



**South
Derbyshire**
District Council

South Derbyshire District Council

Procurement Strategy 2011 – 2013

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How to use the strategy:

Section A of the document is for use by all officers and members to understand the overall approach being taken in procuring goods and services at South Derbyshire District Council and through its partner Northgate Public Services. It details the actions being undertaken to continue improvements in how the authority purchases goods and services over the lifetime of the strategy.

Section B is a more practical guide to the principles behind the strategy and procurement practices. It assists officers to understand the rationale behind the framework that the authority operates for procurement of goods and services.

Section A – Strategy and Vision

1. Introduction and Background

- 1.1. The Council spends in the region of £11m per annum on procuring and commissioning goods and services from over 1500 suppliers.
- 1.2. South Derbyshire District Council adopted its first formal Procurement Strategy in 2005, which covered the period 2005-2008/9. This was produced in response to the Government's National Procurement Strategy (NPS) for Local Government and delivered considerable benefits to the authority.
- 1.3. The procurement strategy for 2009 – 2012 continued to build on the approach being taken to procurement of goods and services and detailed associated actions being taken in support of the Council's Corporate Plan and Medium Term Financial Plan.
- 1.4. The formation of the South Derbyshire District Council/Northgate Partnership in August 2010 brought with it a wider remit for Procurement, as well as the introduction in April 2011 of a new Financial Management System which includes a new, integrated Procurement System.
- 1.5. This revised strategy for April 2011 to 2013 has been written to take account of the new, revised structure and challenges, and attempts to set a path for procurement to meet and exceed expectations.
- 1.6. With the advent of the transparency initiative in 2011 and the budgetary demands of the current climate, it remains vital that the authority focuses on procurement as a major opportunity to alleviate budget pressures, through the use of contracts and frameworks where appropriate, plus alternative methods of service delivery.
- 1.7. Responsibility for Procurement rests with individual Heads of Service for their budget areas, with central support for processes and procedures provided by Procurement as required.

1.8. Many benefits of improving the way goods and services were procured have been felt by the authority, including considerable cost savings, nominations for awards and the introduction of electronic purchasing systems. This strategy builds on those advancements and will take the authority forward.

2. Purpose & Vision

2.1. The purpose of this strategy is to continue to improve the way goods and services are procured by the authority. It is in line with related strategies and will deliver cashable savings and efficiency gains during its lifetime.

2.2. The vision for procurement at South Derbyshire District Council by the end of the strategy is to be continuing to:

- Deliver significant cost and efficiency savings through spending money wisely and following cost efficient processes
- Use suppliers with the capacity and capability to effectively deliver front line services at the right price
- Be recognised as a leader in the procurement field within local government

3. Objectives

3.1. In order to achieve our vision for procurement we will need to aim for a number of objectives.

- Ensure value for money is achieved through effective procurement. This will include aggregation of spend across directorates
- Ensure our procurement activities support the sustainable community strategy
- Continue to use agreed methods of advertising opportunities to suppliers through the use of the Source Derbyshire website
- Ensure that consultation with service users and the local community drives our actions in commissioning and procurement
- Use benchmarking to assess our performance
- Embed sustainable procurement as part of our processes
- Embed equality and diversity issues in our activities as a way of life
- Assess and improve the procurement skills level within the organisation and improve whole life cycle costing in tenders
- Continue partnership working and collaboration with other local authorities to achieve value for money across the region. To achieve this through the use of the partnership with Northgate Information Solutions
- Improve the ways in which we purchase goods and services, ensuring contract procedure rules are complied with and value for money achieved

The specific actions associated with these objectives are outlined in **Appendix 1**.

4. Benefits

4.1. Achieving the objectives laid out in this strategy will:

- Ensure that UK & EU Procurement Regulations are satisfied
- Support the authority's EMAS accreditation
- Deliver a procurement strategy aligned with the Council's corporate priorities
- Supports the Council's assessment at the Achieving level against the Equality Framework for Local Government
- Give clear visibility of off-contract spend to enable action to be taken and possible cost savings identified
- Achieve cost savings and rationalise the supply base in line with the Council's principles on sustainable procurement and value for money

5. Definitions

5.1. This strategy uses the Audit Commission's terminologies of contracted and non-contracted spend.

5.2. Within the Contract Procedure Rules for South Derbyshire District Council, all spend categories worth over £25,000 must be tendered and thus contracted. Anything below this is generally defined as non-contracted.

6. Ownership and Governance

6.1. This strategy is owned by Procurement and Business Improvement and will be updated annually in accordance with progress to date.

6.2. The strategy and action plan will be reviewed quarterly at the Business Improvement Project Board, the members of which are the:

- Director of Operations
- Member Champion – Procurement and Business Improvement
- Head of Corporate Services
- Client Service Director – Northgate Public Services
- Procurement and Business Improvement Manager

At the Business Improvement Project Board mitigation on actions not on target against individual project plans will be agreed and implemented.

In addition the actions and associated targets identified in the authority's Corporate Plan will be reviewed by the Finance and Management Committee quarterly and an annual report will be submitted to cover both Procurement and Business Improvement.

7. Links

7.1. The strategy has been formulated with reference to

- Sustainable Community Strategy
- Corporate Plan
- Medium Term Financial Plan

It has also been formulated with reference to other corporate strategies adopted by the Council to ensure business continuity for all service users.

7.2. The Council has many applicable policies and practices relevant to this strategy, which include, but are not limited to:

- Whistle blowing Policy
- Risk Management Policy
- Performance Management
- Equality and Diversity Policy
- People Strategy
- Contract Procedure Rules

7.3 In addition the strategy links heavily to

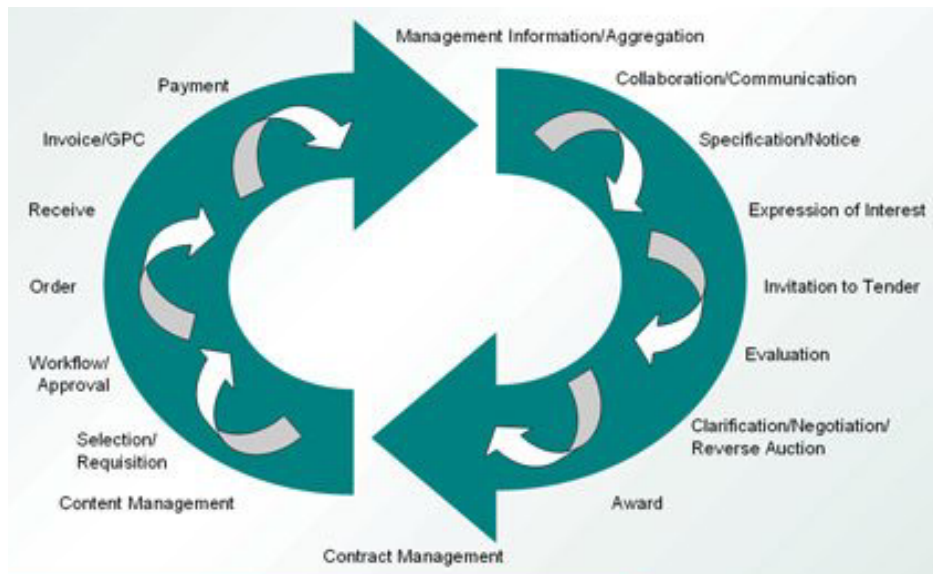
- Green Purchasing Guide (www.south-derbys.gov.uk/procurementdocs)
- Procurement Manual (www.south-derbys.gov.uk/procurementdocs)
- Selling to the Council Guide (www.south-derbys.gov.uk/procurementdocs)

Section B - Procurement Operating Framework

1. Purchase to Pay (P2P)

1.1. P2P is the transactional procurement process that spans sourcing, order placement, payment, settlement, reconciliation, control, audit and reporting.

1.2. Diagram 1.2 shows the Procurement cycle, with P2P being the left hand side of the cycle. *(Source – OGC Website)*



1.3. Best-in-class organisations are automating the P2P process to drive process efficiencies and achieve cost savings. This would most definitely deliver a huge contribution to the Council's stated theme of providing Value for Money through the improvement and streamlining of the Council's core back office processes. Existing Council P2P processes are reviewed on a continual basis in order to determine optimum improvements in the performance of the P2P process.

1.4. Low value procurement of day to day items is carried out by the individual service areas using the integrated Financial Management System (FMS). This has been configured and implemented in April 2011 to further meet the requirements of South Derbyshire District Council. The spend on low value items by individual departments accounts for a significant proportion of the Council's expenditure when aggregated across the whole range of Council services. Therefore work needs to be done to understand the categories of spend for the authority as a whole in order for best practice to be shared, benefits to be accrued from economies of scale and improvements to be achieved.

- 1.5. The integrated FMS enables the E-Ordering to automatically match invoices and payment within the Accounts section, reducing the processing time considerably. Approval for payment will be at the initial raising of the requisition prior to the order being issued to the supplier. This is consistent with Financial Regulations and Standing Orders which requires all expenditure to be approved prior to commitment.
- 1.6. E-ordering through the FMS paves the way for improvements in the Purchase to Pay processes and a continuing cycle of ongoing initiatives to commence from 1st April 2011. In particular the new FMS will:
- Enforce budgetary controlled purchases
 - Assist with the implementation of enforcing a 'no purchase order, no pay' policy
 - Enable effective supplier controls
 - Allow effective monitoring of all purchasing
 - Assist with prevention of out of process purchasing

Going forward the new FMS will:

- Allow implementation of contract information
 - Provide an effective tool for the monitoring of contracts
 - Provide an effective mechanism for internal purchase ordering
 - Allow for the introduction of new controls
 - Increase the capacity for the Council and the Partnership to implement new procurement initiatives.
- 1.7 All invoices for the Council will be sent to Accounts Payable for central registration on the system. There will be no exceptions to this process.

2. Spend under contract or eligible for tender under EU/ UK Legislation or SDDC Contract Procedure Rules

2.1. Roles and Responsibilities

All Council and Northgate Public Services Partnership staff are responsible for ensuring that procurement activity within their business areas is carried out in accordance with the Financial Regulations. The Procurement team will engage with all staff to establish their needs and deliver effective procurement solutions, working with them at an early stage to drive down costs and improve quality in the goods and services to be procured.

2.2. General Principles

Although there are less transactions that would meet the criteria under this category of procurement, each contract tends to be of a high expenditure level and carry far higher risks if the project is not completed successfully e.g. construction contract or tendering the provision of a service. Strong support and guidance, therefore, needs to be in place. Once a contract is in place the Purchase to Pay transactional process should apply to all associated orders and payments related to the contract.

2.3. Legal Framework

High Value projects will be subject to European Union (EU) procurement regulations and lack of compliance with the legal requirements can open the Council to costly legal appeal. All decisions must be transparent, objective and auditable. The EU processes specify different routes according to the type of procurement undertaken and the Council must provide clear support on the legal framework identifying as necessary how specialist legal advice can be obtained.

In response to part 1 of the Local Government Act 1999 the Council can now take account of certain 'non-commercial' matters when determining contracts. Under Best Value this prohibition has been removed enabling Authorities to take into account the terms and conditions of the workforce and the conduct of contractors or workers.

The Council must comply with all of its legal obligations. The legal framework for public procurement includes:

- EU and other international obligations, as implemented in UK legislation or by virtue of direct effect, e.g. discrimination on grounds of nationality, restrictions of free movement of goods and services, equal treatment, transparency and competitive procurement;
- Specific domestic legislation, e.g. on corrupt gifts or unfair contract terms;
- Contract and commercial law in general; and
- Domestic case law

The Procurement Team will ensure compliance with all legal requirements relating to procurement activity, and will refer any legal issues to the Council's Legal Advisors.

Guidance on using the EU procedures and tendering procurement opportunities has been developed as part of the Procurement Manual.

2.3 Commissioning Services

As part of Continuous Improvement Service Reviews, it is expected that alternative methods of service delivery will be reviewed. The Make v Buy decision is crucial when looking at recommissioning or commissioning services. It can save considerable amounts of cost later in processes.

Through thorough budget, process and spend analysis a business case should identify the make v buy decision. Options for make v buy include:

- Partnering
- PFI/Public Private Partnership
- Outsourcing
- In house service provision

Partnering is more about the approach undertaken than a specific method of procurement. The Council is committed to working with public, private and voluntary sector organisations to develop co-operative procurement arrangements and develop supplier effectiveness. Exploring further opportunities to work in partnership and achieve benefit from sharing resources, skills and expertise, will evidence this commitment.

In August 2010 the Council entered into an innovative partnership with Northgate Public Services to enable the council to increase capacity, tap into a wide range of expertise and develop services.

Partnering is a term widely used within both the public and private sectors but has no commonly agreed definition. The aim of partnering is for clients and service providers to work together to achieve best value for all parties by adopting a flexible and motivated approach unrestrained by artificial barriers and in a non-confrontational manner. The partnership must be underpinned with a formal contract, processes and procedures document in which the ethos of the partnership is captured.

The partnering model enables customers and service providers to work together sharing risk, cost savings, innovations and best practice. The relationship is built on mutual respect and trust that develops between customer and suppliers at strategic and operational levels and enables the sharing of skills, knowledge, research, development and risk. The aim is partnerships will become long term relationships where quality is enhanced, life cycle costs are driven down and customer satisfaction remains high.

Partnering principles will be applied to individual projects. There are a growing number of successful project partnering initiatives which the Council may embrace. However, to maintain momentum and build on the learning and culture that has taken place, it is increasingly important for the Council to extend these partnering principles to more strategic alliances covering:

- Programmes or phases of work
- Work which is more difficult to define precisely in advance such as building maintenance
- Initiatives whose priorities will develop over time requiring flexible structures
- Projects where a solution has yet to be defined such as regeneration or redevelopment projects
- Initiatives where construction is only part of the solution and the partnership may extend into the operation of a facility or series of facilities, for example the Private Finance Initiatives.

2.4 Project/ Contract Management

Any tendering and contract management should be managed using a robust project plan, with responsibilities clearly outlined and clearly laid out targets, milestones, timescales and identification of resources. Such a project plan should be monitored regularly by the project team and failure to achieve timescales rectified immediately. This applies not only to formal tendering processes but also to the performance of the contract once in place to ensure the desired outcomes are achieved and the Council's objectives are met.

2.5 Category Strategies

As part of the Purchase to Pay project, categories of spend will be identified for the purpose of ensuring value for money for the authority. Some of these categories will be in line with service delivery and others will be corporate across the authority. For each of these categories of spend, a strategy should be developed, using best practice principles of Purchasing/ Procurement. Such strategies should consider:

- Renewal dates for large strategic contracts
- Market opportunities and maturity
- Opportunities for investigating new financial models for the procurement of services
- Poor performance of services/best value reviews
- Analysis of internal spend
- Analysis of non-pay expenditure

In addition a category strategy should include an options analysis comparing the following procurement options (the Make v Buy decision):

- Traditional procurement
- Partnering
- PFI/Public Private Partnership
- Outsourcing
- In house service provision

The options analysis will encompass a review of the following:

- Cost
- Service quality
- Risk
- Deliverability
- Timescales
- Funding
- Practicality
- Legal/Statutory requirements

3. Applying Risk Assessment Principles

3.1. All procurement should be subject at an early stage to the identification, quantification and subsequent management of risk so that risk is retained or transferred to the party who can manage the risk the most effectively. This analysis should be completed in line with the Council's Risk Management Policy and Strategy.

3.2. Following all major Procurement exercises, a Project Implementation Review will be held. Risks and 'Lessons Learned' identified will be included in the Procurement Manual for future exercises. Risks will be reported as necessary to the Head of Finance for inclusion in the risk register.

4. Health and Safety

4.1. As part of the risk assessment carried out during Procurement exercises, health and safety considerations must be included. This relates both to ensuring the Council's Health and Safety policies and procedures are met, particularly in the supply of services, and also ensuring that items purchased meet appropriate Health and Safety requirements/standards.

4.2. Suppliers undertaking work which is covered by the Health and Safety Requirements must have all relevant documentation e.g.: safety case, adequate insurance reviewed and agreed prior to commencement of works. It is the line manager's responsibility to ensure such requirements fully meet the Council requirements.

5. Additional Controls

5.1. Procurement in the public sector is subject to legislation and constraints. It requires an appropriate level for management to ensure that all procurement remains legal, ethical and transparent whilst embodying the Council's core values.

5.2. Councils have a legal requirement to have contract procedure rules. However, to ensure that these are understood, by all who may need to use them, a user-friendly version must be developed and placed on the intranet.

- 5.3. Contract procedure rules and financial procedure rules should be reviewed periodically and need to take account of changing technology such as e-procurement.

6. Employment Matters

6.1. Employee Consultation

- 6.1.1. Staff affected will be kept informed of procurement developments and a consultation timetable will be agreed at the outset and adhered to throughout.
- 6.1.2. The views of staff and unions on such matters will be ascertained and considered fully.
- 6.1.3. Where procurement affects staff, staff representatives will be kept informed and invited onto the Procurement Project Group and relevant evaluation panels.

6.2. Transfer of Employees

- 6.2.1. Where outsourcing is an option, this will be done with certain and consistent application of the TUPE regulations.

6.3. Training and Development

- 6.3.1. A substantial amount of procurement carried out within the Council is not managed by purchasing professionals and therefore, the skills required need to be properly identified and met. This will include project and contract management skills referred to earlier as well as competency in appraising suppliers, carrying out negotiations and risk management.
- 6.3.2. In addition where new processes are adopted e.g. use of payment cards or on-line procurement or changes to guidance/procedure rules, training requirements need to be identified as part of the changes proposed.

7. Sustainability and Local Regeneration

7.1. Sustainability

- 7.1.1. Sustainable development means that economic growth, social cohesion and environmental protection must go hand in hand. The National Procurement Strategy requires every Council to build sustainability into its procurement strategy, processes and contracts. This is reflected in the partnership with Northgate Public Services.
- 7.1.2. The business case in each procurement project must address sustainability issues and identify whether there is scope to improve the environmental, economic and social impacts of the proposed contract.

7.2. Local Regeneration

- 7.2.1. Generally, procurement will be based on the lowest price for comparable quality. However, the Council recognises that as a major buyer of goods and services, the decisions it takes in awarding contracts can have an effect on the local economy and local communities.
 - 7.2.2. In response, the Council is committed to maximise the regeneration impacts of its procurement decisions.
 - 7.2.3. When the Council prepares to outsource or re-tender major contracts, the potential impact upon local suppliers will be identified as part of the process. It may be appropriate to work with small suppliers to see how they can work collaboratively to enable them to submit a tender for evaluate
- 7.3. As part of the Council's EMAS accreditation the Green Purchasing Guide must be integrated into the transactional Purchase to pay process.
- 7.4. Early consideration of green issues with an emphasis on whole life costing must be included in all contract activities. Invitations to tender and pre qualification questionnaires should include a requirement for potential suppliers to identify the environmental impacts of their organisations products and how they propose to minimise them. This will allow a wider consideration of the issues during which the evaluation of tenders, and may result in new ideas. The Procurement Manual should be updated to include suggested methods, questions and guidance for officers.

. Whole life costs can be defined as the total resources required for putting together, equipping, maintaining and operating a purchase such as a piece of equipment, vehicle or building. It is made up of the costs to develop, acquire, own, operate and, preferably, re-deploy or, less preferably, dispose of the equipment or property when no longer required for the purpose for which it was purchased.*

8 Equality and Diversity

- 8.1 South Derbyshire District Council is committed to promoting equality and diversity in all its activities because we believe it provides a competitive advantage and helps drive our business forward. Any contractor/organisation working for and on behalf of the Council, or any organisation receiving grants from the Council, must also share this commitment and demonstrate its compliance with all current legislation. The legislation listed below is not exhaustive but includes:

- **Equal Pay Act 1970**
- **Sex Discrimination Act 1975**
- **Race Relations Act 1976**
- **Disability Discrimination Acts of 1995 and 2005**
- **Race Relations (Amendment) Act 2000**
- **Equalities Acts of 2006 and 2011**

8.2 The contractor/organisation must take steps to ensure it provides services fairly and takes steps to ensure it does not unlawfully discriminate against service users and its employees.

8.3 Details of Equality and Diversity and contracts can be found in the Procurement Manual.

9 Financial Issues

9.1 Contract Procedure Rules

9.1.1 Financial procedure rules and contract procedure rules need to be regularly updated to ensure that they reflect good procurement practice and provide appropriate safeguards for the Council in any purchasing activity undertaken.

9.1.2 Particular regard needs to be given to the effect of future developments identified within this strategy e.g. the implications of e-procurement, purchase cards and partnerships.

9.2 Value for Money & Use of Resources

9.2.1 The implementation of this strategy is necessary for the Council to ensure that Value for Money is being achieved in relation to the substantial expenditure on the purchase of goods and services.

9.2.2 Measuring the full cost of the procurement process, including time spent on developing tenders, contract management and the placing of order/payment of invoices will assist the Council in ensuring that the benefits of proposed improvements can be measured and value for money achieved across the range of procurement undertaken.

9.2.3 It is important to consider the optimum combination of whole life cost and quality (or fitness for purpose) to meet the user's requirements.

9.2.4 The implementation of the Procurement Value for Money Indicators issued by the Audit Commission is to be used to measure procurement performance where they are relevant to the Council (**Appendix 2**).

9.3 The strategy must also ensure the authority achieves a high score in the Audit Commission's Use of Resources assessment. The key lines of enquiry standards

demanded by the assessment are fully in line with this strategy and have proved to be a useful tool in developing our practices to ensure we continue to improve.

10 Performance Management

10.1 The work undertaken in support of this strategy needs to be capable of being measured and indicators of success will include:

- ✓ Percentage of expenditure under framework contractual arrangements with suppliers on an approved list
- ✓ Size of the supplier base
- ✓ Expenditure using purchase cards
- ✓ Employee costs as a percentage of procurement expenditure
- ✓ Cost per transaction in P2P Process

11 Suppliers

11.1 **New Suppliers** – All proposed new suppliers must be approved prior to any contract or works award. Procurement will control the supplier vetting process, in some case this will require working with the line manager to ensure all Health and Safety requirements e.g.: safety cases, meet the Council standards.

11.2 **Payment Policy** – The Council's policy is to settle all outstanding supplier liabilities by BACS. The use of cheques will be phased out across the next 3 years.

Appendix 1 - Procurement Action Plan 2011- 2013

Strategic Objective	Target	Actions	Completion	Owner
Improve the ways in which we purchase goods and services	- Reduce transactional volumes in the purchase to pay process, helping suppliers to reduce transactional costs when doing business with the Council	Introduction of e remittance and e ordering	Apr -11	Procurement and Business Improvement Manager
		Achieve minimum of 50% of all transactions via e remittance and e ordering	Mar-12	Procurement and Business Improvement Manager
		Achieve minimum of 80% of all transactions via e remittance and e ordering	Mar-13	Procurement and Business Improvement Manager
	- Increase the level of contracted spend. Reduce the level of 'non-contract' spend - Reduce cost of purchased goods and services - Reduce number of suppliers	Review and analyse existing supplier database	March-11	Procurement and Business Improvement Manager
		Identify current spends as on or off contract	Oct -11	Procurement and Business Improvement Manager
		Review and improve supplier payment methods, target of 95% of payments via BACS	Oct-11	Procurement and Business Improvement Manager
		Introduction of category management	Apr-11	Procurement and Business Improvement Manager
		Ongoing category review rolling 3 year programme	annual	Procurement and Business Improvement Manager
		Introduction of new supplier control framework	June -11	Procurement and Business Improvement Manager
		Performance Management	- Introduce performance management framework	Establish performance management framework
Annual performance review and target setting	Aug -12			Procurement and Business Improvement Manager
Annual performance review and target setting	Aug -13			Procurement and Business Improvement Manager
Benchmark Procurement performance across sectors and industries	Annual			Procurement and Business Improvement Manager
Supporting local suppliers	Encourage local suppliers to trade and contract with the council	Establish spend monitor	Jun-11	Procurement and Business Improvement Manager

		Local Supplier Day event	annual	Procurement and Business Improvement Manager
		One off tender support days in conjunction with relevant tender designed to encourage engagement with local businesses/SME's etc.	When required	Procurement and Business Improvement Manager
Embed sustainable procurement as part of our processes	- Green Purchasing section of the Procurement Manual	Review Green Purchasing Guide section in the Procurement Manual continues to meet the needs and aspirations of the council.	Oct 12	Procurement and Business Improvement Manager
Embed equality and diversity issues in our activities as a way of life	- Meet Council requirements for Equalities	Review Procurement activity continues to support Council equality and diversity policy	Mar-12	Procurement and Business Improvement Manager
		Review Procurement activity continues to support Council equality and diversity policy	Mar-13	Procurement and Business Improvement Manager
Continue partnership working to achieve value for money	- SDDC participation in relevant opportunities	Use existing frameworks where possible for sourcing goods and services	Ongoing	Procurement and Business Improvement Manager
		Continue participation in the Derbyshire Procurement Forum	Ongoing	Procurement and Business Improvement Manager
Consultation	- Consultation driving actions	Ensure Procurement is included in consultation exercises	Ongoing	Policy and Communications Manager
Sustainable Community Strategy	- Procurement activities support the strategy	Ensure Procurement is informed of the sustainable community strategy and requirements	Ongoing	Policy and Communications Manager
Controls & Governance	- Contract procedure rules remain up to date - Review Procurement Strategy action plan	Review contract procedure rules annually in light of changed processes	Mar -11	Head of Finance[C1]
		Hold Business Improvement and Procurement Review Board quarterly	Ongoing	Procurement and Business Improvement
		Review of terms and conditions	April 11	Procurement and Business Improvement Manager

Appendix 2

Procurement Value for Money Indicators

Primary indicators	
PP1	Total cost of the procurement function: a) Cost of the procurement function as a percentage of turnover b) Cost of the procurement function as a percentage of organisational running costs (expenditure)
PP2	Average percentage savings achieved through procurement for the 5 largest procurement projects delivered in the previous financial year.
PP3	The use of technology within procurement: a) The percentage of total goods and services spend that is sourced electronically b) The percentage of total goods and services spend managed through e-Purchasing
PP4	Commissioner and user satisfaction index - a composite indicator compiled from the responses to a set of statements by commissioners and users. Commissioner statements: <ul style="list-style-type: none"> • The Procurement function supports delivery of the organisation's strategic objectives. • The Procurement function is proactive in sourcing goods and supplies, which represent best value. • The Procurement function provides appropriate advice and support on major strategic procurement projects. • The Procurement function is responsive to my ad hoc needs. • The Procurement function provides value for money. User statements: <ul style="list-style-type: none"> • There is a consistent and easy to follow process for ordering goods and supplies. • The goods and supplies that we are given are of appropriate quality. • Technology is used to make the process of ordering and paying for goods easy and efficient. • The Procurement function is responsive when I need help in sourcing or ordering goods and supplies. • The Procurement Function is helping staff to develop their skills in relation to the procurement process.
PP5	Management practice indicator – the number of practices that have been adopted by the organisation out of a possible total of 10. 1) The individual with lead responsibility for procurement is a member of, or reports directly to, the Organisation's Senior Management Team, and there is a Board / Cabinet member with responsibility for procurement. 2) Customer satisfaction surveys are undertaken at least annually to understand user views on the added value brought about by procurement; with the results published internally and fed into an improvement plan, which is regularly monitored. 3) Future demand for goods and services are forecast on at least an annual basis alongside analysis of new technology and commodities, and emerging market developments, both of which inform the organisation's procurement strategy and results in a prioritised work-plan for the next 12 months. 4) Specific and measurable targets have been set in relation to the cashable and non-cashable benefits to be delivered by procurement, and the organisation can demonstrate that at least 75% of targets were met for the previous financial year 5) Specifications for goods and services and purchasing decisions are made based on a detailed understanding of the total cost of ownership (TCO) 6) The organisation has mechanisms in place to engage with key suppliers on at least a 6 monthly basis, to provide information on forthcoming opportunities and to gather

	<p>feedback on their experiences in order to improve the clarity of the procurement process and specifications.</p> <p>7) Benchmarking data from both public and private sector sources is actively used to undertake price comparisons on key goods and services.</p> <p>8) The organisation has identified and developed strategic partners for collaborative procurement and can demonstrate measurable benefits over the previous 12 months from this collaboration</p> <p>9) The organisation has clearly defined ethical procurement standards in place which are in line with the CIPS Ethical Code and which are actively applied and monitored across the organisation, with any breaches recorded and acted upon.</p> <p>10) A rolling programme is in place to develop procurement skills and capabilities across the organisation at all levels</p>
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Secondary indicators	
PS1	Professionally qualified procurement employees (FTEs) as a percentage of total procurement employees (FTEs)
PS2	Average invoice value
PS3	Percentage of the organisation's top 10 suppliers who have a formal partnership / framework agreement with the organisation
PS4	The percentage of spend on goods and services channelled through SMEs (Small and Medium sized Enterprises)
PS5	The percentage of total spend on goods and services through collaboration with other public sector organisations
PS6	Percentage of suppliers that make-up the top 80% of an organisation's total spend for goods and services.
PS7	Benchmarking a defined set of goods

Appendix 3

East Midlands Regional Improvement and Efficiency Partnership

www.eastmidlandsiep.gov.uk

Source Derbyshire

<http://www.sourcederbyshire.co.uk/busdir/homePage.aspx>

Procurement Documents

<http://harvey/corporate/procurement/>
www.south-derbys.gov.uk/procurementdocs