

WIRRAL COUNCIL

CABINET

4 FEBRUARY 2010

REPORT OF THE DIRECTOR OF FINANCE

CORPORATE PROCUREMENT STRATEGY

1. EXECUTIVE SUMMARY

- 1.1. The Corporate Procurement Strategy (CPS) was approved by Cabinet, on 24 September 2009. In December 2009 the Audit Commission published a review of Commissioning and Procurement.
- 1.2. This report seeks Cabinet approval to amend the Corporate Procurement Strategy in response to the action plan agreed with the Audit Commission.

2. BACKGROUND

- 2.1. Following Cabinet approval of the first CPS on 5 October 2005, the Procurement Unit was given custodianship of the Strategy and the responsibility for its implementation. The Procurement Unit subsequently became the Procure to Pay Section (P2P) as part of a service restructure.
- 2.2. The Audit Commission Review of Commissioning and Procurement identified the need to drive procurement to maximise the benefits across the Council, including schools, and that the Corporate Procurement Strategy needed to be supported with an action plan with milestones to provide the basis for effective performance monitoring.
- 2.3. The Review also stated that commissioning and procurement were currently seen as separate and therefore not fully integrated and recommended that the CPS should include a clear link between commissioning and procurement activity to ensure consistency. This is now being taken a step further as work is progressing on developing an overall Corporate Commissioning Strategy for the Council that will ensure a consistent approach is undertaken across the organisation. This will be reported to Cabinet when it is completed.

3. CHANGING PROCUREMENT AGENDA

- 3.1. The continuing Government emphasis on procurement, including the Comprehensive Spending Review 2007, and the emphasis on Shared Services, Collaboration and Partnerships, detailed within the Operational Efficiency Programme need to be addressed within the CPS so that the commitment of the Council to best value procurement is clearly stated.

- 3.2. The CPS incorporates the changing agenda so that it is clear that the Council intends to use its considerable buying power to support the delivery of efficient quality services for the people of Wirral.

4. AMENDMENTS TO THE CORPORATE PROCUREMENT STRATEGY

- 4.1. The revised Corporate Procurement Strategy is attached to this report at Appendix 1. It details the Council commitment to best practice procurement and sets out objectives to achieve implementation. It ensures that all procurement activities and processes are fully compliant with EU Directives and Council Procedure Rules and, incorporates the changes recommended by the Audit Commission and agreed with officers.
- 4.2. The CPS Key Priorities and Action Plan milestones and progress are detailed in Annex A.
- 4.3. Members should note the following significant changes to the document from that agreed on 24 September 2009:
- (i) The beginning of the process to align commissioning with procurement to produce synergy which should ultimately help to achieve better outcomes for service users and improved value for money.
 - (ii) The addition of references to the Regulatory Framework concerning procurement.
 - (iii) An action plan with milestones has been added to the CPS Key Priorities to provide a basis for effective performance monitoring of the delivery of the CPS.
 - (iv) The new Corporate Contract Procedure Guidance to officers, at all levels, engaged within the tender process, has been amended to include guidance when an 'In-House' bid is to be submitted as part of the procurement process. The new guidance is shown at Appendix 2.

5. FINANCIAL AND STAFFING IMPLICATIONS

- 5.1. There are none arising directly from this report. The implementation of the Strategy will aid the achievement of efficiency targets. This in turn will release resources for investment in front line services.

6. EQUAL OPPORTUNITY IMPLICATIONS

- 6.1. There are none arising directly from this report. The Strategy does make reference to the need to work more closely with Small and Medium Enterprises (SME) and social enterprises which will provide equality of opportunity for these providers.

7. COMMUNITY SAFETY IMPLICATIONS

7.1. There are none arising directly from this report.

8. HUMAN RIGHTS IMPLICATIONS

8.1. There are none arising directly from this report.

9. LOCAL AGENDA 21 IMPLICATIONS

9.1. The Strategy makes clear reference to the need to ensure Agenda 21 issues are considered in making procurement decisions.

10. PLANNING IMPLICATIONS

10.1. There are none arising directly from this report.

11. MEMBER SUPPORT IMPLICATIONS

11.1. There are none arising directly from this report.

12. BACKGROUND PAPERS

12.1. Corporate Procurement Strategy - 2009 - 2012 - September 2009.
Audit Commission Review – Commissioning and Procurement, December 2009.

13. RECOMMENDATION

13.1. That Cabinet approve the amended Corporate Procurement Strategy.

IAN COLEMAN
DIRECTOR OF FINANCE.

WIRRAL COUNCIL
CORPORATE PROCUREMENT STRATEGY

(Revised January 2010)

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1. INTRODUCTION

- 1.1 The Council's vision as defined within the Corporate Plan is **'of a more prosperous and equal Wirral, enabling all communities and people to thrive and achieve their full potential'**

To achieve this vision the Council has set out five objectives, they are:

- ❖ **To create more jobs, achieve a prosperous economy and regenerate Wirral.**
- ❖ **To create a clean, pleasant, safe and sustainable environment.**
- ❖ **To improve health and well being for all, ensuring people who require support are full participants in mainstream society.**
- ❖ **To raise the aspirations of young people.**
- ❖ **To create an excellent Council.**

- 1.2 The Council's Corporate Plan states:

'Implement our procurement strategy to ensure that services and goods are acquired economically and efficiently, and if advantageous, in partnership with others'

- 1.3 This strategy represents the Council's procurement aims and objectives for the next three years. During this time there will be a major review of procurement architecture across the region, which will be the first stage in a process of realignment and modernisation. This strategy will develop as the modernisation of procurement takes place and it will incorporate changes in procurement methods and techniques designed to meet the varying requirements of the Council in achieving its vision for the people of Wirral.

2. WHAT IS PROCUREMENT?

- 2.1 Procurement is the process of managing the provision of supplies, services and works spanning the life cycle of the asset or service contract. 'Life cycle' is defined as being from the initial definition of the business need through to the end of the useful life of the asset or service contract.
- 2.2 The term 'procurement' covers broader issues than that of purchasing, buying or commissioning. It includes securing services and products that best meet the needs of users and the local community. This strategy provides a common framework within which Council procurement is managed.
- 2.3 The process involves options appraisal and the critical "make or buy" decision which will determine whether the Council provides the services 'in house' or from an external provider or through a joint public/private partnership arrangement.

- 2.4 In a financial year the Council will procure goods, works and services in excess of £170m.
- 2.5 In the context of a procurement process, obtaining "Best Value" means choosing the provider that offers "the optimum combination of whole life costs and benefits to meet the Council's requirements". Best Value is not necessarily the lowest initial price option as it requires an assessment of the ongoing revenue/resource costs as well as initial capital 'investment'. The driving force has in the past been focused on economy. Whilst this remains an essential ingredient, it is also important that procurement decisions are taken in the light of the broader objectives which the Council is seeking to achieve i.e. a focus on "outcomes".
- 2.6 **Procurement is important because** failure to purchase goods, services and works cost effectively can put the achievement of key objectives and services at risk.

Value for money in procurement can be achieved by:

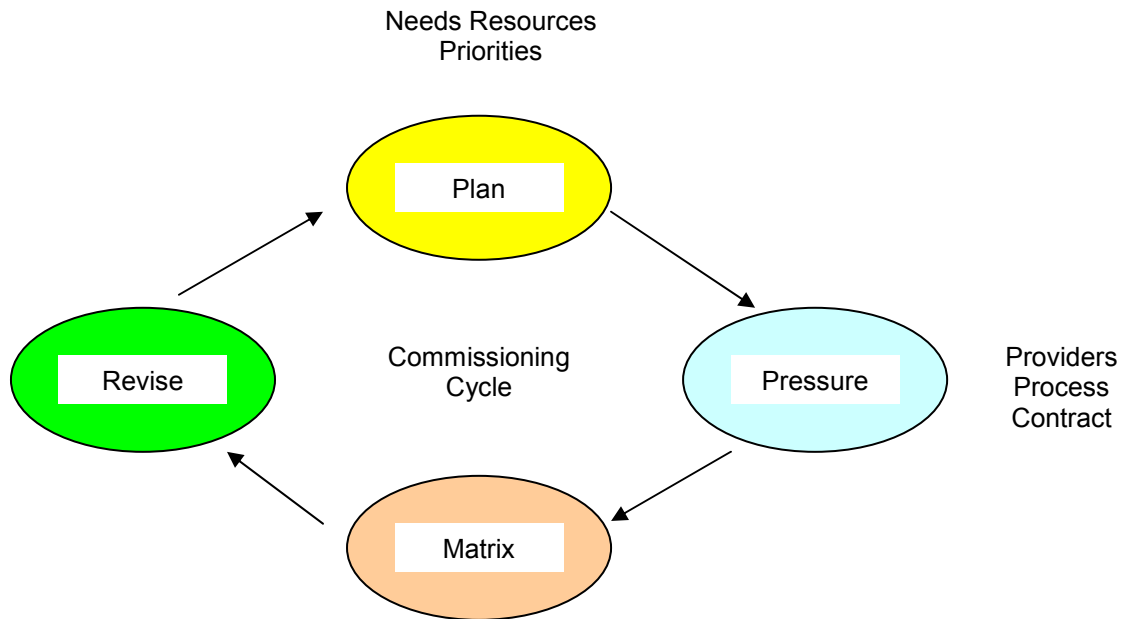
- (i) Reducing the cost of purchasing and the time it takes – the processing overhead.
- (ii) Getting better value for money for the goods and services purchased and improved quality of services;
- (iii) Improving project, contract and asset management.

This strategy provides a common framework within which all procurements by the Council are to be managed.

3. COMMISSIONING

- 3.1 There is often some confusion regarding the use of the terms 'commissioning' and 'procurement', and the terms are often used interchangeably. For the purpose of this strategy, it is important to distinguish between the meanings of both terms.
- 3.2 The Audit Commission define commissioning as 'the process of specifying, securing and monitoring of services to meet individuals' needs both in the short and long term'. Commissioning is a cycle that involves:
- Assessment (or reassessment) of need
 - Identifying resources
 - Planning how to use the resources
 - Arranging service delivery through a procurement process
 - Monitoring and reviewing service delivery

This is shown diagrammatically below:



3.4 At this stage no overall Corporate Commissioning Strategy exists in the Council; commissioning clearly takes place and work is on going to develop an overarching Strategy and consistent approach to commissioning.

3.5 A commissioning decision does not necessarily mean that a procurement process will follow, however some element of commissioning must take place before a procurement process can begin. The procurement process relates to how those commissioning decisions are enacted, where, in particular, a decision has been taken to look externally for the supply of goods or services.

4. THE REGULATORY FRAMEWORK

4.1 Both the statutory framework, and the Council's own Contract Procedure Rules place limits on the procurement practices of the Council. In addition to this, other government legislation imposes significant targets for procurement, and the value that procurement has within Local Authorities and the wider community.

4.2 It is clear from the legislation that the government has extremely high expectations of Council's procurement activity. To underline this, it has introduced a regulatory framework which reflects this through the Comprehensive Area Assessment (CAA) and the revised Use of Resources assessment.

4.3 The regulatory regime is based around the requirements of Local Authorities within Best Value legislation. These are:

Summary of Requirements for Best Value Authorities

- To seek a balance between:

- achieving locally responsive services, with consultation and involvement with representatives of local people including authorities' own workforces
 - addressing whole-life costs
 - achieving sustainable outcomes
 - exploiting economies of scale
- To separate service provision from commissioning
 - To focus on outcomes and not on whether the service is delivered by the public, the private or the third sector
 - To consider the full range of delivery mechanisms, i.e:
 - joint working with other statutory bodies
 - partnerships with the local business and third sector
 - contracting with providers in the public, private and third sectors
 - service level agreements with in-house providers
 - To deliver sustainable outcomes
 - To shape markets and find ways of maximising the capacity of small and medium enterprises and third sector bodies to deliver community outcomes
 - To seek opportunities for joint commissioning across local statutory bodies
 - To involve service users, local communities and front-line staff in commissioning decisions
 - To avoid market domination locally by a single service provider
 - To regularly assess and review the competitiveness of all services, however provided, against similar services provided by other statutory bodies, local authorities or other service providers and, where service improvement is unlikely to match alternative providers, seek fair and open competition wherever practicable
 - To support and incentivise service providers, including in-house teams and partners, for example by linking payments to performance outcomes, especially user satisfaction
 - Look to give all service providers longer-term stability of funding and contracting, including at least three years for grant funding
 - Ensure the transparency of all procurement decisions, including retaining services in-house.

4.4 These principles are reflected within the annual Use of Resources and Value for Money judgments and through the Corporate Assessment.

4.5 The revised CAA approach places even greater emphasis on the procurement process, in supporting the Council's wider objectives around community leadership and 'place shaping'.

4.6 This additional emphasis on procurement as a vehicle for community and social change has its roots in the Local Government White Paper of 2006, Building Strong and Prosperous Communities. Of particular significance in this context is the requirement for Councils to use their procurement power to support economic growth and regeneration.

- 4.7 The Council is also enabled through its 'Powers of Well-being' to undertake activity which is considered to be likely to promote or improve the economic, social and environmental welfare of their areas, providing it is not explicitly precluded by other legislation.
- 4.8 The challenge for the Council is therefore to meet the high expectations associated with the wider social, economic and environmental impact of procurement decisions, within a structured legislative framework and against the need to achieve value for money.
- 4.9 Through the principles identified within this strategy, and the associated commitments, the Council will be able to meet this challenge.

5. PROCUREMENT OBJECTIVES

5.1 Our procurement objectives are designed to ensure that procurement supports and contributes to the realisation of the Council's aims and key objectives, we will do this by:

- (i) Ensuring that all procurement practices are legal, ethical, and **transparent** and conform to local, national and European regulations, and adhere to the principles of **openness** and **accountability**.
- (ii) Delivering significantly better quality public services that meet the needs of all local citizens through **sustainable partnerships** that we forge with a range of public, private, social enterprise and voluntary sector organisations at local, sub regional, regional, national and European levels
- (iii) Contributing to the Council's **savings targets** by continually challenging our procurement arrangements and seeking opportunities to reduce prices, improve quality, **maximize efficiency** and achieve greater outcomes for the residents Wirral in support of the Council's three year Efficiency Plan.
- (iv) Operating a **mixed economy of service provision** with ready access to a diverse, competitive range of suppliers providing quality services, including small firms, social enterprises, minority businesses and voluntary and community sector groups, and wherever possible encourage local sourcing and local employment.
- (v) Realising **social, environmental and community benefits** through our procurement activities, by developing socially responsible specifications, building social, environmental and community benefits into the evaluation process where appropriate and legal to do so, and working with suppliers and contractors post contract award to explore opportunities for bringing such benefits to the local community, including the introduction of the Construction Employment Integrator.
- (vi) Demonstrating improvement in the **equality of opportunity** and the promotion of good relationships between people within a diverse community in all procurement activity.
- (vii) Achieving an **efficient and effective procure to pay process**, which minimises manual input, provides robust information on which procurement decisions can be made, and harnesses the latest e-procurement solutions to maximise benefit to the Council.
- (viii) Ensuring that all potential **risks** are identified within procurement processes and appropriately **managed**.
- (ix) Ensuring that all procurement **considers the environment** and, where appropriate, includes evaluation models that take into account the Council's sustainable objectives.

- (x) Achieving continuous improvement from all categories of procurement expenditure, by having a 'living' Procurement Strategy and ensuring that all procurement activity is undertaken by **informed, professional procurement staff**.

6. THE IMPORTANCE OF PROCUREMENT IN ACHIEVING THE COUNCIL'S CORPORATE OBJECTIVES

6.1 Procurement must be seen in the context of the Council's overall objectives to achieve Best Value. It is inevitable that for a public body, effective procurement must be measured as much by the social outcomes and community benefits that result as by the financial gains. Balancing these dimensions is at the heart of effective best value procurement.

6.2 In line with the National Procurement Strategy for Local Government this local strategy outlines how we will achieve our objectives by operating a mixed economy of service provision. This will include small local businesses, minority firms and the voluntary and community sector groups and use innovative ways to procure, work in partnership with others and manage services that will:

- (i) Better achieve the Council's objectives.
- (ii) Deliver consistently high quality services that meet users' needs.
- (iii) Provide savings, better value for money and continuous improvement thereby improving the cost effectiveness of the Council, in support of the Governments Comprehensive Spending Review 07 and the Council's three year Efficiency Plan.
- (iv) Build social cohesion and promote equality of opportunity for service users, businesses and Council staff.
- (v) Be sustainable for the communities and areas serviced and benefit local citizens.
- (vi) Support delivery of the Council's e-Government agenda.
- (vii) Enable the Council to manage and assess risks in the market place.

6.3 The relationship between the Council's Corporate Objectives and the Procurement Objectives is illustrated below:

Corporate Objectives

To create more jobs, achieve a prosperous economy and regenerate Wirral

To create a clean, pleasant, safe and sustainable environment

To improve health and well being for all, ensuring people who require support are full participants in mainstream society

To raise the aspirations of young people

To create an excellent Council

Procurement Objectives

Partnerships at all levels

Mixed economy of service provision

Social, Environmental and Community Benefits

Environmental considerations

Managing Risk

Social, Environmental and Community Benefits

Mixed economy of service provision

Equality of Opportunity

Mixed economy of service provision

Social, Environmental and Community Benefits

Transparent, open and accountable processes

Achieving efficiencies

Equality of Opportunity

Informed, professional procurement

The key priorities and Action Plan to underpin the delivery of the procurement objectives are shown at Annex A. In addition as the strategy is being reviewed, progress towards achieving these priorities is also shown in Annex A.

7. ORGANISATION OF THE PROCUREMENT FUNCTION

- 7.1 The Cabinet member who holds the Corporate Services Portfolio acts as procurement champion. All strategic decisions relating to major procurement exercises involves elected members
- 7.2 The Director of Finance has overall responsibility for the development and delivery of the Corporate Procurement Strategy, together with providing advice, as required, on departmental procurement proposals and projects.
- 7.3 The Procure to Pay Section within the Finance Department aims to:
- (i) act as a central source of procurement expertise,
 - (ii) determine procurement procedures,
 - (iii) aggregate the Council's demand for goods, works and services to improve quality, efficiencies and savings, and
 - (iv) be custodians of this Strategy.
- 7.4 The Corporate Improvement Group chaired by the Deputy Chief Executive/ Director of Corporate Services and whose membership comprises second tier officers, approve all procurement initiatives and projects and ensure they are regularly communicated to departmental management teams and senior managers.
- 7.5 Chief Officers monitor the performance of contracts through the setting of targets/key performance indicators and where necessary, report on performance via the appropriate select committee and/or Cabinet.
- 7.6 In the award of contracts, risk management, health and safety, sustainability, equality, financial, legal, policy, personnel, anti-poverty, human rights, asset management and other relevant implications will be considered.

8. KEY ELEMENTS OF PROCUREMENT

8.1 Options Appraisal

8.1.1 The Council will:

- (i) Have no presumption on the best mode of service delivery whether through in-house services externalised services or partnership arrangements. The Council will undertake robust options appraisals and evaluate the optimum service delivery route that is most likely to deliver best value. Annex B of this document provides a framework for considering the various procurement options and further guidance is provided on the Procurement Services web page and from Corporate Procurement.

- (ii) Where an unsatisfactory level of performance is identified either by external or in-house provision and service delivery improvement plans have failed to achieve the required service level, alternative options will be considered for delivering the service having regard to current performance and the level of interest/availability within the supply market.
- (iii) Where competition is the chosen option and it is found that there is no viable supply market for a service the Council will explore ways of encouraging new providers, such as working with other best value authorities, with social/voluntary sector organisations or repackaging services.
- (iv) All services regardless of the provider will be continually monitored to ensure that the manner in which the service is provided remains the most appropriate to deliver Best Value.

8.1.2 The Council's policy is that:

- (i) Contract award will be based on best value, which is the solution that provides the optimum combination of whole life costs and benefits to meet the Council's requirements.
- (ii) Partnership arrangements will be encouraged where they are likely to ensure the delivery of the best and continuously improving services.
- (iii) Existing partnerships and/or contracts will be continuously reviewed to ensure that they deliver best value.

8.2 **Trading Powers**

8.2.1 The Council will consider as part of the Option Appraisal process the use of trading powers under the Local Government Act 2003 and where appropriate to improve service delivery, consider the use of other authorities to deliver services for the Council or with the Council.

8.3 **Monitoring Arrangements**

8.3.1 The Council will put arrangements in place to ensure that all contracts are properly managed and monitored with the objective of achieving the planned outcomes and the securing of continuous improvement and best value for service users. Planned outcomes and benefits of high risk / high value contracts will be reported to Cabinet or the appropriate committee on a regular basis.

8.4 **Regulation of Procurement**

8.4.1 The Council will ensure that the procurement process takes full account of and complies with the requirements of:

- (i) Relevant EU and UK Law (including the EU Procurement Directives)

- (ii) Council's Policies
- (iii) Council's Contracts Procedure Rules
- (iv) Council's Financial Regulations
- (v) Council's Constitution
- (vi) Council's Procurement Guide (being developed)
- (vii) Council's Forward Plan Process

8.4.2 The Corporate Procurement Strategy, Contracts Procedure Rules, Financial Regulations, Procurement Manual and other relevant documents will be reviewed on an annual basis to promote efficient and effective procurement.

8.5. **Works Contracts**

8.5.1 Works contracts will be procured where appropriate in line with the Government's "Rethinking Construction" principles and will follow the recommendations contained in the Latham/Egan Reports and the report 'Accelerating Change' by the Strategic Forum for construction.

8.5.2 The principles of Rethinking Construction will also be applied, where appropriate to service contracts required for other areas of the Council.

8.6 **Project Management and Gateway Procedures**

8.6.1 The Council will expand the scope of Prince 2 and include the principles of Gateway Procedures where appropriate for high cost and/or high risk procurement projects.

8.7 **e-Procurement**

8.7.1 The Council will:

- (i) Harness the potential of e-Procurement (encompassing the entire procure to pay process) to improve the efficiency and effectiveness of all aspects of procurement for the benefit of the Council, its suppliers and contractors.
- (ii) Where appropriate, co-operate regionally with other Councils.
- (iii) Work to promote the advantages of e-Procurement to SMEs and local suppliers.

8.8 Workforce Matters

8.8.1 The Council will:

- (i) Ensure that workforce matters in contracting are handled in accordance with ODPM Circular 03/2003 Annex C (Handling Workforce Matters in Contracting) and Annex D (Code of Practice - Workforce Matters in Local Authority Service Contracts).
- (ii) Involve staff and their representatives when reviewing modes of service provision.

8.9 Partnership Approach

8.9.1 The Council will:

- (i) Seek to work through and explore the potential for shared services and collaboration and, partnership/consortia arrangements with the public, private and voluntary sectors to encourage participation in shaping services, sharing expertise, harnessing economies of scale and working together to achieve mutual goals.
- (ii) Where appropriate, consider procurement based upon the principle of “partnering” in which both the Council and the supplier avoid dispute to gain maximum mutual advantage and continuous improvement.
- (iii) Consult with key stakeholders, including as appropriate, the community, current/potential users, council tax payers, partners, businesses, staff and trade unions and take account of their views in the decision-making process.
- (iv) Where appropriate, consult with the market to ensure that opportunities that exist to secure funding, increase capacity and encourage innovation are maximised.
- (v) Seek to engage with suppliers to encourage the development of the marketplace.
- (vi) Where appropriate, seek to create the conditions which allow for new suppliers to develop or existing suppliers to become more competitive and effective.
- (vii) Manage the procurement process in a fair and equitable way allowing sufficient flexibility to encourage providers to be innovative and creative.
- (viii) Involve employees in the search for improvement best value solutions.
- (ix) Where appropriate make contracts available to others.

8.10 Environmental/Sustainability considerations

8.10.1 The Council will promote sustainable development through its procurement processes. In particular we will seek to:

- (i) Eliminate waste and maximise resource efficiency.
- (ii) Make use of goods and services which are least harmful to the environment and human development.
- (iii) Adopt and promote best practice.

8.10.2 Through the implementation and development of our procurement policy for sustainable development we will:

- (i) Consider costs over the life-cycle of contracts or products rather than just the initial price thereby taking account of issues such as durability, economy and disposal in our assessment of value for money.
- (ii) Include environmental considerations in the assessment and award of contracts.
- (iii) Review specifications for contracts, with the intention of reducing environmental impacts.
- (iv) Work with suppliers and contractors to encourage the development and testing of environmentally preferable product and service options.
- (v) Encourage suppliers and contractors to improve their environmental performance

8.10.3 With respect to the procurement of products we will:

- (i) Buy 'Fair Trade' goods that meet our needs.
- (ii) Buy recycled goods that meet our needs.
- (iii) Ban the use of specified environmentally damaging products through the maintenance of a 'prohibited product list'.

8.10.4 We recognise that understanding of both sustainable development and public procurement best practice is constantly changing. Accordingly we will work to raise and maintain awareness about environment and development issues in relation to procurement through training, visits, conferences, workshops, exhibitions, product fairs and product trials.

8.11 Equal Opportunities and Valuing Diversity

8.11.1 The Council has made a corporate commitment to the following equality objectives within its Equality and Diversity Policy:

- (i) To eliminate unlawful discrimination.
- (ii) To promote Equality of Opportunity.
- (iii) To promote good relations between people in a diverse community.

8.11.2 The Policy's principle aim is to make sure that public money is not spent on practices that lead to unlawful discrimination, but is used instead to support and encourage equal opportunities and good community relations.

8.11.3 The Council spends public money every year on contracts with private and voluntary organisations for works, goods and services. It is essential that we ensure this investment is consistent with our wider equality obligations.

8.11.4 To this end the Council will use all the powers available to it, including the provisions of the Local Government Act 1988, the Transfer of Undertakings - Protection of Employment Regulations (TUPE) 1981, the Human Rights Act 1998, Employment Equality (Sexual Orientation) Regulations 2003 and Employment Equality (Religion/Belief) Regulations 2003, the Race Relations Act 1976 (Amended 2000), the Disability Discrimination Act 1995, the Sex Discrimination Act 1975 and the Code of Practice on Workforce Matters in Local Council Service Contracts to ensure that equalities issues are addressed in the procurement of goods, works and services. The Council will target three principle areas:

- (i) Employment - the employment policies, procedures and practice of organisations that hold contracts.
- (ii) Service Delivery - ensuring the development of the provision of services that are equally accessible and ensure consultation with users where appropriate.
- (iii) Monitoring the impact of contracting from an equalities perspective.

8.12 Risk Management

8.12.1 The Council will continue to develop its Risk Management arrangements to ensure that the consideration of risk is an integral part of the procurement process. Potential risks associated with procurement activities will be subject to a process of identification, evaluation, control and monitoring, utilising existing mechanisms whenever practicable. Risk sharing and/or transfer will also be considered as options.

8.12.2 Each major project will be overseen by the Project Manager who will ensure:

- (i) The nature and extent of potential risk are identified and recorded on the project Risk Register.
- (ii) The impact (severity) and likelihood (probability) of the risks materialising have been considered.

- (iii) Treatment/control measures are in place to minimise or eliminate those risks, including actions for improvement.
- (iv) Allocate responsibility for risk treatment/control measures.
- (v) Arrangements are established to monitor Risk Management performance through the life of the procurement project.

8.13 Procurement Expertise and Operational Procedures

8.13.1 The Council will:

- (i) Develop new skills and capacities to better understand and explore supply markets and to make use of innovative procurement processes.
- (ii) Determine a range of competencies for procurement which will form the basis for procurement training as a constituent part of member and staff development.
- (iii) Ensure that all officers responsible for procurement and contract management are fully trained and conversant with the principles of good procurement.
- (iv) Recognise that procurement expertise has an essential role in the development of innovative approaches to service delivery as part of best value and other reviews.
- (v) Develop the corporate procurement function to act as centre of expertise in procurement and support a structured approach to education, training and development for all Members and Officers across the Council with procurement responsibilities.
- (vi) Underpin the strategy with operational procedures and guidance documents that reflect good practice, are clear, provide sufficient flexibility to ensure best value, provide adequate control and are communicated to all those involved in procurement.

8.14 Procurement Forward Plan and Contracts Register

8.14.1 The Council will set out its likely demand, in broad categories, for goods, works and services from outside suppliers in the medium term. This information will be made available in the form of the Contracts Register on the Business web page in order to encourage maximum market input to the procurement process.

8.15 Schools and Procurement

8.15.1 There is a clear expectation that the Council should have effective strategies in place to enable, support and encourage schools to become informed, effective purchasers of services. School governors have a duty to ensure they are purchasing goods and services in line with Best Value principles.

8.15.2 The Council will ensure that the procurement skills of schools are developed and supported, promoting their capacity to choose, buy and evaluate services independently and effectively, within the context of Best Value.

8.16 Openness, Fairness and Transparency

8.16.1 The Council will:

- (i) Be 'Open' in the gathering of market intelligence and the sharing of it to the mutual benefit of suppliers/contractors and the Council.
- (ii) Be 'Fair' giving equal treatment to all, and have a consistency of approach in respect of ethical standards and absolute "even handedness" in dealings with trading partners and potential suppliers/contractors.
- (iii) Be 'Transparent', having the ability to prove the above.
- (v) Manage the procurement process in a fair and equitable way whilst allowing sufficient flexibility to encourage suppliers/contractors to be innovative and creative.

8.17 Performance Management

8.17.1 We will promote the development and use of performance measures. We will improve the accuracy, availability, appropriateness and accessibility of procurement related management information to enable procurement performance indicators to be used for regional and sub-regional benchmarking.

8.17.2 Benchmarking and best practice will be further developed and, where appropriate, private organisations encouraged to participate. Performance information will be used to improve and measure procurement outcomes and reported on accordingly.

9. **MONITORING IMPLEMENTATION OF THIS STRATEGY**

9.1 This strategy will be subject to the following regime of monitoring and review.

(i) Quarterly

The Head of Procurement will submit a quarterly progress report on the CPS Milestones to the Director of Finance. Relevant PI's will be reported on monthly as part of the Council's normal PI monitoring procedure and progress against the strategies 'Procurement Key Priorities'.

(ii) Six Monthly

The Head of Procurement will submit a report to the Corporate Improvement Group every six months detailing the number and type of contracts which have been let and progress against the CPS Milestones.

(iv) Annually

The Head of Procurement will submit an annual procurement report on progress against the strategy and other developments in procurement. Audits on aspects of procurement activity will be carried out on a regular basis and reported to the Chief Executive and Select Committee as appropriate.

(v) Post contract monitoring and maintenance

The signing of a contract is not, as is commonly assumed, the end of the procurement process. It is merely the end of the beginning. Good contract monitoring is essential if the Council is to achieve the best possible service from its private sector partners. There has been a move away from old-style confrontational contracts with detailed input specifications towards a more flexible partnership arrangement. The use of output specifications is designed to put the onus on the contractor to take responsibility for the end product, and Best Value clauses in contracts mean that the contractor is responsible for a continuous improvement in service. Close monitoring of benefits realisation on high risk / high value, strategically important contracts will be reported to Cabinet of the appropriate committee on a regular basis.

10. **COMPLEMENTARY DOCUMENTS**

10.1 Annex C lists all those documents that are complimentary to and underpin this strategy.

Procurement Key Priorities & Action Plan

Annex A

<i>(i) Ensuring that all procurement practices are legal, ethical, and transparent and conform to local, national and European regulations, and adhere to the principles of openness and accountability</i>					
	Challenges 2009 - 2012	Action	Milestones	Completion Date	Comments/Progress
1	Contract Procedure Rules	We will undertake an annual review of Contract Procedure Rules and recommend any necessary changes.	Review Report Implement Benefits Measure	08/02/2010 01/03/2010 01/04/2010 01/11/2010	Review 80% complete.
2	Departmental Procurement Guidance	We will work with departments to assist them in the development of departmental specific guidance on procurement processes, in compliance with contracts procedure rules.	Review Report Implement Benefits Measure	31/03/2010 01/05/2010 01/09/2010 01/08/2011	Procedural Guidance completed, available on Procurement Services Web site. Workshops to be undertaken.
3	Member Awareness	We will continue to seek to improve Member awareness of procurement issues through presentations, reports, workshops and training sessions as appropriate.	Review Report Implement Benefits Measure	01/05/2010 01/06/2010 01/07/2010 10/12/2010	Programme of training and awareness raising workshops to be arranged and delivered in collaboration with the Merseyside Group
4	Contract Monitoring	We will improve our contract monitoring activities and ensure that a formal monitoring strategy is in place for all major contracts.	Review Report Implement Benefits Measure	01/04/2010 01/09/2010 01/09/2010 01/04/2011	In progress and ongoing.
5	Contracts Database	We will ensure that the Contracts Database is used across the Authority to provide visibility of the Council's contractual commitments, assist in the development of a procurement forward plan and identify opportunities for rationalisation and collaboration.	Review Report Implement Benefits Measure	Completed	Completed and ongoing. The introduction of the e-Contracts management will improve visibility, implementation December 2009.
6	Compliant Procedures	We will ensure that all Members and Officers involved within the procurement process are fully conversant with all aspects of	Review Report Implement Benefits Measure	31/03/2010 01/05/2010 01/09/2010 01/08/2011	Programme of training and workshop awareness raising to be completed in 2010.

		procurement legislation and practice.		
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(ii) <i>Delivering significantly better quality public services that meet the needs of all local citizens through sustainable partnerships that we forge with a range of public, private, social enterprise and voluntary sector organisations at local, sub regional, regional, national and European levels.</i>					
	Challenges 2009 - 2012	Action	Milestones	Completion Date	Comments
1	Review of contracts	We will carry out a review of all contracts (within the Corporate Contracts Register) and identify those contracts that may benefit from a partnership approach.	Review Report Implement Benefits Measure	Ongoing as required	High value/risk contracts have been reviewed as part of the project management process, all others to be part of ongoing review process.
2	Options procedures	We will ensure options for service delivery form part of the challenge process during service reviews and examine opportunities and potential benefits for partnership working.	Review Report Implement Benefits Measure	Ongoing as required	Options appraisal is incorporated into all procurement projects.
3	Guidance on Partnering	We will develop guidance for procurement staff on partnership contracts.	Review Report Implement Benefits Measure	01/05/2010 01/06/2010 01/08/2010 01/03/2011	In progress.
4	Support for Collaboration	We will support the Merseyside Authorities Procurement Group in its development of a three year Strategy and further collaborative procurement projects across the Merseyside sub-region.	Review Report Implement Benefits Measure	01/08/2010 01/09/2010 01/10/2010 01/07/2011	Report to Cabinet to clarify the financial and other benefits of collaboration, including impact on the Council's procurement arrangements, including resources.
5	Supporting the North West Improvement and Efficiency Partnership (NWIEP)	We will fully support the north west procurement hub in progressing regional procurement collaborative initiatives.	Review Report Implement Benefits Measure	As above	Support on going through the Merseyside Procurement Group.
6	Shared Services	We will assess opportunities for shared services by working with the NWIEP and other Public bodies to identify opportunities for such	Review Report Implement Benefits Measure	As required	Ongoing through sub-regional and Regional activity.

		initiatives.		
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<i>(iii) Contributing to the Council's savings targets by continually challenging our procurement arrangements and seeking opportunities to reduce prices, improve quality, maximize efficiency and achieve greater outcomes for the residents Wirral in support of the Council's three year Efficiency Plan.</i>					
	Challenges 2009 - 2012	Action	Milestones	Completion Date	Comments
1	Savings Database	We will continue to develop the savings database to ensure it provides information to facilitate the Annual Efficiency Statement reporting process, and provides more detailed information on how savings have been identified and calculated.	Review Report Implement Benefits Measure	01/09/2010 01/10/2010 01/04/2010 01/08/2010	Database completed.
2	Major Contracts	We will review all options for the procurement of high value / high risk contracts and work with service departments to ensure Best Value is achieved.	Review Report Implement Benefits Measure	As required.	In progress, ongoing.
3	Involvement of the Corporate Procurement Team	The Corporate Procurement Team is integrated into all Value for Money reviews and fundamental service reviews either directly or on a consultancy basis.	Review Report Implement Benefits Measure	31/03/2010 01/05/2010 01/09/2010 01/08/2011	Ongoing.
4	Social care	We will support the establishment of a procurement strategy and framework for savings and efficiency within both Adult Social Services and the CYPD.	Review Report Implement Benefits Measure	31/03/2010 01/04/2010 01/04/2010 31/03/2011	Target completion date in collaboration with DASS / CYPD.
5	Postal Services	We will seek to take advantage of the deregulation of postal services to achieve cashable savings for the Council. We will work jointly with other authorities in order to exploit the benefits of collaboration.	Review Report Implement Benefits Measure	Completed	Merseyside collaborative contract agreed by Cabinet, implementation programme agreed.
6	Energy	We will constantly review the models available for procuring energy in a time of unprecedented price volatility.	Review Report Implement	Completed	OGC contracts in use, new pan Merseyside Energy Group to

		In particular, we will explore the advantages and disadvantages of using the OGC Buying Solutions Flexible Energy Contract.	Benefits Measure		commence in September 2009 – Wirral taking the lead.
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(iv) *Operating a **mixed economy of service provision** with ready access to a diverse, competitive range of suppliers providing quality services, including small firms, social enterprises, minority businesses and voluntary and community sector groups, and wherever possible encourage local sourcing and local employment.*

	Challenges 2009 - 2012	Action	Milestones	Completion Date	Comments
1	Prime Contractor Involvement	We will identify ways to assist local businesses to gain indirect opportunities through our prime contractors i.e. encourage prime contractors to advertise Council related opportunities through Wirral's Business Website.	Review Report Implement Benefits Measure	01/05/2010 01/06/2010 01/12/2010 01/06/2011	Strategy in progress.
2	Training, Meet the Buyer events and Business Fairs	We will undertake training sessions to assist SMEs in accessing Council opportunities. We will attend and help organise events that will publicise 'How to do Business with The Council' and in particular encourage local SME's to bid for Council contracts.	Review Report Implement Benefits Measure	01/03/2010 01/04/2010 01/09/2010 01/03/2011	Pan Merseyside 'How to do Business Guide' Completed October 2009. Three fairs attended, and advice given to SME community, this year. One more 'Meet the Buyer' event planned within this financial year.
3	Review of contracts	We will carry out regular reviews of all contracts (within the Corporate Contracts Register) and identify those contracts that could be provided by social enterprises, minority businesses and voluntary and community sector (VCS) groups.	Review Report Implement Benefits Measure	01/02/2011 01/04/2011 01/05/2011 01/02/2012	Ongoing.
4	Beacon Council liaison	We will meet with Beacon Councils to determine how they have successfully engaged with the VCS and assess how to implement their	Review Report Implement Benefits Measure	01/02/2011 01/04/2011 01/05/2011 01/02/2012	Part of the Merseyside sub-regional strategy work already in progress with 'Change

		approach within Wirral.			Up' Merseyside Tendering and Procurement Support Project (TaPS) - supporting the voluntary sector in tendering for public contracts.
5	Payments to Suppliers / Contractors / the 3 rd Sector	We will endeavour to pay all Suppliers, Contractors and the 3 rd Sector within agreed payment terms or 30 days from the receipt of an undisputed invoice.	Review Report Implement Benefits Measure	01/05/2010 01/06/2010 01/09/2010 01/01/2011	Cabinet approved (19/03/09) Payments Plan in progress to pay all SME's within 10 days. New review date set.

(v) *Realising **social, environmental and community benefits** through our procurement activities, by developing socially responsible specifications, building social, environmental and community benefits into the evaluation process where appropriate and legal to do so, and working with suppliers and contractors post contract award to explore opportunities for bringing such benefits to the local community, including the introduction of the Construction Employment Integrator.*

	Challenges 2009 - 2012	Action	Milestones	Completion Date	Comments
1	Community Benefits	We will explore ways in which to promote the inclusion of social and community benefits into the procurement process. We will consider requesting optional, priced proposals for the delivery of community benefits in the tender process <i>where appropriate</i> . We will also establish a model for identifying the 'voluntary' delivery of community benefits within the contracting process.	Review Report Implement Benefits Measure	01/04/2010 01/05/2010 01/06/2010 01/03/2011	Guidance and model to be drafted approved and implemented.
2	Construction Employment Integrator	We will include, in all major construction contracts the Construction Employment Integrator to give young people to progress into career opportunities. We will explore the possibility of extending this	Review Report Implement Benefits Measure	01/03/2010 01/04/2010 01/04/2010 01/12/2010	Pilot projects due to commence with construction contracts when training partner established.

		scheme into other areas of Council contract activity.			
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(vi) *Demonstrating improvement in the **equality of opportunity** and the promotion of good relationships between people within a diverse community in all procurement activity.*

	Challenges 2009 - 2012	Action	Milestones	Completion Date	Comments
1	Equality Standard for Local Government	We will contribute to the Council's work towards achieving the Excellence Level of the Equality Standard for Local Government.	Review Report Implement Benefits Measure	01/10/2010 01/12/2010 01/02/2011 01/02/2012	In progress.
2	'A Framework for a Fairer Future'	The governments new Equality Bill is due in 2009, we will ensure that all Council procurement activity takes account of the new duty and is embedded into our procurement culture.	Review Report Implement Benefits Measure	01/10/2010 01/12/2010 01/02/2011 01/02/2012	Clause 149 of the Bill has particular relevance to procurement, and procedures are being reviewed accordingly.
3	Monitoring of Equality in Procurement	We will produce and implement a new monitoring policy for Equalities in Procurement and regularly report on compliance to the Council's Equalities Corporate Improvement Group.	Review Report Implement Benefits Measure	Completed - - 01/09/2010	Monitoring process agreed by Cabinet, Officer training completed September 2009.

(vii) *Achieving an **efficient and effective procure to pay process**, which minimises manual input, provides robust information on which procurement decisions can be made, and harnesses the latest e-procurement solutions to maximise benefit to the Council.*

	Challenges 2009 - 2012	Action	Milestones	Completion Date	Comments
1	Electronic Procurement Systems	Routinely monitor expenditure to ensure orders, wherever appropriate, are processed using the Oracle procurement system to ensure the benefits of using e-procurement are maximised across the Council, including schools. Investigate and take relevant action, where appropriate, to address expenditure which has not been processed through the Oracle procurement system. Establish	Review Report Implement Benefits Measure	01/07/2010 01/08/2010 01/09/2010 01/03/2011	Ongoing.

		targets for the utilisation of Oracle to form the basis of performance monitoring to help maximise the use of e procurement.			
2	e Payments	We will explore all options for streamlining payments processes including electronic invoices, intelligent scanning and procurement cards and, recommend a plan for implementation.	Review Report Implement Benefits Measure	01/07/2010 01/08/2010 01/09/2010 01/03/2011	Self Billing extended to all utilities. Scanning process being progressed through corporate group. Other options being investigated.
3	e Sourcing	Managing the procurement process is a costly and labour intensive process, reducing manual input can release resources and make savings, we are committed to researching the market for an e Sourcing solution.	Review Report Implement Benefits Measure	Completed Completed Completed 01/12/2010	Due North contracts and sourcing management solution adopted. This option has been adopted by all of the Merseyside Procurement Group.
4	Regional/Sub-regional Development	Developing a Merseyside Procurement electronic hub is essential if collaboration is to succeed on Merseyside.	Review Report Implement Benefits Measure	Completed Completed Completed 01/07/2010	Three year strategy completed and approved by the Group July2009. Implementation commenced August 2009. Wirral leading.

(viii) *Ensuring that all potential risks are identified within procurement processes and appropriately managed.*

	Challenges 2009 - 2012	Action	Milestones	Completion Date	Comments
1	Risk Management	Generic procurement risks are dealt with as part of the Council's risk register. However, for all major procurement projects, the identification and management of specific risk will be part of the procurement process.	Review Report Implement Benefits Measure	As required	Ongoing.
2	Training	We will produce a series of ongoing training days for Members and	Review Report	01/05/2010 01/06/2010	Training Programme by 01/07/2010.

		Officers who are directly involved in high risk procurement projects.	Implement Benefits Measure	01/07/2010 10/12/2010	
3	Supplier Relationship Management	The award of a contract after a successful tender exercise is not the end of the procurement process; it is only the end of the beginning. We will have procedures and processes in place that will manage our goods and service providers to ensure that maxim benefits are realised from contracts and that best value is being achieved.	Review Report Implement Benefits Measure	01/04/2010 01/09/2010 01/09/2010 01/04/2011	In progress, targeted implementation April 2010.

(ix) *Ensuring that all procurement **considers the environment** and, where appropriate, includes evaluation models that take into account the Council's sustainable objectives.*

	Challenges 2009 - 2012	Action	Milestones	Completion Date	Comments
1	Environmental Assessment	We will carry out an environmental assessment of all our key products and services and work with suppliers and contractors to reduce the negative environmental impact of our procurement activities.	Review Report Implement Benefits Measure	01/10/2010 01/12/2010 01/01/2011 01/12/2011	Flexible Framework Plan.
2	Fairtrade	We will increase the number of fair trade products purchased.	Review Report Implement Benefits Measure	01/10/2010 01/12/2010 01/01/2011 01/12/2011	Flexible Framework Plan.
3	Recycling	We will increase the number of recycled products purchased.	Review Report Implement Benefits Measure	01/10/2010 01/12/2010 01/01/2011 01/12/2011	Flexible Framework Plan.
4	Evaluation Models	We will make environmental considerations a key part of the tender evaluation process where this is appropriate.	Review Report Implement Benefits Measure	Completed.	Completed.
5	Local Sourcing/Regulated deliveries	We will, where appropriate and within the a competitive process, encourage both the use of local suppliers to reduce the	Review Report Implement Benefits Measure	01/10/2010 01/12/2010 01/01/2011 01/12/2011	Stationery supplies now have reduced deliveries, other options being

		environmental impact of movement of goods and a logistical approach to minimise the number of supplier deliveries to Council premises.			developed.
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(x) *Achieving continuous improvement from all categories of procurement expenditure, by having a 'living' Procurement Strategy and ensuring that all procurement activity is undertaken by **informed, professional procurement staff.***

	Challenges 2009 - 2012	Action	Milestones	Completion Date	Comments
1	Professional Procurement	All procurement staff will have the appropriate, professional qualification, Membership of the Chartered Institute of Purchasing and Supply, and we are committed to the provision of professional training to provide professionally qualified staff for the future.	Review Report Implement Benefits Measure	01/03/2010 01/04/2010 01/05/2010 01/09/2010	All procurement Staff have a training programme to follow which includes gaining professional qualifications and post graduate training.
2	Procurement Practitioners	We are committed to producing annual training plans for all Members and Officers involved in the procurement process. This will be reviewed at the beginning of each financial year and submitted to the Corporate Improvement Group for approval.	Review Report Implement Benefits Measure	31/03/2010 01/05/2010 01/09/2010 01/08/2011	Training Programme to include collaboration with the Merseyside Group.
3	Sub- regional/Regional Training	We will support the adoption of a sub-regional/Regional training programme to be produced annually.	Review Report Implement Benefits Measure	31/03/2010 01/05/2010 01/09/2010 01/08/2011	Ongoing.

ANNEX B

OPTIONS FOR SERVICE DELIVERY

1. PURPOSE

- 1.1. The purpose of this Annex to the Procurement Strategy is to contribute to the achievement of Best Value in the provision of local services by setting out the approach to be taken in considering the options for service delivery.

2. OPTIONS

- 2.1. All service delivery options and available partners will be considered.
- 2.2. The main options for the future provision of services are (but not necessarily restricted to):
- Tendering (including partnering) of all or part of the service with or without an “in house” bid.
 - Retention of existing service provision by renegotiating with the current service provider.
 - Joint commissioning for delivery of the service, e.g. with another Local Authority.
 - Joint ventures.
 - Creation of a public-private partnership for all or part of the service.
 - Voluntary transfer of the service to another provider.
 - Cessation of the service in whole or in part.
 - A solution that involves a combination of the above options.

The choice of options and available partners will depend upon the outcome of the review process which will explore the full range of practical alternative provision.

Efficiency and Integrity	We will ensure the best use of human, financial and physical resources, through effective corporate management.
Excellence of Service	We will continue to provide value for money whilst achieving higher standards of quality and accessibility within services that offer real consumer choice.
Ownership and Inclusivity	We will promote the Community Vision to all partners and their staff and encourage them to support and own it.
Openness and Inclusivity	We will ensure that stakeholders, potential and existing, can have confidence in the decision-making and management processes of the Partnership by being open, inclusive and providing access to full, accurate and clear information.
Value for Money	Provide better value for money in the delivery of

	the Community Plan objectives by exploring innovative and cost effective ways to procure goods, works and service through a strategic, needs led, continuously improving mixed economy of service provision and working in partnership with others.
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Factors to be taken into account

3.1. The main factors that will be taken into account are:

- The impact and importance of the service in delivering the Council's vision and considerations of core services.
- Views of current service users and potential users, Council Tax payers, partners and businesses.
- Capital Needs – potential for funding of capital investment by the private sector.
- Evidence of efficiency and effectiveness of the current provider in comparison with other providers and the potential for improvement.
- The degree of competition in the market place and the availability of quality and reputable service providers.
- The use of Trading Powers by the Council in collaboration with other Councils.
- The potential for working with the future provider to deliver innovative approaches and continuous improvement.
- The balance of potential costs and benefits in any change including the impact on the local economy and employment.
- 'Whole life' costs and overall consideration of quality and price.
- Evidence of economies or diseconomies of scale.
- The ease of specifying the service and managing it.
- Consideration of the potential risks associated with each option.
- Supply of specialist skills and resources.
- Considerations of equality.
- Considerations of sustainability and long-term impact in financial and environmental terms.

4. Framework for dealing with Procurement

4.1. The Procurement process will consist of the following key stages described as the Procurement Cycle:-

- **Identify the need** which may come from Performance Improvement Reviews, Policy Reviews, Inspection Reports, Consultation Outcomes and includes the development of the programme or project brief.
- **Develop the Business Case** in which all options are identified and appraised together with affordability, achievability and value for money established.
- **Define the procurement approach** in which the Procurement Strategy is developed including timescales, resources, procurement regulations, market research/market development and specification issues.

- **Appraisal of supplier/provider** which includes the process of advertising and identifying a shortlist of suppliers.
- **Tender evaluation** with selection based on best value criteria including consideration of whole life implications.
- **Awarding and implementing the contract** which includes seeking members' approval, preparing for service delivery, performance monitoring and reporting procedures, TUPE implications (if any).
- **Managing the contract** to ensure service delivery and achievement of expected benefits, continuous improvement and completion of post implementation reviews.
- **Evaluating the benefits** prior to retender or extension of contract (if allowed) together with reviewing and updating the business case.

ANNEX C

COMPLEMENTARY DOCUMENTS

1. Contracts Procedure Rules
2. Financial Regulations
3. E.U. Procurement Directives
4. Corporate Policy for Sustainable Development
5. Green Purchasing 'Buy Laws' Guide
6. Purchasing Policy for Sustainable Development
7. Wirral Community Strategy
8. Wirral Three Year Efficiency Plan
9. Towards a National Strategy for Local Government Procurement (ODPM July 2002)
10. Wirral's Corporate Plan 2008-2011
11. ODPM Circular 03/2003
12. Code of Conduct for Employees
13. Equality and Diversity Policy
14. Risk Management Policy Document
15. Procurement Guide (being developed)
16. National Procurement Strategy for local government (October 2003)
17. The Government's Comprehensive Spending Review
18. Local Government White Paper – Building Strong and Prosperous Communities - 2006
19. Commissioning and Procurement Review – Audit Commission December 2009
20. HM Treasury – Operational Efficiency Programme: Collaborative Procurement – May 2009

CONTRACTS TRANSPARANCY AND ACCOUNTABILITY - PROCEDURAL GUIDANCE

It is mandatory to precisely comply with the Contract Procedure Rules when letting a contract. This guideline explains more detailed procedure that should be followed in some aspects of contract letting.

The aim of the procedure described is to provide adequate evidence that appropriate separation of duties and audit trail have been implemented so that transparency and accountability can be demonstrated at all stages of the contract process.

1. Contact with Corporate Procurement

Corporate Procurement must be contracted and their advice sought on every occasion that procurement and contract letting is to commence. See Contracts Procedure Rule 2 (Template 1, attached, should be used).

Their advice and recommendations will be provided in writing. If it is decided not to implement their recommendations, the reasons should be recorded on the document provided together with the action to be followed. Be signed and dated by the responsible officer and the contracting department and filed in the contract file.

2. Contact with Tenderers

Personal contact between officers and tenderers during a procurement process should NOT take place. Exceptions are:-

- (i) formal presentations, either as part of the evaluation process if required, or to inform prospective tenderers of a contract process in general or for a specific contract
- (ii) to clarify misunderstandings or confusing requirements on specifications reported by tenderers or detailed by officers
- (iii) in the event of an apparent error being detected in a submitted tender.

2.1 Issues

Contact with tenderers is particularly high risk for Wirral Council, the officers who have contact, and the tenderers.

To alleviate the risk if contact is necessary, it is essential that:

- (i) an effective audit trail is maintained

- (ii) adequate documentary evidence of actions and reasons is recorded
- (iii) effective separation of duties and is evidenced.

2.2 Procedure

(a) Formal Presentations from Prospective or Actual Tenderers

- (i) ALL relevant tenderers or prospective tenderers should be invited
- (ii) Invitations should be in writing and copies retained on file
- (iii) An attendance list should be signed by all guests and others present
- (iv) There should be at least two officers present and their presence authorised in writing by their manager
- (v) The presentation should be recorded in writing. Any points arising should be minuted which should be signed and dated, as correct by the officers present.

(b) Clarification of Misunderstandings and Queries

- (i) Apparent areas of misunderstanding identified in specifications or queries raised by tenderers after the specifications have been distributed, should be recorded in writing, signed and dated.
- (ii) Responses should be sent to all potential tenderers identified and should be in writing with copies retained on file.

(c) Errors in tenders identified by Council staff

Contract Procedure Rule 13 specifies the apparent rule.

The process to implement it should be:-

- (i) Apparent mistakes are identified by officers assessing the tenderers. Examples of these include arithmetic errors such as incorrect totals and apparently extremely large or small tenders that could have resulted from decimal points having been misplaced during typing.
- (ii) The apparent errors should be recorded in the appropriate document (Template 2, attached) and submitted to Corporate Procurement.
- (iii) The Corporate Procurement staff will act for the Director of Finance and if they consider it appropriate, contact the tenderer to ascertain if it is wished to correct the error. Corporate Procurement staff will make any amendments, sign and date

- (iv) on no account should any staff involved in assessment of tenders contact tenderers. Only Corporate Procurement staff should contact tenderers, thus a separation of duties.

In the event of Corporate Procurement staff being involved in tender evaluation, other members of the section should contact tenderers or Internal Audit as specified by the Management.

3. Extending Contracts

- (a) All contracts should be let in accordance with specifications and the procedures specified in the Contract Procedure Rules.
- (b) Separate contracts should be let for separate specifications.
- (c) On no occasion should contractors be asked to do work that should be part of a separate specification and contract.
- (d) It is not permitted to ask a contractor to conduct work that should be separately specified because:
 - (i) they are on site
 - (ii) the work is of a "similar" nature.
- (e) Contract Procedure Rule 14.10 is not intended to be used for these purposes but to refine contracts after tender submission and must be used sparingly because of the risks involved.

4. 'In-House' Bids

Where an 'In-House' bid is to be submitted for delivery of a service to the Council the following must be applied:

Corporate Procurement (CP):

- (i) separation of duties re main contract and in-house tender
- (ii) declaration of Interest by CP staff – reviewed and approved
- (iii) 'Shared drives' created with specific access control for main contract and in-house bid

Project Board:

- (i) Review capacity as part of submission of proposal to include an in-house bid in the tender exercise.
- (ii) Specific governance arrangements, including full clarity on role of Director.
- (iii) Role of Director to be transparent with approval through Cabinet. Clear

Statement on whether the director will or will not be involved in any in-house bid.

If not involved then alternative arrangements should be clearly stated and approved, including responsibility for approving the bid prior to submission (Balance between competitive rates and subsequent delivery without deficit).

TEMPLATE 1

To: Corporate Procurement Manager

From:

Subject: Notification of Commencement of Contract Letting

Contract:

Departmental Manager in charge of letting:

Contact details:

Departmental Manager in charge of service
and considering approval:

Contact details:

Where involved in Approval:

Reply to:

From: CPU, Officer's name

Recommendations

Agreed
Y / N

Action

Comments

Signed

TEMPLATE 2

To Corporate Procurement Manager

From

Subject Errors in Tenders

Contract

Officer in charge of letting

Officer in charge of approval

Officer identified error

Nature of Error

FOR CPU ONLY

INSTRUCTIONS BY CPU MANAGER

CPU OFFICER DESIGNATED TO CONTACT TENDERER

ACTION TAKEN

SIGNED CPU OFFICER

DATE

