



# Procurement and contract management strategy

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by



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## 1. Introduction

GO Shared Services formally hosted by Cotswold District Council on behalf of the partners is a collaboration to centralise Finance, Procurement, Human Resources and Payroll involving –



GO Shared Services also provides services to –



Cheltenham Borough Homes Limited (an Arm's Length Management Organisation), with responsibility for the management and maintenance of Cheltenham Borough Council's housing stock



Ubico Ltd a local authority owned company specialising in environmental and waste management services to the public sector. (The founder shareholders of the company are Cheltenham Borough Council and Cotswold District

GO Shared Services partners recognise that public procurement needs to concentrate much more of its attention on market and supplier management, and ensuring the contract itself is properly managed, and that the approach to the procurement process needs to be simplified.

We are therefore developing a common approach to achieve effective procurement across all partners by focusing on activities which lead to financial savings and improved practices. These include a common Procurement Strategy; standardised processes, documentation, intranet and internet publications and shared supplier master file with the aim of making it easier to engage with, and improve the experience for all our suppliers especially Small and Medium Enterprises (SME's).

We understand that best value and efficiency targets will not be achieved unless all the partners approach competition and procurement positively to deliver good quality, value for money services to our communities. The partners have a duty to make sure this spending represents value for money.

The partners seek opportunities for innovation and partnerships which are available from working with others in the public, private and voluntary sectors to balance two clear priorities:

- Delivering efficiencies and quality
- Developing and embracing socially responsible and sustainable procurement, by engaging with local and regional suppliers to promote the local economy and taking account of the social, economic and environmental impact of spending decisions

## **1.1 Purpose of procurement and contract management strategy**

The overarching purpose of this strategy is to ensure our procurement activities are undertaken consistently to a high standard, efficiently and economically whilst helping achieve economic, social and environmental benefits for all our communities.

The strategy is accordingly aligned with the strategic aims and objectives of the partner organisations.

The status and importance of procurement in the public sector continues to grow and there is increasing pressure to improve procurement performance for a number of reasons.

Most importantly:

- procurement has a critical role to play in delivering strategic objectives and improving the quality of services delivered to the public
- savings realised through improved procurement can be channelled into priority services or reducing each partners net capital and/or revenue expenditure
- local authorities are open to legal challenge under public procurement regulations (based on EU directives) and are accountable for achieving value for money.
- local government is under increasing pressure to deliver services in the face of reduced funding from central government. Effective procurement is one of the key ways to achieve “more with less”

This strategy will help make sure:

- procurement choices reflect each partners corporate objectives
- there is continuous improvement in quality and cost-effectiveness of service provision
- our approach to procurement is consistent and transparent
- resources are used effectively and there is increased efficiency through shared and joint working
- procurement skills are developed, shared and used effectively
- procurement rules are complied with

This strategy is aimed at promoting effective procurement across the whole GO Shared Services partnership and should be read in conjunction with our common Contract Rules Procurement Code and individual partner financial procedure rules and corporate priorities.

## **1.2 What is procurement?**

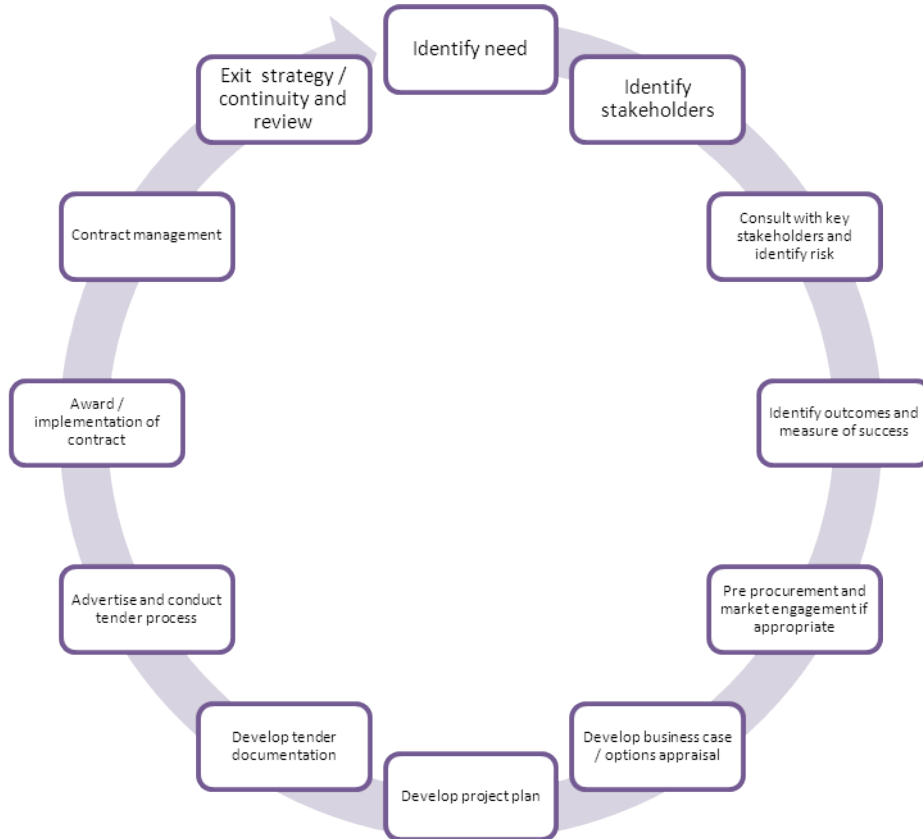
Procurement is concerned with securing goods, services and works. The process spans the whole cycle, from identification of needs through to the end of a service or the end of the useful life of an asset and its disposal. It is concerned with securing goods and services that best meet the needs of users and the local community in order to help achieve our key priorities. It supports the commissioning of services and supports work on developing markets where appropriate.

## **1.3 What is contract management?**

Contract management is concerned with the continuous review and management of the contractual terms and / or service level agreement secured through the procurement process to ensure the outcomes agreed are actually delivered by suppliers or partners. Managing the contracts and relationships with our delivery partners is imperative to ensure that:

- the strategic priorities agreed at the outset are delivered in a cost effective and timely manner
- non-compliance or variation is identified early for escalation and resolution
- risks and costs are managed
- reviews are undertaken and lessons learnt inform the commissioning and procurement process to ensure continuous improvement

#### 1.4 GO Shared Services procurement cycle



The Contract Rules Procurement Code and guidance toolkit template documentation available on each partner Intranet should be used for all of the stages of the procurement cycle. Procurement activity will all be assessed on a whole life costing, benefits and outcomes basis with due consideration of risk.

#### 1.5 What is sustainable procurement?

Sustainable Procurement means using procurement to support wider social, economic and environmental objectives, in ways that offer real long-term benefits to all parties.

EU procurement regulations require that local authorities secure positive outcomes for the wider society, economy and environment that offer long-term benefits, whilst using its resources effectively and efficiently in order to achieve value for money. All of our partners and suppliers will be expected to comply with all environmental legislation and directives.

## **2. Procurement operating environment and legislation**

Public procurement operates in a highly regulated environment that is governed by legislation and policies set by the European Union (EU), nationally through statute and case law and locally by each partners Constitution and Contract Procedure Rules.

### **2.1 Role of the European Union**

The EU procurement regime is based on the Treaty principles of transparency, non-discrimination, equal treatment and proportionality. The EU Consolidated Public Procurement Directive was adopted into UK law on 31 January 2006. The Directive gives detailed instructions on how public procurement over a certain threshold should be carried out. The detail behind the legislation and regulations is complex, and since their inception has been supplemented by a raft of case law.

In December 2009, the Remedies Directive provided additional regulations which provide suppliers with additional powers to challenge and arrange for a contract award to be set aside under certain conditions.

The Public Contracts Regulations 2015 (Statutory Instrument 2015 No. 102) were laid in Parliament on 5 February 2015 and came into force on 26 February 2015. The new public procurement rules will apply to new procurement exercises commenced on or after 26 February. These changes will simplify rules and procedures and make them more flexible. The partners will be required to revise documentation and embrace these reforms and ensure compliance including the requirement to advertise all contracts with a value estimated to be greater than £25,000 on Crown Commercial Service website 'Contracts Finder' (effective 01 April 2015). The changes in the new directives represent a significant improvement in the EU procurement rules for both procurers and suppliers by allowing contracting authorities to use commercial best practice.

Failure to adhere to the provision of the EU Directive and The Public Contracts Regulations 2015 can result in the authorities becoming subject to Court action or enforcement action by the European Union.

## **2.2 Central Government Legislation**

### **2.2.1 The Public Services (Social Value) Act 2012**

This act introduced in March 2012 places a duty on local authorities, at the 'pre-procurement' phase of procuring services to consider how and what is being procured might improve the economic, social and environmental well-being in their community; and how they might secure that improvement in the procurement process itself as long as such action is relevant to what is being procured, and is considered to be proportionate.

This applies to all public services contracts with only an element of goods or works. It does not apply to public works contracts or public supply (goods) contracts. Processes are being developed by the partnership to ensure these requirements are being considered.

### **2.2.2 Community Right to Challenge (Localism) Act 2012**

This act came into effect in June 2012 to enable "relevant bodies", for example voluntary and community groups, employees or Parish Councils, to challenge to take over local services that they think they can run differently or better.

The right enables a relevant body to submit an expression of interest (EoI) to a relevant authority to provide or assist in providing a relevant service. Relevant authorities include Cheltenham Borough Council, Cotswold District Council, Forest of Dean District Council and West Oxfordshire District Council.

### **2.2.3 Freedom of Information Act 2000**

This act came into effect in January 2000 to provide people the right to access to information held by public bodies. This with the government's transparency agenda has consequences for those contracting with the partners where the financial details of contracts awarded may be made public.

#### **2.2.4 Data Protection Act 1998**

This act governs the way personal data is handled. Any contract must require the contractor to comply with Data Protection Act 1998 and indemnify a partner Council against any claim.

#### **2.2.5 Local Government Act 2000, Part 1**

This is the source of the partner Council's 'powers of general well-being.' This is a wide ranging power enabling councils to undertake activity which will improve the economic, social or environmental 'well-being' of their area.

#### **2.3 Contract Procedure Rules and Financial Regulations**

As part of its corporate governance arrangements the partners must ensure that there are adequate controls, procedures and standard documentation in place to satisfy the need to meet probity, propriety and transparency tests. The Contract Rules and Financial Regulations fulfil this requirement and they are part of approved Constitutions. They must be observed by both Members and Officers within the procurement process.

This means that public procurement is carried out in a dynamic environment that requires public sector procurement practitioners to keep abreast of new case law and ensure that all partner documentation and all procurement is carried out in accordance with the above regulations.

We also consider best procurement practice guidance issued by the Local Government Association's – National Procurement Strategy for Local Government in England 2014; the Chartered Institute of Procurement and Supply (CIPS), Crown Commercial Service (CCS) and the Society of Procurement Officers in Local Government (SOPO) in development of procurement policies and procedures.

### **3. Aims of the procurement and contract management strategy**

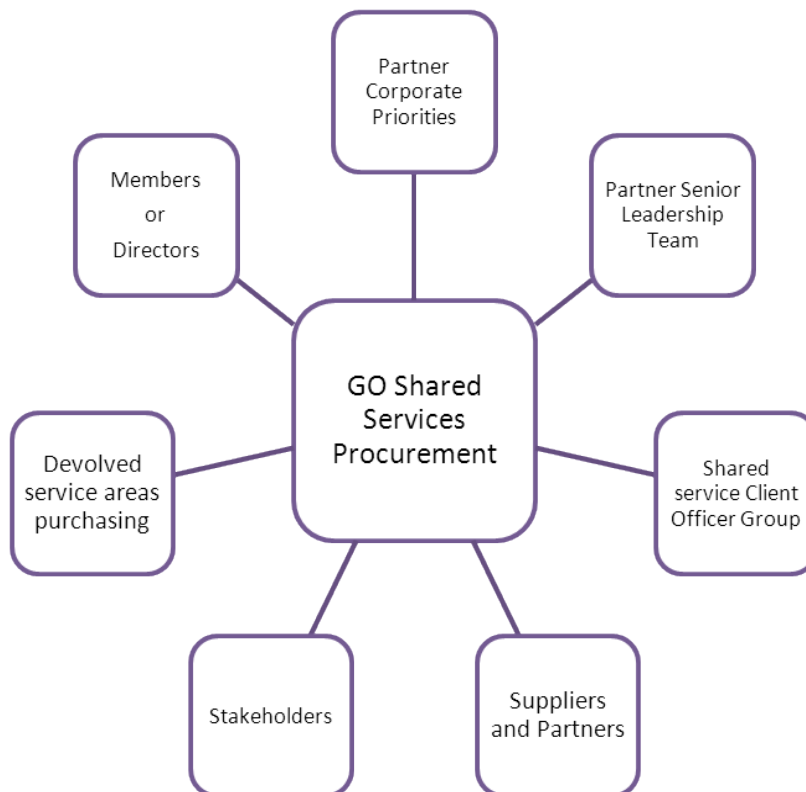
- to establish a clear strategic direction and ensure the importance of efficient procurement is recognised throughout the partners including the political level
- to be clear about what each partner wants to achieve with robust business cases and clearly drafted tender specifications based on outcomes
- to ensure that current legislation and good practice is applied to all our procurement and contract management activity
- to explore creative and innovative solutions to improve our contribution to sustainable development through procurement
- explore opportunities for partnering and collaborative procurement to aggregate purchasing power and share/reduce risk
- to reduce budget expenditure by providing 'more for less' through continuous review and improvement
- encourage / require all of our partners to continuously improve their procurement practice
- purchase environmentally and socially preferable goods and services where this is consistent with best and social value, defined as an optimum combination of whole life costs and community benefits
- maximise the value of e-procurement to increase value for money of goods, services and works procured
- stimulate the local economy and support local businesses and communities

- continue to reduce the number of suppliers by increasing the proportion of our total spend against contracted and approved key suppliers
- consolidate invoices, deliveries and payments to reduce transactional processing costs and ensure suppliers are paid promptly
- develop the performance management system for procurement and deliver contract management training to key personnel
- take account of our duty to promote equalities, diversity and safeguarding at each stage of the procurement process

#### 4. Governance, structure and responsibilities

##### 4.1 Structure

The procurement service is provided by GO Shared Services hosted by Cotswold District Council; and the Oxfordshire Procurement Hub for the benefit of all partners.



Overall responsibilities for procurement are summarised in the table below:

	Partner Lead Officer	Political Lead / Director
<b>Cheltenham</b>	Director of Resources	Cabinet member for Finance
<b>Cotswold</b>	Strategic Director (Resources)	Cabinet member for Support Services
<b>Forest of Dean</b>	Head of Paid Service	Cabinet member for Efficient Council
<b>West Oxfordshire</b>	Strategic Director	Cabinet member for Finance
<b>Cheltenham Borough Homes</b>	Finance Director	Board of Directors
<b>Ubico Limited</b>	Managing Director	Board of Directors



**Scrutiny committees** may provide constructive challenge to procurement projects reviewing their impact and ensuring value for money is achieved. **Audit committees** will oversee the governance arrangements associated with procurement.

**The Senior / Corporate Leadership Team** of each partner will oversee the strategic role of procurement outlined in this strategy.

**The Client Officer Group (CoG)** is responsible for coordination and development of partner finance and procurement service delivery.

**Heads of Service** are responsible for procurement in their services and compliance with this strategy and the procurement code and guidance toolkit. Ensuring that the relevant staff in their areas has the right level of skills to deliver effective procurement. Monitoring of all procurement activity in their services and project management to make sure an appropriate project plan is in place, resourced and risks identified and managed.

**Budget Holders and staff involved directly with the purchase** of goods, services and works to ensure they comply with this strategy, and the Contract Rules Procurement Code and guidance toolkit template documentation. To conduct relationships with suppliers and partners in an ethical and appropriate manner to ensure they promote their employer in a positive manner.

**The duties of GO Shared Services are to coordinate, develop and monitor procurement activity across the partnership including:**

- supplier analysis to identify: supplier base, spend per supplier, spend per category, spend per transaction, cost per transaction and local suppliers at risk
- coordinating this corporate procurement and contract management strategy on behalf of partners with the aim of achieving cashable efficiency gains and agreed performance targets
- coordinating procurement for high value, high risk or high profile partner projects including advertisements for OJEU, to achieve the completion of due diligence, service delivery on time, within budget and in accordance with specification and regulations
- providing assistance to contract owners in the control and management of corporate contracts (including monitoring market intelligence, advice, facilitation, tendering and performance management)
- development and maintenance of procurement and contract management documentation toolkits and web pages to publicise procurement plans, information and advice to potential suppliers and staff
- development and implementation of e-procurement to deliver savings in transactional processes
- providing assistance to contract owners in the planning and co-ordination of improvement of current contracts, business continuity, exit strategies and post contract appraisals and reviews
- coordination of the actions of employees carrying out procurement activities across partners in compliance with this strategy, the Contract Rules Procurement Code and guidance toolkit template documentation.
- to ensuring potential suppliers are provided with clear specifications of our requirements and ensure these are understood
- ensuring with partners that tender evaluation is based on the 'Most Economically Advantageous Tender' (MEAT) both on price and quality, including consideration of whole life costing. The weighting of evaluation criteria is adjusted to individual contracts as appropriate

- for high value purchases over the EU procurement thresholds we will publish the price / quality tender evaluation criteria split to make clear to prospective suppliers the basis on which we intend to award a contract
- offering a debrief to all parties following a tender process to enable unsuccessful bidders to develop their knowledge and skills in bidding for future tender opportunities
- ensuring partner contracts will only be placed on the partners standard terms and conditions or appropriate industry standard forms of contract for example Joint Contracts Tribunal Minor Works (JCT) or NEC3 – New Engineering and Construction Short Contracts for works contracts
- ensuring the procurement process eliminates the potential for fraud and favouritism towards any supplier
- coordinating and monitor each partners Contracts Register to allow improved advanced planning for procurement and contract management activity
- ensuring partner flexibility within contracts so that every contract is able to provide for continuous improvement throughout the contract period and achieve efficiencies
- providing documentation and training for the partners on Contract Rules and Procurement Code, and guidance toolkit template documentation including contract management policies and procedures

## **4.2 Competition**

Local government has responsibilities to local communities to promote economic well-being. The partners work with their public, private and voluntary sector partners to support a thriving, prosperous and sustainable economy. The partners will balance the priorities of business decisions and supporting the local economy whilst conforming to legislation and regulation governing public procurement. The supplier analysis will identify those local businesses who may be heavily reliant on the partners and thus at risk from changes to procurement practices. Local businesses will be supported by the partner council by way of explaining requirements and opportunities to enable them to compete with contractors from other areas, in this regard the partner council will comply with the Competition Act 1999 and no supplier will be given an unfair advantage.

Where there is a restricted supply market that may prevent the partners achieving best value, options may be generated, as part of the contract strategy, to propose how to encourage more activity within the supply market. Likewise where the market is weak new entrants, particularly small to medium enterprises (SMEs) and social entrepreneurs may be encouraged.

## **4.3 Controls and standards**

The partners are developing a Contract Rules Procurement Code and guidance toolkit template documentation; and are continually revising the tender and contract documentation to ensure a common approach to procurement, contract management and compliance with the strategy.

The highest standards of conduct must be observed by members and officers engaged in procurement and contract management of any type on behalf of any of the partners.

In all their dealings they must observe the Nolan principles and preserve the highest standards of honesty, integrity, impartiality, and objectivity, complying with each partner's standing orders, financial regulations and applicable codes of conduct

## **4.4 Countering fraud**

The partners are committed to countering fraud and corruption and officers who procure goods, services and works must be fully aware of the rules and procedures that support this aim.

Counter fraud and corruption arrangements should be the consequence of effective business systems, practices and control arrangements, specifically the:

- Contract Procedure rules

- Financial Rules
- Whistle blowers' policy
- Employees' code of conduct, and
- Anti-fraud and anti-corruption policy and process

#### **4.5 Management of risk**

Risk management is an integral part of procurement. The risk when procuring, including that of fraud and corruption will be a key consideration and an integral part of the procurement process. The partners will identify the risks associated with major procurements and the contingencies for service disruption in each project and corporate risk register and how these are to be mitigated and managed.

For any high value, high risk or high profile procurement and which also involves significant risk including staff transfer; or significant potential for reputational or financial risks the GO Shared Services partners in addition to project management methodology will utilise a Gateway Review Process throughout a projects life to ensure the project delivers the project objectives and outcomes. Risks and issues registers relating to the procurement will be set up and regularly monitored by the project team.

#### **4.6 Business continuity**

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 services. For high risk procurements the suppliers will be required to submit a business continuity plan as part of the tender submission.

To ensure business continuity all key suppliers will be required as part of contract management to provide an annual update of their business continuity plans in the required format.

#### **4.7 Transparency and probity**

All procurement processes must be carried out with integrity, to the highest ethical standards, and well documented to provide an auditable trail. The procurement process undertaken must be based on a clear evaluation of the options, and the agreed process followed throughout unless there are genuine grounds for revising the process, and in which case interested parties must be informed of any changes and the reasons why. In some instances the change in the process may necessitate the procurement process being abandoned and re-started.

### **5. Collaboration, Shared services and Partnering**

#### **5.1 Partnering**

As referred to here, *partnering* means the creation of sustainable, collaborative relationships with suppliers in the public, private, social enterprise and voluntary sectors to deliver services, carry out major projects or acquire supplies and equipment.

Partnerships can be beneficial and integrated in service delivery, but it needs to be recognised that this is not an easier contract style. Partnering agreements are likely to be more challenging than traditional contracts. Partnering is a form of formal agreement between organisations and will require careful preparation of contract documentation. In addition to the normal contractual considerations, some attention should be given to cultural issues, which if addressed correctly will make the co-ordination of activities easier.

Partnering should be considered when engaging in any best value reviews of services as a potential alternative to established methods of service delivery.

#### **5.2 Partnering in construction projects**

Partnership can be particularly beneficial in construction projects. However such projects are rare and the potential for partnership will be considered on a case-by-case basis.

### **5.3 Partnering in service delivery**

In transforming services the partners are keen to look for new and innovative ways of delivery in partnership (or outsourcing if appropriate) with willing partners provided there is a robust business case and options appraisal in consultation with all stakeholders. The partners are actively engaging with other authorities in seeking to develop shared arrangements. The partners are keen to engage with any organisation to this end where there are clear benefits to both the partner and its customers.

### **5.4 Collaboration**

The partners are keen to collaborate with other public bodies to come together to combine their buying power, to procure or commission goods, works or services jointly or to create shared services. Collaboration is a form of public-public partnership. Its major benefits are economies of scale.

The partners support the concept of procurement efficiency through collaboration and will actively participate with other authorities and organisations where appropriate and feasible, to seek economies through joint procurement, joint commissioning, framework agreements and shared services (see Appendix 1 – Development Plan). The percentage of spend through collaborative contracts will be a key indicator for GO Shared Services.

The partners, through membership of consortia groups and shared services shall seek to develop opportunities for collaborative procurement with others including but not restricted to the following:

- GO Shared Services is a collaboration involving Cheltenham Borough Council, Cotswold District Council, Forest of Dean District Council, West Oxfordshire District Council and involving Cheltenham Borough Homes Limited and Ubico Limited.
- Gloucestershire Procurement Partnership
- Oxfordshire Procurement Hub
- Local Enterprise Partnerships (LEP)
- Federation of Small Businesses (FSB)

## **6. Corporate social responsibility**

Through the procurement strategy and Contract Rules Procurement Code and guidance toolkit template documentation the partners should try to satisfy the aspirations of all stakeholders; including customers, suppliers, employees, the local community, government, partners, public interest and environment groups.

### **6.1 Considering Social Value**

In line with our commitment to delivering the Social Value Act 2012 we will make consideration of social value in all procurement processes, which will be defined by the corporate priorities of each partner.

The partners will use this definition to promote the positive social, economic and environmental benefits from the goods, services we purchase whilst also minimising any adverse impacts.

The partners will address social and environmental issues in its procurement processes by:

- **pre-procurement:** before commencing a procurement the partners will consider the subject matter of the contract and identify any non-commercial considerations which are relevant and appropriate to be taken into account, for example, when scoping the project, deciding on packaging, drafting specifications, sustainability and life-cycle requirements and selecting the

contract structure. Technical specifications must however be linked to the subject matter of the contract.

- **contract terms:** by the incorporation of social and environmental requirements into the contract terms including any “special” conditions. However, consider any cost associated with including such terms and whether essential and affordable.
- **selection stage:** consider rights to reject applicants, for example relevant convictions. Does the delivery of the contract require particular technical expertise? Will the contractor be required to comply with particular policies, e.g. environmental management? Selection criteria must be non-discriminatory, proportionate and linked to the subject matter of the contract and in accordance with the criteria listed in the Regulations.
- **award stage:** social and environmental issues may be included within the award criteria of most economically advantageous tender provided linked to the subject matter of the contract and expressly referred to in the OJEU contract notice and/or the tender documents. Consider how such issues will be evaluated and any applicable weighting.
- **post award:** what is expected from suppliers in delivering the contract? How will we monitor any non-contractual obligations and derive any benefits, for example training, secondment and apprenticeship opportunities?

## **6.2 Supporting Local Businesses and Communities**

The partner organisations will maximise opportunities for local Small, Medium Enterprises (SME's), voluntary and community sector organisations and social enterprises to become our suppliers. We are working with Local Enterprise Partnerships and the Federation of Small Businesses and regularly host or take part in events to promote opportunities and obtain market intelligence to inform and improve our policies and procedures.

In March 2012 the government introduced the Public Services (Social Value) Act which amended Section 4 of the Local Government Act 2000 and local authorities are now required to include proposals for promoting engagement with social enterprise in their area. We will work with small and third sector suppliers to help them comply with our procurement requirements to improve their chances of being awarded contracts, thus maximising the benefit that the local authority offers the local economy. For larger contracts over the EU Threshold we may divide contract tenders into lots where appropriate and take account of the provision of local jobs and apprenticeships.

## **6.3 Safeguarding**

We will encourage safeguarding standards in our suppliers to ensure the protection of vulnerable adults and children.

All procurement projects will be assessed for safeguarding risks. Basic safeguarding contract clauses will be included in contracts where appropriate.

## **6.4 Equal opportunities**

The partners are committed to ensuring that our suppliers and contractors share our equality and diversity vision and values, and work to implement these. Therefore, in-line with the provisions set out in the Equality Act 2010, the partners will require that contractors' service delivery does not discriminate against any person and that their employment practices are also non-discriminatory. It will remain the responsibility of staff involved in procurement activities to ensure that equality is embedded in contracts and service provision.

The Equalities and Human Rights Commission recognises that promoting equality is more relevant to some functions than others, most notably those where there is interaction between the contractor and council employees or members of the public.

## **6.5 Health and Safety**

The partners are committed to ensuring the health, safety and welfare of its staff, visitors, contractors, residents and any other users of its buildings, facilities or services. Where these services or facilities are provided by suppliers (including contractors, sub-contractors and any other partner organisations), those providers will be subject to an appropriate and proportionate assessment of their health and safety policy and arrangements during tender evaluation and selection process. There will, be occasions when it is deemed that, due to the nature of the services to be provided, a specific health and safety assessment will not be required.

**6.6 Sustainability and environmental responsibility**

Wherever possible, subject to economic constraints the partners will procure from sustainable sources and where environmental damage can be minimised.

The partners will award contracts to those suppliers who can demonstrate that they have the ability to supply goods, works or services that have a clear environmental advantage, unless there are significant reasons for not doing so.

The partners will require their suppliers and their subcontractors to comply with Environmental Protection Act legislation including duty of care in all contract award criteria.

All the elements of corporate social responsibility that are outlined above will be considered and included as appropriate in Pre-Qualification Questionnaires (PQQ) and Invitation to Tender (ITT) specifications.

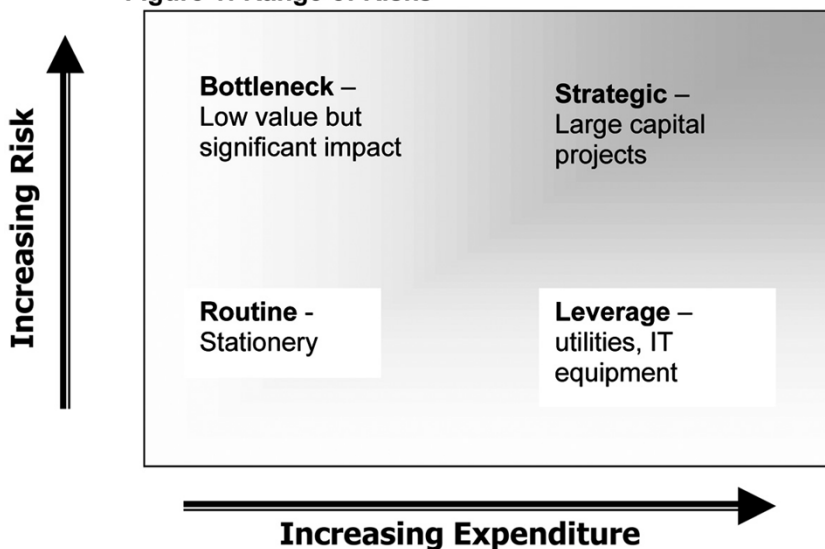
**7 Managing our procurement**

**7.1 Category Management**

In order to continue to deliver savings and other benefits we will develop the way partner spending will be managed by looking at the categories of what we purchase (see Appendix 1 – Development Plan). The overarching principle used in procurement procedures is that goods, services and works will be categorised according to risk and a specific approach for each category will be adopted. This is called the portfolio approach.

Figure 1 shows how the GO Shared Services partnership proposes to categorise goods, services and works

**Figure 1: Range of Risks**



**Strategic** where goods, services or works are of high cost and high risk if something goes wrong for example commissioning / outsourcing / sharing of a service, large capital projects, and large contracts. These spend areas are the highest priority for procurement and contract management resources. The partners need to establish longer term, partnership type arrangements with contract management focused on service delivery, continuous improvement, innovation, strategic planning and cost efficiency. Reducing the number of suppliers in these categories will allow a

greater focus on creating value in the relationships; although this must be set at a level that allows for sufficient end–user choice, retains competitive pressure and avoids overdependence on individual suppliers.

**Bottleneck** where goods or services are of a low value, for example chemicals for the swimming pool; but these could have significant implications if they were not available. These spend areas have high risk where the consequence of supplier failure or poor performance may have a significant negative impact on the partners ability to deliver services. In these areas there are often few capable suppliers and finding alternative providers is difficult. The potential impact of supplier failure is significantly greater than the contract cost might indicate. The focus of procurement activity in this area is to select suppliers carefully, with focus on quality and continuity of supplies and services.

**Routine** where goods and services are purchased regularly in smaller quantities for example stationery; and these are readily available from a range of sources. The main focus in these spend areas is to use volume of business to attract low prices. This can be best achieved through aggregation of demand across the GO Shared Services partnership, collaboration with other public sector purchasers, use of framework agreements and driving value for money through standardising specification and requirements.

**Leverage** where goods and services have a low value and low risk but through economies of scale they can be purchased in large quantities at discounted prices for example IT equipment and electricity supplies. The focus of procurement activity with this group of suppliers is to ensure that the process of engaging and paying for goods and services is as efficient as possible. Reducing the total number of different suppliers and ensuring that where possible the cost of processing are the main source of efficiency savings.

The majority of goods services or works the partners purchase and the services delivered fit into one of the four categories in the risk / expenditure matrix. The risk log will inform the procurement method to be used, addressing the strategic importance, the value and the potential risk associated with each procurement option.

## **7.2 Electronic procurement and making use of technology**

The GO Shared Services partners are continuously seeking to embrace and invest in new technologies that can make the procurement process more efficient and user friendly.

The partners are investing in the Public Services Network (PSN) which is a key programme for the delivery of a more cost effective and efficient standardised ICT infrastructure as well as enabling new, joined-up and shared public services. Savings are being generated by reducing procurement costs and complexity, eliminating network duplication and standardising network services.

Procure to Pay (P2P) modules have been implemented as part of an Enterprise Resource Planning system (ERP) to procure and pay for goods, services and works electronically to reduce transactional processing costs. This has resulted in a centralised GO Shared Services Accounts Payable service to process all partner supplier invoice payments based at Forest of Dean District Council.

Further development of the P2P modules are planned, and encourage more utilisation; including improvement of the contracts module, management information, electronic invoicing and also to provide greater visibility and analysis of spend to inform collaborative procurement opportunities and compliance with the transparency agenda.

## **7.3 Electronic promotion of contract opportunities and electronic tendering**

### **Publishing opportunities**

The partners will subscribe to a common standard online e-Sourcing / e-Tendering service which will enable the secure publication of contract notices. This will be a subscription website automatically issues notices to the Official Journal of the European Union (OJEU) for contract values over the EU Thresholds. The partners have established common Contract Rules and tender opportunities and contracts over £5,000 will be advertised on the relevant partner council websites to ensure all organisations have access to our tendering opportunities. The partners will standardise how procurement information and tender opportunities are presented on their individual websites for easier access and engagement with suppliers and stakeholders.

### **Electronic tendering**

We are streamlining our e-Tendering processes to improve efficiency and effectiveness to reduce costs during the tendering process. E-Tendering can be beneficial in unlocking public sector tendering opportunities for SMEs and provides a more secure environment than the traditional hard copy process. The awarded contracts function allows SMEs to identify potential business leads and deal directly with larger businesses as sub-contractors.

A review of e-Sourcing / e-Tendering is planned by GO Shared Services to identify options including the use of portals for improving the process and publication of tender opportunities to a wider audience and meet the EU requirement for all tenders to be transacted electronically. This will also include the potential provision for service areas to request quotations electronically.

#### **7.4 Electronic reverse auctions**

An electronic reverse auction is an online event in which suppliers compete in real time by bidding lower as the auction unfolds until all bidders have reached their final offer.

The auction does not replace the traditional evaluation of tenders in terms of suppliers' ability to meet the specification and provide a consistent and quality service. These aspects are evaluated first. Suppliers that pass this qualitative evaluation stage are invited to take part in the reverse auction, where the focus is on price. The award decision is thus made on the basis of value for money (the combination of quality and price).

Where appropriate the partners will look to include electronic auctions in the procurement process. All appropriate future contracts will be assessed for their suitability and the auction element will be evaluated at the start of each tender exercise.

#### **7.5 Electronic marketplace**

The shared Procure to Pay (P2P) module now implemented also provides an infrastructure platform to utilise an electronic marketplace in the future. GO Shared Services will review the business need and the benefits of connecting to an electronic marketplace and a business case will be developed if a return on the investment can be anticipated.

#### **7.6 Purchase cards**

The partners will evaluate the benefits of purchase cards in relation to low value procurement and will, in circumstances where it perceives that benefit will accrue, deploy purchase cards having first established the necessary control mechanisms. The implementation of the Procure to Pay (P2P) module may reduce the need for purchase cards with the further development of electronic invoicing by suppliers.

### **8 Managing Contracts**

The partners will use a pro-active approach to reinforce that this is a key element of the procurement cycle, and in turn manage contracts more actively to drive continuous improvement in performance and efficiency and relationships with customers, suppliers, partners or employees, directly proportionate to the value and risk associated to the contract.

The partners need to actively monitor and manage supplier performance throughout the contract



life using the measures agreed in the contract supporting documentation and project plan including service levels and partnering agreements.

The partners will develop a standardised approach to ensure all those involved in contract management are aware of their responsibilities including:

- every contract over £10,000 must be properly managed by an identified contract manager where appropriate
- improved supplier delivery through regular communication thus reducing the requirement to implement contract penalties from non-compliance
- regular meetings with suppliers
- formal reporting of contract progress and budget to project board
- continuously monitor and manage supplier performance to provide evidence of compliance with the contract at each stage prior to payments being made
- non compliance is reported immediately by the contract manager to the service manager and business partner – procurement or project board
- business continuity plans are regularly updated during the life of the contract
- improved supplier relationships
- reduction of risk
- plans made well in advance of the expiry of a contract for re-letting based on a review of performance, and for key service delivery contracts to ensure that the current provider cooperates with the transition to the new provider for continuity of service. This requirement would have been documented in tender documentation and the formal contract.
- post-project appraisal / assessment of the contract forwarded to business partner - procurement

Success will be measured by the monitoring of contract performance being more visible and accessible to all partners, and by the identification of improvements in performance levels and additional efficiencies during the life of the contract.

## **9 Capacity, training, development and skills framework**

GO Shared Services recognises that in order to achieve its procurement and contract management objectives it will need to continually build capacity and skills across partners. It will seek to develop the skills of its entire staff engaged in procurement processes to a level consistent with the objectives of this strategy.

The partners will develop a procurement code and a toolkit of self service guidance documents consistent with the aims of this procurement strategy, as a guide to best practice and processes for achieving best value.

The partners will also develop a contract management guide for all staff involved in contract management to provide clarity of roles and responsibilities.

## **10 Monitoring, performance and measuring our achievements**

The GO Shared Services Client Officer Group and each partner Senior Leadership / Corporate Team will undertake an annual review of this strategy and a progress assessment of the GO Shared Service Partner Delivery Plan detailed in Appendix 1 to ensure it reflects the progress we are making and takes account of emerging best practice and EU and UK regulations as well as the challenges we face.

GO Shared Services and partners will actively monitor and manage supplier performance and compliance throughout the contract(s) life, using those measures agreed in the contract documentation, specification or service level agreements.

Additional assurance will be provided through internal audit to ensure that services are being provided to the level and quality expected.

<b>Measurement of performance and achievement</b>	
<b>1</b>	<b>Specifications for high value and all other procurement decisions are made based on whole life costs, socially responsible, sustainable and ethical procurement</b>
<b>2</b>	<b>% of spend via collaborative contracts for all partners</b>
<b>3</b>	<b>Maintains an up to date Contracts Register and database with timely publication of all tenders over £5,000 and all expenditure over £500 in value to meet the requirements of the Government's Transparency Agenda for all partners</b>
<b>4</b>	<b>To maintain central supplier database to include:</b> <ul style="list-style-type: none"> <li>• <b>SME by number of employees by micro, small and medium</b></li> <li>• <b>suppliers linked to ProClass classifications and Category Management</b></li> <li>• <b>suppliers and products linked to Common Procurement Vocabulary (CPV) codes</b></li> </ul>
<b>5</b>	<b>Management of supplier base and spend analysis for each partner to include</b> <ul style="list-style-type: none"> <li>• <b>revenue and capital spend per supplier and by product group / code</b></li> <li>• <b>by post code location</b></li> </ul>
<b>6</b>	<b>% of purchase orders raised for each partner:</b> <ul style="list-style-type: none"> <li>• <b>as a percentage of total invoices</b></li> <li>• <b>as a percentage of total invoice value</b></li> </ul>
<b>7</b>	<b>% continuous annual reduction in number of supplier invoices</b>
<b>8</b>	<b>The total number of payments by BACS for each partner:</b> <ul style="list-style-type: none"> <li>• <b>as a percentage of total payments</b></li> <li>• <b>as a percentage of total invoice value</b></li> </ul>
<b>9</b>	<b>Identifiable improvement in contract management efficiencies in the delivery of contracts and in service delivery for the benefit of stakeholders and customers through post project appraisals / assessments</b>
<b>10</b>	<b>Specific and measurable cashable savings are achieved for all partners from improved contracting</b>

#### **11 More information and contact details**

If you require any clarification about the procurement and contract management strategy please contact the GO Shared Services, Business Partners – Procurement:

[procurement@gosharedservices.org.uk](mailto:procurement@gosharedservices.org.uk)

## Appendix 1 – GO Shared Services Partner Development Plan

### Procurement and contract management strategy

The development plan is divided into four priorities and will be updated annually to reflect progress and emerging priorities and new objectives:

**high** –these tasks, some of which require immediate action, should all be achieved within six to nine months of the launch of the strategy.

**medium** – to be achieved within two years

**low** –to be completed within the five year period of the plan, and

**annual / ongoing** – reviewed annually or ongoing continuous process

Action	Outcome	Responsibility	Priority
Update all partners' procurement policies, processes and procedural guidance in accordance with new EU Procurement Directives 2014 when adopted.	To ensure all tenders, procurement procedures and documentation are updated and compliant with EU and UK Law.  Provide an updated toolkit / code of best practice for all employees involved in procurement and contract management activities to ensure compliance	GOSS Business Partners –Procurement Legal Teams All Partners through Client Officer Group	High
Review Contract Rules with GO Shared Services Partners	To ensure Contract Rules are updated and compliant	GOSS Business Partners – Procurement and Financial Services Legal teams All Partners through Client Officer Group	Ongoing
Review e-Sourcing and e-Tendering options	Improve efficiency and standardisation in publishing and reporting tender opportunities and compliance with revised Government Transparency Agenda and EU requirements for all tenders to be processed electronically.	GOSS Business Partners – Procurement and All Partners through Client Officer Group	High
Transparency Agenda	Improve transparency and standardisation of procurement information including the requirement to publish all tenders and contracts over £5,000	GOSS Business Partners – Procurement All Partners through Client Officer Group	High
Incorporate consideration of Social Values, Safeguarding, Sustainability and Localism in procurement processes	To ensure where appropriate that social value and all aspects of corporate social responsibility are considered and /or specified in procurements	GOSS Business Partners – Procurement All Partner service areas through Client Officer Group	Ongoing
Develop collaborative procurement with partners through analysis of spend and contracts registers	Common reporting formats and identification of collaborative joint procurements or frameworks	GOSS Business Partners – Procurement All Partner service areas through Client Officer Group	Ongoing
Carry out procurement skills audit and training needs analysis	Foundation for a targeted training and development programme for procurement, contract management and contract rules Develop training programme including potential for e-learning	GOSS Business Partners - Procurement, Legal and Human Resources teams All partner service areas	Ongoing
Electronic Marketplaces review of business need	Options appraisal to ascertain benefits if any to the partners and suppliers	GOSS Business Partners – Procurement All Partners through Client Officer Group	Medium

Monitor the spend of works, goods and services which are awarded to local businesses and SME's	Spend analysis to identify opportunities for supporting local economies through improving the potential for local firms to do business with all partners where practical / appropriate	GOSS Business Partners –Procurement and Financial Services All Partner service areas	Ongoing
Implement portfolio and category management with GO Shared Services partners	To achieve standardisation of portfolio and categories leading to improved management of and increased opportunities for collaborative procurement.	GOSS Business Partners – Procurement All Partners through Client Officer Group	Medium
A reduction in transactional processing costs	<ul style="list-style-type: none"> <li>• Increase number of electronic invoices</li> <li>• Review invoice patterns with suppliers</li> <li>• Improve the percentage of partner spend raised by purchase orders, and work towards a policy of No PO &gt; No Pay for the majority of partner spend</li> </ul>	GOSS Business Partners – Procurement and Finance All Partners through Client Officer Group Heads of Service Budget Holders Suppliers	Ongoing