to make their subcontracting opportunities accessible through the single, online portal created in recommendation 1.</p> <p>11. Through contract management, government should ensure that SMEs and other firms acting as sub-contractors obtain contract conditions, including promptness of payment terms that are no worse than those applicable to the prime contractor.</p> <p>12. The Committee recommends that all central government departments should report annually on the value of their contract spend with SMEs, creating a reliable single source of quantitative data which can be used to inform future policy decisions and evaluate the recommendations in this report.</p>	<ul style="list-style-type: none"> The Council will work with SPPO (Strategic Procurement Partnership for Oxford) and the SECE (South East Centre for Excellence) to determine how best to incorporate and achieve this within business as usual operating procedures. This will be addressed on an ongoing basis as part of the Council's training and development programme. In addition the Council will engage with the market place ahead of key tenders to inform the best approach to use to achieve this. The Council has had success in achieving this with the agency staff and playground supplies contracts. The Council will investigate how this may be achieved in relation to the Council's website and links to prime contractors. The Council will reflect this where appropriate in tender documentation and evaluation procedures. The Council intends to monitor and measure the volume and value and trend of SME and NIP sector contracts.
Measurement		

Appendix 9 – Supplier Segmentation Analysis Tool



Appendix 10 – Glossary

Abbreviation	<i>In full</i>
BREEAM	Building Research Establishment Environmental Assessment Method
BPI	Business Process Improvements
BVPI	Best Value Performance Indicator
Byatt	Sir Ian Byatt prepared a report in 2001 “Delivering better services for citizens – a review of local government procurement in England” which set out 39 specific recommendations on how councils should improve their procurement function
CIPS	Chartered Institute of Purchasing and Supply
CMT	Corporate Management Team
CPA	Comprehensive Performance Assessment
CPG	Contracts and Procurement Group
DEFRA	Department for Environment, Food and Rural Affairs
DETR	Department for Environment, Transport and the Regions – became DTLR then ODPM
DTLR	Department for Transport, Local Government and the Regions – became ODPM
EU	European Union
FSB	Federation of Small Businesses
FSC	Forest Stewardship Council
Gateway	OGC process for reviewing major procurement at key milestones
Gershon	Sir Peter Gershon, who recommended spending target of a 2.5 per cent year on year saving for the three years 2005/2006 to 2007/2008, as identified in the Council’s annual efficiency statement
Glover	Anne Glover, report on encouraging SME, voluntary and NfP organisations in public sector contracts
ICT	Information and Communications Technology (service)
IDEA	Improvement and Development Agency

Abbreviation	In full
IEG	Implementing e-government (strategy)
IESE	Improvement and Efficiency South East
JCT	Joint Contract Tribunal
LGA	Local Government Association
MIS	Management Information System
MKOB	Milton Keynes, Oxfordshire and Buckinghamshire Council
MRF	Materials Recycling Facility
NEC ₃	New Engineering Contract
NfP	Not for Profit
NPS	National Procurement Strategy 2003
OGC	Office of Government Commerce
PFI	Private Finance Initiative
PPP	Public-Private Partnership
RRA / RR(A)A	Race Relations Act 1976 as amended by the Race Relations (Amendment) Act 2000
SME	Small or Medium-sized Enterprise
Simms	Sir Neville Simms, Chairman of the Sustainable Procurement Task Force (SPTF)
SOPO	Society of (Local Government) Procurement Officers
SPPO	Strategic Procurement Partnership for Oxfordshire
SPTF	Sustainable Procurement Task Force – which published ‘Procuring the Future’ – findings and recommendations on implementing a sustainable procurement
TUPE	Transfer of Undertakings (Protection of Employment) Regulations 2006
WRAP	Waste and Resource Action Programme

APPENDIX 1
CEB REPORT RISK REGISTER- Procurement, Commissioning and Supplier Management Strategy

Risk Score	
Impact Score: 1 = Insignificant; 2 = Minor; 3 = Moderate; 4 = Major; 5= Catastrophic	
Probability Score: 1 = Rare; 2 = Unlikely; 3 = Possible; 4 = Likely; 5 = Almost Certain	

No.	Risk Description Link to Corporate Objectives	Gross Risk		Cause of Risk	Mitigation	Net Risk	Further Management of Risk: Transfer/Accept/Reduce/Avoid				Monitoring Effectiveness				Current Risk	
		I	P				Q	Q	Q	Q	Q	Q	I	P		
1.	City Executive Board does not agree the Procurement, commissioning and Supplier Management Strategy (Transform OCC by improving value for money and service performance).	3	2	City Executive Board does not agree with the content of the strategy and the strategy is not adopted short term.	<p>Mitigating Control: Set up a working group to agree content prior to re-submission.</p> <p>Level of Effectiveness H (HML)</p>	<p>I 2</p> <p>P 1</p>	<p>Action: Board to meet twice in March.</p> <p>Action Owner: Head of Procurement & Shared Services.</p>	<p>Outcome required: Content agreed.</p> <p>Milestone date: 31st March 2010.</p>	Q ☺	Q ☺	Q ☺	Q ☺	I 1	P 1		
2	The new strategy is agreed but is overtaken by new legislation or other changes.	3	2	Direction from central government or new EU regulations.	<p>Mitigating Control: Set up a working group to review strategy , update and bring back to CEB.</p> <p>Level of Effectiveness H (HML)</p>	<p>2 1</p>	<p>Action: Steering Group set up to agree change proposals.</p> <p>Action Owner: Head of Procurement & Shared Services.</p>	<p>Outcome required: Content agreed</p> <p>Milestone date: As required.</p>	Q ☺	Q ☺	Q ☺	Q ☺	I 1	P 1		

3	The new strategy is adopted but not communicated and not adhered to.	4	Officers operate without reference to the strategy which supports the delivery corporate objectives	3	<p>Wide communication of the new strategy through WLT and MPG.</p> <p>A short two page summary of key points given to all staff who do any procurement.</p> <p>Information included in the roll out of the training workshops to over 100 managers and senior officers.</p> <p>Procurement team monitor adherence to the strategy through Corporate Boards.</p> <p>Level of Effectiveness M (HML)</p>	2	3	<p>Action: Quarterly procurement Board set up to review all major procurement activity.</p> <p>Action Owner: Head of Procurement & Shared Services.</p>	<p>Outcome required: Objectives and outcomes delivered.</p> <p>Milestone date: As required.</p>	Q 😊	Q 😊	Q 😊	Q 😊	I 2	P 3
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4	Conflict with strategy objectives and delivering savings or most competitive price or target budget.	3	Officers under pressure to reduce costs.	<p>Mitigating Control: Train officers involved in any tendering activity how to evaluate using whole life costing and ensure that the carbon impact is taken into account as part of the cost of the solution so that long term cost is considered and not just short term.</p> <p>Ensure that tender opportunities are communicated widely to local suppliers to ensure that optimum competition achieved.</p> <p>Ensure Council's corporate key objectives and that these are included within all major tender evaluation criteria- not based on price alone.</p>		<p>Action: Provide calculation information re whole life costing and place on the intranet.</p> <p>Regular newsletters to suppliers (monthly).</p> <p>Monthly training events for local suppliers to encourage interest in working with us.</p> <p>Action Owner: Head of Procurement & Shared Services.</p>	<p>Outcome required: Objectives and outcomes delivered</p> <p>Milestone date: 31st March 2010.</p>	Q ☺	Q ☺	Q ☺	Q ☺	I 2	P 3
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5	Procurement process avoided.	3	2	Time needed to test the market and / or ease of current supply.	Mitigating Control Carry out quarterly spend analysis of creditor spend to identify spend levels with suppliers.	2	2	Action: Supplier review lists issued to Service heads to discuss with management teams. Carry out supplier reviews identified from lists to better understand supply arrangements Training of officers in Commercial awareness. Action Owner: Head of Procurement & Shared Services.	Outcome required: Objectives and outcomes delivered. Milestone date: 31 st March 2010.	Q ☺	Q ☺	Q ☺	Q ☺	I 2	P 2
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