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**DRAFT PROCUREMENT STRATEGY**

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**Responsible Cabinet Member(s) - Councillor Don Bristow,  
Resource Management Portfolio**  
**Responsible Director(s) – Lorraine O’Donnell, Head of Policy**

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**Purpose of Report**

1. To seek endorsement of the revised Procurement Strategy for Darlington Borough Council.

**Information and Analysis**

2. In July 2001 Darlington Borough Council approved a Procurement Strategy that identified the need to develop the Procurement Function to put in place a Code of Practice to assist officers in routine procurement and provide management information. A Procurement Working Group was established in the latter part of 2001 to consider the state of procurement in the Council at that time, and how best to develop a procurement function; a Corporate Procurement Advisor was appointed in February 2003.
3. In December 2002 the CPA Corporate Assessment identified a number of weaknesses in the council’s approach to procurement, which we sought to address.
4. The increased emphasis the Government has placed on procurement through the Byatt report, Corporate Performance Assessment (CPA), Implementing e.Government, and, more recently, the National Procurement Strategy necessitated review and revision of the existing strategy to reflect the work already carried out by the Procurement Advisor and outline further work needed to help Darlington achieve excellence
5. Procurement in general, and the Procurement Strategy in particular, will again be assessed as part of the CPA process in October 2004. The Procurement Task Group, a sub group of the Resources Scrutiny Committee, has been instrumental in helping us to develop the draft Procurement Strategy.

**Outcome of Consultation**

6. Consultation has taken place with Resources Scrutiny and with departments via CMT; comments were received and taken into account in the production of the draft Procurement Strategy.

**Legal Implications**

7. This report has been considered by the Borough Solicitor for legal implications in accordance with the Council’s approved procedures. There are no issues which the Borough Solicitor considers need to be brought to the specific attention of Members, other than those highlighted in the report.

## **Section 17 of the Crime and Disorder Act 1998**

8. The contents of this report have been considered in the context of the requirements placed on the Council by Section 17 of the Crime and Disorder Act 1998, namely, the duty on the Council to exercise its functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area. It is not considered that the contents of this report have any such effect.

## **Council Policy Framework**

9. The issues contained within this report do not represent change to Council policy or the Council's policy framework

## **Decision Deadline**

10. For the purpose of the 'call-in' procedure this does not represent an urgent matter

## **Key Decisions**

11. The revised Procurement Strategy is needed to achieve the 2.5% savings identified in the Efficiency Review.

## **Recommendation**

12. It is recommended that the revised Procurement Strategy be referred to Council for adoption.

## **Reasons**

13. The recommendations are supported by the following reasons: -
  - (a) To ensure that Darlington Borough Council meet the milestones of the National Procurement Strategy and the IEG3 directive;
  - (b) To help the council in achieving an excellent CPA rating.

**Lorraine O'Donnell**  
**Head of Policy**

## **Background Papers**

Byatt Report – June 2001

Cabinet Report – 'Procurement Strategy' July 2001

National Procurement Strategy for Local Government – October 2003

Susan White: Extension 2019

**Darlington Borough Council  
DRAFT Procurement Strategy**

*“Striving for Excellence Through Procurement”*



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## INTRODUCTION

Darlington Borough Council realises the power of effective procurement<sup>1</sup> to:

- Support the achievement of strategic objectives for Darlington set out in the Community Strategy;
- Support the Council's service delivery objectives set out in the Corporate Plan/BVPP;
- Secure economies of scale and efficiencies for reinvestment in frontline services;
- Embed equality and sustainability in service delivery

Procurement in local government requires considerable reform to:

- Meet the requirements of the Byatt Report (see **Appendix 1**) and the Efficiency Review;
- Exploit the potential of e.procurement;
- Ensure continuous improvement in corporate management, adopting best practice of the other sectors;
- Join it up with planning and performance management systems.

There has already been significant improvement and achievement in Darlington over recent years including:

- A procurement strategy has been in place since July 2001;
- The development of a new corporate procurement function to oversee procurement across the authority;
- The majority of Best Value Reviews (BVRs) have been judged to have at least promising prospects for improvement;
- Four main categories of work were initially identified as crucial to improving procurement and progress has been made towards them;
  - Economies of scale - securing economies of scale by developing corporate contracts; reducing the number and cost of transactions; standardisation of products.
  - Procurement infrastructure - evaluating and making improvements to our current system of procurement.

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<sup>1</sup> Procurement covers every aspect of the purchasing process, from determining the need for the product or service through to the disposal of the goods or termination of the service.

- Strategic procurement (BVRs) - contribute to improved option appraisals in BVRs and exploration of strategic partnerships.
  - Training/awareness of procurement - communications and people management aspects of procurement.
- An analysis of spend has been completed which identified priorities for improvement (see **Appendix 2**);
  - The authority's financial management system has full web-based capability, with complete purchase-to-pay functionality;
  - A Corporate Procurement Network has been established, which is chaired by the Procurement Advisor and consists of representatives from each department. The aim of the group is to provide a conduit to each department facilitating efficient dissemination of information regarding new contracts, changes in working practices, and new initiatives. It has had a key role in meeting the priorities for improvement and will similarly have an important role to play in implementing this strategy;
  - The Council is a member of the Steering Group for development of Regional Centres of Excellence (see **Appendix 3**);
  - The Council secured an innovative £37million PFI Education Campus with Primary, Secondary and Special schools, built on two sites;
  - Darlington works in partnership with Waterstons to develop the Council website and meet e.government legislation;
  - A partnership was created with a private sector provider to design & build residential and intermediate care homes, developing the marketplace in a difficult supply area;
  - Darlington is a pilot for a Children's Trust Partnership with the PCT;
  - We have co-located, jointly provided services with the Police, the Primary Care Trust & the Council's Community Safety Team;
  - A joint Best Value Review of Revenues and Benefits was carried out with Teesdale & Richmondshire;
  - Durham County Council's arms length company, 'Premier Waste' provides the Council's waste disposal contract.

However there is much still to do;

- The procurement strategy needs to be reviewed (the purpose of this draft) to consider all procurement beyond Best Value Review decisions;
- The Council has too many suppliers and processes too many invoices;
- E.procurement is not well developed;

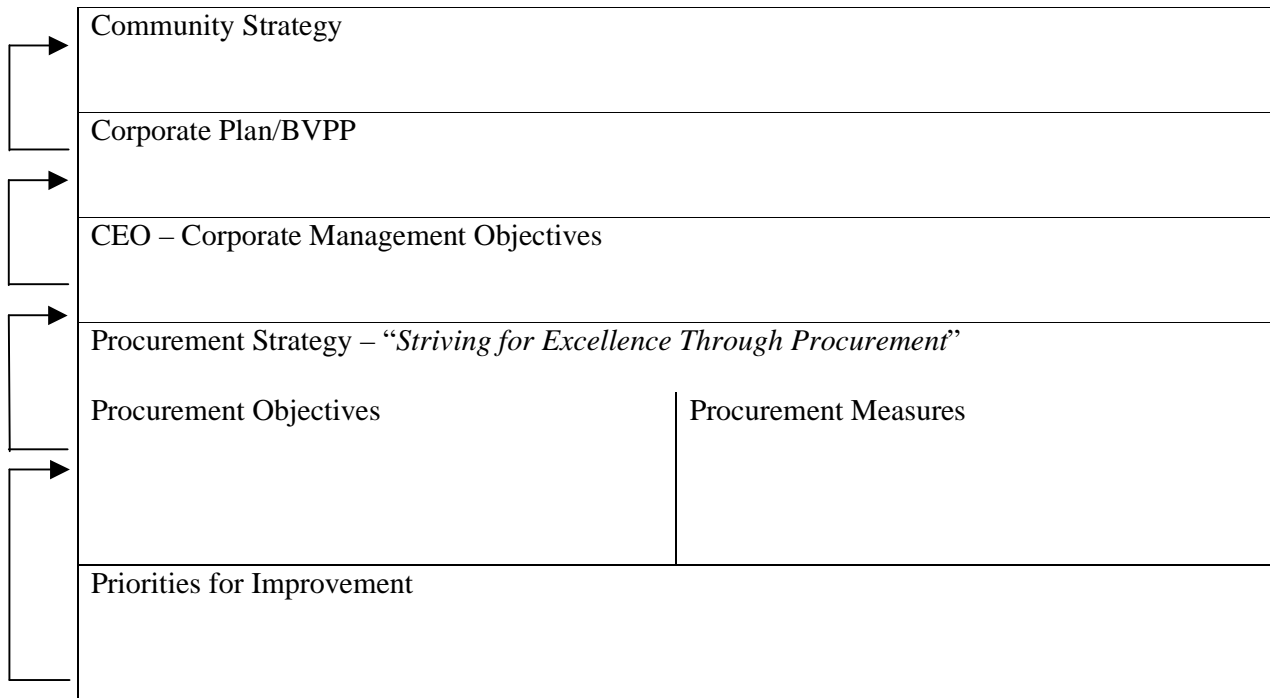
- National and regional drivers mean the context for procurement has changed over the last year or so;

The context in which the Council is developing this procurement strategy is:

- Acknowledged strong partnerships – particularly through the Local Strategic Partnership (LSP). Because of its potential impact on the wider community, it is important that the strategy has Borough wide influence in addition to driving internal, corporate change;
- Good quality plans and planning processes that are owned by the LSP and services – Community Strategy, Corporate Plan, BVPP, service plans;
- Good performance management – prioritised Performance Management Framework using Performance Plus to monitor progress against identified performance indicators. All contracts will be managed to ensure delivery of goods or completion of service delivery on time, within budget and in accordance with the contract specification;
- Strong political leadership and corporate management, which will support changes made to procurement practices.

The format for developing the procurement strategy is therefore to use the context above as a foundation for developing procurement objectives linked to measures and priorities for improvement to outline the actions that take us from where we are now to excellent procurement in the future. The PIs will be an objective measure as to how close we are to our goal at any point.

Darlington Borough Council has made widespread use of service planning. It is therefore instructive to consider how the procurement strategy fits into and is supported by its structure.





The procurement strategy has objectives which link to the five objectives for corporate management (in turn linked to the Community Strategy and Corporate Plan) as shown.

### Vision and Strategy

#### **Objective 1**

Procurement decisions will be taken in the context of the Community Strategy and Corporate Plan.

#### **Objective 2**

Procurement decisions will take into account whole life costs; quality; sustainability; equal opportunities; TUPE and health and safety requirements.

#### **Objective 3**

The procurement function will be developed and improved corporately in accordance with *Striving for Excellence*, so that Darlington is recognised as having best practice in procurement.

### Public Engagement

#### **Objective 4**

The procurement function will work in partnership with all elements of the LSP – private, public, voluntary and community to maximise opportunities for successful procurement and minimise adverse impact, for example on small local businesses.

#### **Objective 5**

A member of Cabinet and CMT will champion procurement at member and officer levels respectively. Democratic accountability will be ensured through effective identification of Cabinet, Scrutiny and Council responsibilities for aspects of procurement.

### Organisational Development

#### **Objective 6**

Effective procurement will be promoted across the organisation to achieve economies of scale and efficiency.

#### **Objective 7**

The Council will move towards e.procurement.

#### **Objective 8**

Training needs of members and officers will be identified and appropriate training will be provided.

### Planning and Review

#### **Objective 9**

An annual action plan will be produced to monitor progress against the strategy through local PIs.

## External Recognition

### **Objective 10**

The authority will develop effective networks at local, regional and national level to keep abreast of good practice, and, where possible, attempt to influence others.

# OBJECTIVES

## VISION AND STRATEGY

### **Objective 1**

Procurement decisions will be taken in the context of the Community Strategy and Corporate Plan.

### **Objective 2**

Procurement decisions will take into account whole life costs; quality; sustainability; equal opportunities; TUPE and health and safety requirements.

### **Objective 3**

The procurement function will be developed and improved corporately in accordance with Striving for Excellence.

### **Where we are at now**

- A procurement strategy adopted in 2001 helped shape procurement decisions in BVRs leading to good results for improvement.
- A Procurement Working Group was established to review the findings of the Byatt report and their implications for the council
- The recommendations of the Byatt report have been implemented (see **Appendix 1**)
- A Corporate Procurement Advisor was recruited to the Chief Executive's Office to develop the corporate procurement function.
- A programme of work was established by the Corporate Procurement Advisor to assess the state of procurement and how it was organised within the authority at that time (see **Appendix 4**).
- The Financial Procedure Rules and Contract Procedure Rules govern the purchase of goods, works and services.
- Tenders are generally assessed for both cost and quality to ensure that the choice of contractor represents the most economically advantageous option for the Council.
- There are defined roles for members and departments in the procurement process (see **Appendix 5**)
- We have included the appraisal of partnerships as a procurement option in major service reviews.

## Where we want to be

- Code of Practice available on the intranet to include: -
  - Clear working instructions, incorporating a process flowchart, for carrying out any procurement exercise.
  - Generic documents to be used in the tendering process.
  - A framework with clear criteria for evaluating tenders, based on best value and taking into account: -
    - Health and Safety (see **Appendix 6**);
    - Environmental & Sustainable Development (see **Appendix 7**);
    - Equal Opportunities (see **Appendix 8**);
    - TUPE (see **Appendix 9**);
    - Financial standing;
    - Technical references;
    - Whole life costs;
  - Links to other relevant documents e.g. Strategic Project Management Methodology (currently being developed).
  - A process for monitoring contracts to include the following: -
    - A specification for goods and/or services;
    - The price for the goods and/or service;
    - Timing for the delivery of the goods or completion of the service;
    - Format and timing for the provision of management information;
    - An agreed timetable of meetings to discuss performance;
    - A grievance procedure, including escalation in the case of repeated non-conformance;
    - If appropriate, a phased plan for the reduction of costs.
- Code of Practice to be developed for schools using the same criteria as above, taking into account the Scheme for Financing Schools.
- Corporate contracts in place for priority services.
- Corporate lists of approved suppliers available on the intranet, for one off purchases.
- Corporate contract log in place and available on the website to:
  - Inform prospective suppliers of our future requirements;
  - Inform officers of current contracts;
  - Assist in reducing the time needed for the tender process;
- Clear framework in place for appraising service delivery options (see **Appendix 10**).
- Each BVR will be considered as a procurement exercise and all options appraised against service delivery outcomes.

- Procurement specialists will be involved in BVRs from the outset of the review and continually throughout the process.
- Partnerships to be considered as an option in every major procurement exercise and service review.
- All major construction projects will be carried out following the Rethinking Construction principles and will be Egan compliant.
- Clearly defined role for the Corporate Procurement Function.
- Clearly defined role for departments in the procurement process.

**How will we get there?**

<b><u>Action</u></b>	<b><u>Tasks</u></b>	<b><u>Who</u></b>	<b><u>Timescales</u></b>
Code of Practice	Develop clear working instructions and process flow chart using the following – - Financial Procedure Rules - Contract Procedure Rules - EC Procurement Directives - Strategic Project Management Methodology - Service Delivery Option Appraisal Framework - ‘New Approaches to Public Procurement’ Toolkit	Procurement Officer  Chief Internal Auditor  Principal Strategic Project Development Officer	Jan 2005
	Produce generic tendering documents combining the best of – - Departmental documentation - Work being done by North East Purchasing Organisation - Work being done by Society Of Procurement Officers - Available best practice	Procurement Officer  Chief Internal Auditor  Borough Solicitor  Procurement Network	Dec 2004

<u>Action</u>	<u>Tasks</u>	<u>Who</u>	<u>Timescales</u>
	Develop framework for evaluating tenders based on risk assessment and whole life costs, taking into account – <ul style="list-style-type: none"> <li>- Health &amp; Safety</li> <li>- Equal Opportunities</li> <li>- Environmental Policy</li> <li>- Economic sustainability (NAPP)</li> <li>- Financial References</li> <li>- Technical References</li> </ul>	Procurement Advisor Chief Internal Auditor Health & Safety Manager Policy Advisor Social Inclusion Sustainable Development Officer Principle Economic Regeneration Officer Assistant Director Financial Services	Jan 2005
	Develop a Service Level Agreement framework to be included in contracts to allow consistent performance monitoring, it will include – <ul style="list-style-type: none"> <li>- Specification for goods/service</li> <li>- Prices</li> <li>- Provision of management information</li> <li>- Regular meetings to discuss progress and/or complaints</li> </ul>	Procurement Advisor Chief Internal Auditor Procurement Network	Feb 2005
	The Code of Practice to be made available electronically	Procurement Officer Principal IT Officer	Mar 2005
Code of Practice for Schools	Develop clear Working Instructions taking into account – <ul style="list-style-type: none"> <li>- Financial Procedure Rules for schools</li> <li>- Contract Procedure Rules for schools</li> <li>- EC Procurement Directives</li> <li>- Strategic Project Management Methodology</li> </ul>	Procurement Officer Chief Internal Auditor Finance & Admin Manager, Education	Feb 2005
	Code of Practice for schools to be made available electronically.	Procurement Officer ICT Department	Mar 2005

<u>Action</u>	<u>Tasks</u>	<u>Who</u>	<u>Timescales</u>
Corporate Contracts (Priority Goods and Services)	Identify the opportunities for aggregated spend using the spend map information.	Procurement Advisor Procurement Network	Completed Oct 2003. Some Contracts implemented April 2004
	Establish a programme for negotiating further Corporate contracts.	Procurement Advisor Procurement Officer	Dec 2004
	Negotiate supply contracts in line with the programme	Procurement Advisor	As per programme
	Once negotiated, disseminate contract information to departmental procurement officers and schools.	Procurement Advisor Procurement Officer	Upon completion of contracts
	Once in place, monitor conformance to contracts to eliminate maverick spend.	Procurement Advisor Procurement Network	Ongoing
Corporate Contracts (One-off purchases)	Identify the opportunities for corporate spend using spend map.	Procurement Advisor Procurement Network	Dec 2004
	Identify suitable suppliers.	Procurement Advisor	Jan 2005
	Negotiate arrangements for supply.	Procurement Advisor	Jul 2005
	Once contracts are in place disseminate contract information to departmental procurement officers and schools.	Procurement Officer	Upon completion of contracts
	Once in place, monitor conformance to contracts to eliminate maverick spend.	Procurement Advisor Procurement Network	Ongoing
Contract Log	Gather contract information from departments.	Procurement Officer Procurement Network	Sept 2004 for baseline data then ongoing
	Develop and implement a contract log for use by all departments.	Procurement Officer & ICT Dept	Mar 2005
	Make it available electronically via the intranet.	Procurement Officer & ICT Dept	Mar 2005
Service	Incorporate the Service Delivery	Procurement Officer	Jan 2005

<u>Action</u>	<u>Tasks</u>	<u>Who</u>	<u>Timescales</u>
Delivery Option Appraisal	Option Appraisal framework (see <b>Appendix 10</b> ) into the Code of Practice		
Corporate Procurement Function	The role of the Corporate Procurement Function to be defined in line with the Procurement Strategy. - Tasks to be identified - Responsibilities to be defined - Job requirements to be defined	Head of Policy  Corporate Management Team  Human Resource Management	Nov 2005
	Corporate Procurement Function to be strengthened to deliver the requirements of the Procurement Strategy - Roles within the function to be defined - Identify personnel to fulfil the roles.	Head of Policy  Corporate Management Team  Procurement Advisor	Sept 2004 new recruit and then ongoing
Departmental Role	The role of departments in the procurement process to be defined in line with the Procurement Strategy - Responsibilities to be defined - Identify personnel to fulfil the roles	Head of Policy  Corporate Management Team  Procurement Advisor	Nov 2005

### How will we know we are getting there?

- **Strategy Implementation.** Number of milestones completed by milestones in the National Procurement Strategy (should increase).
- **Influence of procurement function.** Percentage spend over which professionally qualified procurement staff have control or influence (direct or indirect) (should increase).
- **Aggregation of demand.** Percentage of spend through framework arrangements and corporate contracts (should increase)
- **Sustainable procurement.** Percentage of spend on sustainable products and services (should increase if in strategy)
- **Our overall target** is to implement National Procurement Strategy targets by the end of 2006



## PUBLIC ENGAGEMENT

### **Objective 4**

The procurement function will work in partnership with all elements of the LSP – private, public, voluntary and community to maximise opportunities for successful procurement and minimise adverse impact, for example on small local businesses.

### **Objective 5**

A member of Cabinet and CMT will champion procurement at member and officer levels. Democratic accountability will be reviewed through effective identification of Cabinet, Scrutiny and Council responsibilities.

### **Where we are at now**

- We are working with a private sector LSP contact on benchmarking key goods and services.
- We are engaging local Small and Medium size Enterprises (SMEs) in the following ways:
  - A series of events were held in conjunction with Economic Regeneration on 'How to do Business with the Council'
  - A 'How to do Business with the Council' guidance was produced and is available as hard copy and on the website.
  - We circulated a questionnaire to all attendees at the above events to ascertain the readiness of our suppliers to engage with the Council electronically.
  - Further work on the impact of e.procurement on local SMEs is planned in conjunction with Economic Regeneration.
  - We are working with the Business Development Officers and Procurement Officers of the Tees Valley authorities as well as Business Link, to prepare local SMEs for the requirements of e.procurement and e.government.
- Compact with Voluntary and Community sector in place (see **Appendix 11**)
- The Council has Officer and Member champions in place for procurement. They are the Head of Policy and the Cabinet Member with Resource Management Portfolio;
- Tenders advertised as they are required, no coordination of long term spend.

### **Where we want to be**

- Details of contract and supply opportunities available on the website.
- Fully developed compact with the Voluntary and Community sector.
- A concordat in place with local small and medium size enterprises (SMEs) to ensure a diversity of suppliers (currently in draft see **Appendix 12**)
- A well-developed and diverse supply market that will provide: -

- A mixed economy of service delivery
- Local SMEs with the opportunity to compete for contracts
- Local companies working in partnership with larger contractors to deliver services
- Local SMEs assisted to form consortia to deliver the requirements of a contract.
- Contracts and agreements for major construction projects to include local employment and training opportunities.

**How will we get there?**

<b><u>Action</u></b>	<b><u>Tasks</u></b>	<b><u>Who</u></b>	<b><u>Timescales</u></b>
Supply and Contract opportunities	Gather contract information from departments.	Procurement Advisor  Procurement Network	Sept 2004 for baseline data then ongoing
	Develop and implement a contract log for use by all departments	Procurement Officer & ICT Dept	Mar 2005
	Make it available electronically via the website.	Procurement Officer & ICT Dept	Mar 2005
Engaging with the Voluntary and Community Sector	Develop the compact with the Voluntary and Community Sector in line with the National Procurement Strategy and recognised best practice.	Performance Development & Community Partnership Section  LSP	Completed
	Encourage the Voluntary and Community Sector to tender for services by packaging our requirements differently	Procurement Advisor  Procurement Network	Ongoing
Enable SMEs to tender for Council contracts	Maintain and update the 'How to do Business with the Council' guidance	Procurement Advisor  Procurement Network	Jun 2005

<u>Action</u>	<u>Tasks</u>	<u>Who</u>	<u>Timescales</u>
	Do impact assessment of the effects of e.procurement on local SMEs	Principal Economic Regeneration Officer  Procurement Advisor	Dec 2004
	Work with other Tees Valley (TV) authorities and Business Link to prepare SMEs for e.procurement, in line with the IEG3 statement and Economic Development Strategy.	Principal Economic Regeneration Officer	Jul 2005
	Package contracts in such a way that it will encourage SMEs to form consortia to enable them to bid for the work.	Procurement Advisor	Ongoing
	When tendering for work that has an element of subcontracting, encourage contractors to consider using local SMEs, taking account of EC Procurement Directives.	Procurement Advisor  Head of Building Design Services.  Assistant Director, Technical Services	Ongoing
Targeted Recruitment	Assess the toolkit being developed through the New Approach to Public Procurement (NAPP) programme, through workshops in conjunction with TV authorities, One North East and the Government Office.	Principal Economic Regeneration Officer  Procurement Advisor	Mar 2005
	Investigate the funding that is available to encourage companies to offer this training.	Principal Economic Regeneration Officer	Mar 2005
	Incorporate this methodology into the Working Instructions and Code of Practice for large procurement exercises and option appraisals	Procurement Officer	Mar 2005

**How will we know we are getting there?**

- **SME satisfaction with support received from the Council.** Percentage of SMEs that are of the opinion they are supported by the Council to tender for business (should increase).
- **SMEs assisted in achieving e.procurement.** Number of SMEs assisted by the Council to trade electronically (should increase).
- **Engaging with the Voluntary and Community Sector.** Percentage of contracts tendered for/won by a member of the Voluntary or Community Sector (should increase).
- **Targeted recruitment.** Number of major construction projects with funding to carry out specific training for local residents (should increase).

## ORGANISATIONAL DEVELOPMENT

### **Objective 6**

Effective procurement will be promoted across the organisation to achieve economies of scale and efficiency.

### **Objective 7**

The Council will move towards e.procurement.

### **Objective 8**

Training needs of members and officers will be identified and appropriate training will be provided.

### **Where we are at now**

- Procurement is currently devolved to departments with little corporate coordination;
- Purchasing arrangements are made at departmental level without recourse to possible corporate requirements;
- Large numbers of low value invoices processed by various departments;
- Activities replicated by each department, representing inefficient practices;
- There are some corporate contracts in place for common items e.g. stationery, however other corporate contracts are under development based on previously identified procurement priorities (see **Appendix 13**);
- There are a number of electronic procurement systems in use across the Council;
- All external payments are made through the Council's Financial Management System (Cedar e5);
- The majority of suppliers are paid using the Bank Automated Clearing System (BACS);
- The Council's Financial Management System (FMS) is capable of full purchase-to-pay functionality, using web-based technology.
- No formal training is given in procurement for members or officers.
- Management Information is inconsistent and difficult to assemble.
- Service Level Agreements (SLAs) in place both internally and with the voluntary sector.

## Where we want to be

- Central coordination of requirements by the Corporate Procurement Function.
- The Corporate Procurement Function will coordinate the collection of management information;
- The Corporate Procurement Function will be responsible for the tendering of all contracts and the management of the process, on behalf of all departments, with full reference to the technical expertise of the responsible officer, ensuring all appropriate tools are used to achieve the best outcome;
- Improved processes for the payment of invoices through a Central Invoice Payments Section;
- All purchases will be covered by formal agreements, the nature of which will be determined by the value of the goods and services;
- The Council's e.Procurement Strategy (see **Appendix 14**) will be developed in line with the IEG3 statement and will cover development in the following areas: -
  - The full functionality of the Council's FMS will be utilised to improve process efficiencies.
  - Details of the formal agreements will be registered on the FMS to allow use by all departments.
  - All orders will be raised in the system to allow for: -
    - Commitment accounting at purchasing stage as opposed to invoicing stage.
    - Eradication of maverick purchasing.
    - The provision of consistent Management Information
  - Access will be made available suppliers to procurement information through the website or supplier portal.
  - Procurement cards will be used for high volume/low value transactions.
- Members and officers will be proficient in procurement.

**How will we get there?**

<b><u>Action</u></b>	<b><u>Tasks</u></b>	<b><u>Who</u></b>	<b><u>Timescales</u></b>
Central Coordination of Requirements	Identify further opportunities for aggregation of spend using the spend map.	Procurement Advisor  Procurement Network	Nov 2004
	Register all contracts on the Council's contract log, to include all current contracts and all future requirements.	Procurement Officer	Mar 2005, then updated with new contracts
	Negotiate Corporate contracts	Procurement Advisor	Jul 2005
	Input contract details to the Corporate Procurement system for use by departments.	Procurement Advisor	Dec 2005
Management Information	Develop a framework for reporting spend data against contracts, and identifying maverick spend.	Procurement Advisor  Procurement Network	Dec 2004
	Collect and monitor supplier contract compliance information.	Procurement Officer	Ongoing
	Monitor the progress of the Procurement Strategy implementation using the Performance Indicators (PIs) already identified.	Procurement Advisor	Ongoing
	Develop new PIs as the implementation of the strategy progresses.	Procurement Advisor	Annually in line with service planning
Tendering Process	Corporate and Departmental roles to be defined as to where each fits in the tendering process, taking account of areas of expertise.	Procurement Advisor	Nov 2005
	Process to be developed and implemented for the execution of a tendering exercise.	Procurement Advisor	Mar 2004

<u>Action</u>	<u>Tasks</u>	<u>Who</u>	<u>Timescales</u>
Invoice Payments	Process mapping exercise to be carried out on invoice payments within each department	Procurement Advisor Financial Services Manager	Nov 2004
	Identify the staff currently involved in the payment of invoices; develop and implement a plan to maximise efficiency by reviewing existing roles and systems (both IT and non IT)	Procurement Advisor Financial Services Manager Chief Internal Auditor	Nov 2004
	Review the delegation of powers for authorisation of invoices.	Procurement Advisor Chief Internal Auditor	Jan 2005
	Development of the Council's procurement systems in line with the e.Procurement Strategy will deliver process improvements in invoice payments because: - - All invoices will have to be order-related - Contracts will be on the system for reference. - The order will be authorised at requisition, not invoice stage thus reducing processing time.	Procurement Advisor Chief Internal Auditor Financial Services Manager Assistant Director ICT	Dec 2005
Formal Agreements	Develop standard documentation to ensure that every purchase is covered by some form of agreement.	Procurement Officer Legal Dept	Dec 2005
	Incorporate the documents into the Code of Practice	Procurement Officer	Dec 2005



<b><u>Action</u></b>	<b><u>Tasks</u></b>	<b><u>Who</u></b>	<b><u>Timescales</u></b>
e.Procurement Strategy	<p>Develop an e.Procurement Strategy in line with the IEG3 statement to include: -</p> <ul style="list-style-type: none"> <li>- Utilisation of the full purchase-to-pay functionality of the Council's FMS to achieve paperless procurement.</li> <li>- Corporate contract details input to the system to allow for verification of orders and invoices and eliminate human error.</li> <li>- Review supplier access to contract information either through the NEPO Portal or Council website.</li> <li>- Assessment of an e.tendering solution.</li> <li>- Pilot for procurement cards to be identified, with a view to rollout across the Council</li> </ul>	<p>Procurement Advisor</p> <p>Assistant Director ICT</p>	Sept 2005
Training	<p>Core skills and competencies will be identified and incorporated into procurement job descriptions taking account of any recommendations from the Chartered Institute of Purchasing and Supply (CIPS), the Society of Procurement Officers (SOPO), the Regional Centres of Excellence and any other examples of best practice.</p>	<p>Procurement Advisor</p> <p>Corporate Services Dept. HR Manager</p>	June 2005
	<p>A skills assessment of all staff involved in procurement will be undertaken and key individuals identified for roles in the Corporate Procurement Function</p>	<p>Procurement Advisor</p> <p>Procurement Network</p>	Dec 2005
	<p>Staff training needs will be identified and, dependent on job level, a programme will be set up, utilising the IDeA, 4ps, CIPS and SOPO training and qualifications.</p>	<p>Procurement Advisor</p> <p>Corporate Services Dept. HR Manager</p>	Mar 2006
	<p>IDeA and 4ps training will be implemented for Members with involvement in procurement.</p>	<p>Procurement Advisor</p> <p>Democratic Services</p>	Oct 2004

## **How will we know we are getting there?**

- **Training investment.** Spend per officer on structured training in procurement-related skills (should increase).
- **Project management.** Percentage of medium and high risk projects managed under a structured project management method (should increase)
- **Electronic procurement.** Percentage of spend through electronic procurement (should increase)
- **Use of electronic orders.** Percentage of spend through electronic orders, i.e. over the internet excluding fax and telephone (should increase)
- **Use of electronic invoicing.** Percentage of invoices received electronically (should increase).
- **Use of electronic payment methods.** Percentage of invoices paid electronically, i.e. through BACS/CHAPS (should increase)
- **Use of procurement cards.** Percentage of spend through procurement cards (should increase).
- **Customer satisfaction with the Corporate Procurement Function.** Measured through satisfaction survey using a scoring of 1 to 10 (should increase)
- **Price performance.** “Shopping basket” of top 100 items. Measured by RPI and last years costs (needs careful definition)
- **Reduction in time between OJEU notice and contract award.** Reduction in time taken between OJEU notice and contract award in projects of more than 1 years duration (should decrease).
- **Our target is to achieve 2.5% efficiency savings per annum by 2005/06 and ongoing**

### **Objective 9**

An annual action plan will be produced to monitor progress against the strategy through local PIs.

#### **Where we are at now**

- Original procurement strategy (July 2001) focussed on Best Value Reviews.
- The Council recognised that additional resources were required to develop the procurement function leading to the recruitment of the Procurement Advisor and Procurement Officer.
- Four main categories of work were identified as an early action plan and progress made in each area.
- A spend analysis provided good baseline data from which to evaluate progress.
- An integrated hierarchy from Community Strategy to Corporate Plan/BVPP to departmental and service plans exists in which to embed procurement processes.
- The Performance Management Framework now comprises local indicators at all levels – providing the necessary framework in which to incorporate procurement PIs.
- Work is in progress to challenge how the Council’s main frontline and back office services should be provided through the DLO procurement and support services reviews.
- A Procurement Task Group has been created by Resources Scrutiny Committee to scrutinise progress on procurement.

#### **Where we want to be**

- A revised procurement strategy to be in place linked to the Council’s planning and performance management frameworks.
- Monitoring of the implementation of the strategy to take place through the development of annual action plans and progress against PIs.
- The use of a number of ‘process PIs’ – order value, invoice value, spend per supplier etc. that are capable of assessing progress of the strategy in the short to medium term.
- Scrutiny to maintain an overview of progress of the strategy.
- Procurement working with departments to complete the BVR timetable in particular the review of DLO procurement and the review of Support Services.

## How will we get there?

<u>Action</u>	<u>Tasks</u>	<u>Who</u>	<u>Timescales</u>
Revised procurement strategy	Draft	Procurement Advisor	Completed
	Scrutiny to consider draft.	Procurement Task Group	8th Sept 2004
	Draft to cabinet	Head of Policy	21st Sept 2004
Monitoring Implementation	Finalise PIs	Procurement Advisor	Sept 2004
	Incorporate into Performance Plus	Policy Advisor	Oct 2004
	Baseline data collected	Procurement Advisor	In progress
	Review as part of Service Planning	Policy Unit/CMT	Dec 2004
	Draft action plan for 05/06	Procurement Advisor	Mar 2005
Use 'process PIs as indicators of progress	Finalise process PIs	Procurement Advisor	Sept 2004
	Baseline data collected	Procurement Advisor	In progress
	Review annually	Procurement Advisor	Sept 2004
Scrutiny to maintain overview of progress	Consider draft procurement strategy	Procurement Task Group	8th Sept 2004
	Agree annual work programme	Resources Scrutiny Committee	Annual Council
	Review as necessary	Resources Scrutiny Committee	Ongoing
DLO Review	Independent baseline challenge of DLO services.	Director of Community Services	Mar 2005
	Procurement plan for DLO services	Head of Policy	Mar 2005

	Decision on future of partnering arrangements for DLO	Director of Community Services Head of Policy	Mar 2005
Support Services Review	Independent baseline challenge of Support Services	Director of Corporate Services Head of Policy	Mar 2005 Mar 2005
	Procurement plan for Support Services	Head of Policy	Mar 2005
	Review possible partnering options for Support Services	Director of Corporate Services Head of Policy	Mar 2005
	Decision on service delivery options	Director of Corporate Services Head of Policy	Mar 2005

#### **How will we know we are getting there?**

- **Average order value.** Measured by total spend divided by the number of orders (should increase).
- **Average cost of raising an order.** Total resource cost of the procurement process (requisition to payment) divided by the total number of orders placed (should reduce).
- **Average invoice value.** Measured by total spend divided by the total number of invoices.
- **Prompt payment (BVPI 8).** The percentage of invoices for commercial goods and services that were paid by the authority within a) the 30 days of such invoices being received by the authority, or b) within the terms of payment agreed in the contract (should increase).
- **Average spend per supplier.** Measured by the total spend divided by total number of suppliers (should increase).

## EXTERNAL RECOGNITION

### **Objective 10**

The authority will develop effective networks at local, regional and national level to keep abreast of good practice, and, where possible, attempt to influence others.

#### **Where we are at now**

- The Council is currently an Associate Member of the North East Purchasing Organisation (NEPO);
- Darlington Borough Council's Chief Executive is a member of the Steering Group for the North East Regional Centre of Excellence (RCE) in procurement;
- The Head of Policy is a member of the Procurement Advisory Network supporting the RCE Steering Group;
- A number of officers have attended the Gateway Review Training;
- The Council is liaising with IDeA on good practice.
- The Council has attended preliminary debates/discussions on the Efficiency Review

#### **Where we want to be**

- To influence development of the RCE so that it supports delivery of Darlington's Procurement Strategy.
- To influence regional delivery of the recommendations of the Gershon Report (Efficiency Review) so that it supports delivery of Darlington's Procurement Strategy.
- To develop detailed action plans on local delivery of the Efficiency Review and use of the RCE.
- To continue to work with the IdeA and other bodies to learn more from others and build networks

**How will we get there?**

<b><u>Action</u></b>	<b><u>Tasks</u></b>	<b><u>Who</u></b>	<b><u>Timescales</u></b>
Influence development of RCE	Chief Executive to be part of Steering Group	Chief Executive	Ongoing
	Head of Policy to be part of the Procurement Advisory Network	Head of Policy	Ongoing
	Brief Cabinet/CMT on developments	Head of Policy	21 Sept 2005 and ongoing
	Review Procurement Strategy in line with departments.	Head of Policy	Completed
Influence of regional delivery of recommendations of Gershon Report	Review Procurement Strategy in line with departments.	Head of Policy	Ongoing
Develop detailed action plans on delivery of Efficiency Review and use of RCE	Review Darlington's relationship with NEPO.	Procurement Advisor	Nov 2004
	Consider opportunities to take forward Procurement Strategy at regional level.	Head of Policy	Ongoing
Continue to work with IDeA	Establish contact	Head of Policy	Completed
	Consider taking part in pilot initiatives/area strategies	Head of Policy	Ongoing

**How will we know we are getting there?**

CPA/PWC opinion of procurement (should improve).