

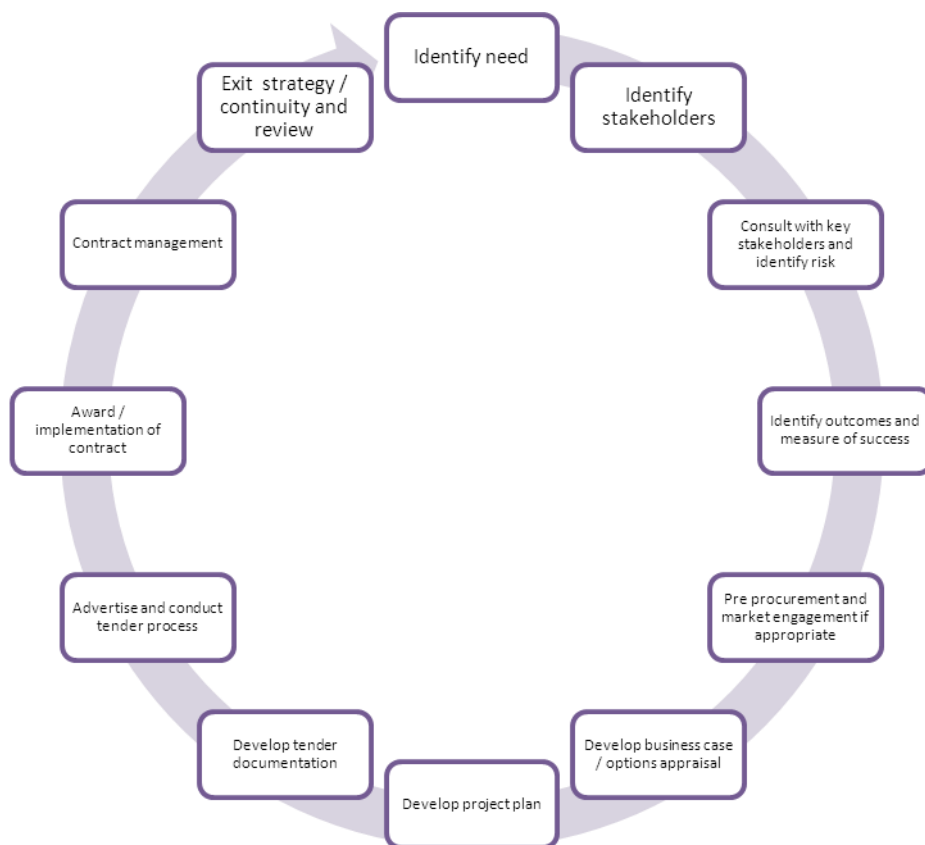
Cheltenham Borough Council
Cabinet – 15 July 2015
Procurement and Contract Management Strategy

Accountable member	Councillor Jon Walklett, Cabinet Member Corporate Services
Accountable officer	Mark Sheldon, Director of Resources
Ward(s) affected	None
Key/Significant Decision	No
Executive summary	<p>This report brings a revised Procurement and Contract Management Strategy for approval.</p> <p>The GO Shared Service partner councils are developing a common approach to achieve effective procurement across all partners by focusing on activities that lead to financial savings, improved practices and making it easier to engage with and improve the experience for all our suppliers, especially Small and Medium sized Enterprises.</p> <p>This revised Procurement and Contract Management Strategy is an important part of this work and has already been approved by Forest of Dean District Council and Cotswold District Council it will be submitted for approval by West Oxfordshire District Council within the next two months.</p> <p>Appendix 2 – Procurement and Contract Management Strategy</p>
Recommendations	<p>Cabinet is recommended to:</p> <p>Approve the revised Procurement and Contract Management Strategy</p>

Financial implications	<p>An aligned approach to procurement has the potential to deliver significant financial savings. So far, by collaborating on shared procurement, the council has delivered savings on its banking, treasury management advice and energy contracts. Aligning the procurement strategy is an important step in driving out more significant savings.</p> <p>Contact officer: Mark Sheldon, mark.sheldon@cheltenham.gov.uk, 01242 264123</p>
Legal implications	<p>An aligned approach to procurement, together with the aligned Contract Procedure Rules, promotes a consistent approach to the procurement legislative requirements across the GO Shared Service partner councils.</p> <p>The Procurement Strategy has been updated to comply with the following legislation:</p> <ul style="list-style-type: none"> • The Public Services (Social Value) Act 2012 • Localism Act 2011 - Community Right to Challenge <p>Contact officer: Shirin Wotherspoon , shirin.wotherspoon@teWKesbury.gov.uk, 01684 272017</p>
HR implications (including learning and organisational development)	<p>Once approved the GOSS Procurement team in partnership with the lead officer will need to ensure all employees who have involved in procurement activities are aware of the strategy and adhere to it.</p> <p>Contact officer: Julie McCarthy, <i>julie.mccarthy@cheltenham.gov.uk, 01242 264355</i></p>
Key risks	<p>If the Cabinet does not approve a Procurement and contract management Strategy that aligns with the ones that have been approved by the other GO partners, then there is a risk that the council could be less efficient leading to increased costs and the possibility of fraud.</p>
<p>Effective identification and management of risk helps the Council make informed decisions and manage its corporate plan priorities.</p>	<p>Effective identification and management of risk helps the Council make informed decisions and manage its corporate plan priorities.</p>
<p>There are no specific environmental or climate change implications arising from the report, but the Council ensures that the risks of climate change and ability to mitigate and adapt are built into service plans and divisional risk registers.</p>	<p>There are no specific environmental or climate change implications arising from the report, but the Council ensures that the risks of climate change and ability to mitigate and adapt are built into service plans and divisional risk registers.</p>

1. Background

- 1.1. The current procurement strategy was approved by Cabinet in February 2008; and refreshed in May 2010 to reflect changes in the Equalities Act.
- 1.2. Contract Procedure Rules were harmonised with our other three GO Shared Services partner councils in April 2012. This Procurement and Contract Management strategy builds on this and develops a common approach to achieving effective procurement across all GO Shared Service partners and has been considered and agreed by the GO Shared Service Client Officer Group.
- 1.3. Procurement is the process by which the Council obtains goods, services and works. It's more than just purchasing. The procurement process covers a full lifecycle of activities starting with the identification of needs, through to evaluation, purchasing and finally managing the contract and relationship with the supplier until contract expiry and any associated asset disposal. This is illustrated below.



- 1.4. Procurement can range from day to day purchasing of commodities, to purchasing key strategic items, commissioning a service or buying an entire system. Effective procurement has a critical role to play in delivering corporate priorities and improving the quality of services delivered to the public.
- 1.5. An effective procurement and contract management strategy drives better spending of Council resources, helping to meet the increasing demand on existing services. This coupled with specific contract procedure rules, augmented with guidance notes, advice and training, should result in achieving excellent value for money.

2. REVISED STRATEGY

2.1. This updated Procurement and Contract Management Strategy maintains our principal strategic objective to obtain excellent value for money in the procurement of goods and services for the Council. It also aims to get the balance right between two clear priorities:

- Delivering efficiencies and quality
- Developing social responsibility by engaging with local and regional suppliers to promote the local economy and taking account of the social, economic and environmental impact of our spending decisions.

2.2. The notable changes are:

- An increased focus on market and supplier management – before and during the procurement lifecycle
- Greater opportunities for partnering and collaborative procurement to aggregate purchasing power and share or reduce risk
- Earlier identification of desired outcomes and measures of success; then using these as the focus for managing supplier performance and the relationship with them.

3. Reasons for recommendations

3.1. The new Procurement and Contract Rules strategy will help deliver efficiency savings, improve service delivery, prevent fraud and improve the experience for small, medium enterprises whilst working with the Council.

4. Alternative options considered

4.1. None

5. Consultation and feedback

5.1. All of the GO partners have been consulted and the strategy has been considered and recommended for approval by the Client Officer group.

5.2. The strategy was on the agenda for the Overview and Scrutiny Committee on 29 June 2015 and in the timescale available they did not have any formal recommendations but the following comments were made.

5.3. Members of the committee suggested that consideration should be given to setting up a preferred supplier list. It was important that the strategy also supported smaller local suppliers in bidding for contracts. They felt that Internal Audit should monitor performance and achievements against the strategy and report back to the Audit Committee. They wanted the O&S Committee to review in 12 months' time whether the procurement culture in the organisation had changed as a result of introducing the strategy.

6. Performance management –monitoring and review

6.1. The Client Officer group will receive and consider performance reports.

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Appendices	<ol style="list-style-type: none">1. Risk Assessment2. Procurement and Contract Management Strategy
Background information	

Risk assessment

Appendix 1

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	Impact 1-5	Likelihood 1-6	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
	If the Cabinet does not approve a Procurement and contract management Strategy that aligns with the ones that have been approved by the other GO partners, then there is a risk that the council could be less efficient leading to increased costs and the possibility of fraud	Director of resources	15/7/2015	2	2	4	reduce	Draft and submit a revised Procurement and contract Management Strategy for approval	15/7/2015	Director Resources	
<p>Explanatory notes</p> <p>Impact – an assessment of the impact if the risk occurs on a scale of 1-5 (1 being least impact and 5 being major or critical)</p> <p>Likelihood – how likely is it that the risk will occur on a scale of 1-6 (1 being almost impossible, 2 is very low, 3 is low, 4 significant, 5 high and 6 a very high probability)</p> <p>Control - Either: Reduce / Accept / Transfer to 3rd party / Close</p>											