

Corporate Procurement Strategy 2008-2011

Our Approach to Procurement

Peterborough City Council



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Our approach to Procurement 2008-2011

Introduction

Procurement is the purchase of goods or services from another party. This covers a wide spectrum, from commodities such as stationery or energy and contracted out services like building maintenance or security, to major IT systems and construction projects.

The procurement process formally starts from the point where the need to make a purchase to deliver an objective has been identified, and its success can only ultimately be judged when the product has been used up or sold on, or the service contract has been delivered in full.

The Council's overall procurement policy is centred on buying the products it needs under a fair and open competitive tendering process, guarding against corruption and achieving value for money. Indeed these principles are underpinned by the Council's Contract Regulations, EU law and World Trade Organisation agreements.

The importance of procurement

The purpose of procurement policy is to support the Council's goal of delivering best in class public services that are value for money and sustainable. Effective procurement also has the capacity to drive the efficiency of suppliers and their supply chains, demonstrating the added importance of conducting procurement to the highest professional standards.

What is good procurement?

Good procurement means getting value for money: that is, buying a product that is fit for purpose, taking account of the whole-life cost. A good procurement process should also be delivered efficiently, to limit the time and expense for the parties involved. Successful procurement is good for the public, good for the taxpayer, and good for businesses supplying government.

While there is no single method that will guarantee the delivery of those objectives for all procurements, the following general principles set out the key steps to successful procurement in most cases. Peterborough as a procuring authority should:

- Ensure that its procurement activity reflects the Corporate Objectives
- Embed principles of sustainability and a positive environmental contribution into all aspects of the procurement process.
- Be clear on the objectives of the procurement from the outset.
- Be aware of external factors that will impact on the procurement such as the policy environment or planning issues.

- Communicate those objectives to potential suppliers at an early stage, to gauge the market's ability to deliver and explore a range of possible solutions.
- Consider using an output or outcome based specification, to give suppliers - who naturally know more about their business than potential buyers – more scope to provide innovative solutions to solve the underlying problem the procurement is designed to deal with, rather than deciding what the precise solution should be at the outset.
- Follow a competitive, efficient, fair and transparent procurement process, and communicate to potential suppliers at the outset what that process is. This will give suppliers greater certainty about the costs and benefits to them of submitting a bid, which should encourage effective competition. As all suppliers have the same knowledge going into the process, and will be assessed in the same way, the successful bidder can be chosen purely on its ability to provide the best solution.
- Ensure compliance with all legal requirements
- Ensure that non-commercial considerations do not influence the process
- Be clear about affordability: the resources available to spend on the particular good or service.
- Establish effective contract management processes and resources in good time to drive excellent supplier performance throughout the contract.

Background

The Council spends about a third of its money on purchasing goods and services from external suppliers, spending around £100m each year. This document is Peterborough's first three-year procurement strategy. The strategy is intended to set out our priorities and approach for achieving increased efficiency and best value in our procurement activity over the next three years.

Efficiency and improved procurement are now very high on the agenda for local government, both nationally and in individual local authorities. The drivers for change include:

- The Review of Public Sector Efficiency (The Gershon Report)
- The National Procurement Strategy
- The Council's ambitious Business Transformation programme, the drive for improved efficiency and a new approach to efficiency and productivity savings
- The Implementing EGovernment (IEG) agenda
- The Comprehensive Spend Review (CSR07) outcome
- Corporate Social Responsibility, as reflected in the Council's Community Strategy, Corporate Strategy, corporate planning, regeneration and sustainability initiatives
- The Comprehensive Area Assessment (CAA) 'Use of Resources'

Best Value Statutory Duty

The introduction of the Government's new performance framework under CAA reinforces the continued need for the council to deliver best value. Within the CAA a renewed and enhanced Use of Resources assessment will lead to a VFM (Value for Money) judgement. Ultimately, this VFM judgement will be the measure of success for the Council in achieving best value.

Best Value means continual improvement in terms of the economy, efficiency and effectiveness of service delivery.

Under Best Value we need to demonstrate, within an overall test of 'affordability' for the tax payer, that our services:

- meet the needs of local people
- are being provided to the level and quality desired by the community
- are at a price local people are willing to pay
- are competitive with other potential suppliers
- are capable of securing continuous improvement over time

The Council continually looks for ways to improve economy, efficiency and effectiveness in the delivery of its services. Not least, this process is driven by:

- delivery of appropriate services
- taxpayers expectations
- constraints on available funding to meet budget pressures
- savings targets declared as part of the budget process
- the Gershon regime and additional efficiency targets set by Members

The principles of Best Value underpin the Council's corporate procurement strategy. We also work hard to ensure that our services are fit for purpose and that our perceptions of fitness for purpose and quality are influenced by feedback from service users, carers and families, partner organisations and other interested parties.

What Value for Money means for Peterborough

VFM runs through everything we do and is integral to strategic and local plans, and is threaded through the entire organisation. The key characteristics of VFM in Peterborough are:

- A focus throughout the Council on working effectively with our partners to ensure community based outcomes are delivered.
- Services are customer driven, fit for purpose, affordable and timely.
- A pro-active approach to risk management which underpins how services are planned, managed and delivered.
- Procurement that delivers the most economic and advantageous services from a mixed economy of internal or external suppliers.
- A planned business transformation programme that ensures services are delivered efficiently, through streamlined processes and innovative ICT and delivery solutions. And that resources are freed up to be reinvested to front-line services and to ensure that Council tax increases are kept to a minimum.
- A culture of continuous challenge and improvement to ensure that services are delivered effectively: that is, they meet the needs of local people.

The Council recognises that there is significant potential to achieve improved VFM. To this effect, the Council will aim, through a planned VFM and business transformation approach that routinely challenges and benchmarks services, to achieve an optimum position.

The Peterborough City Council Procurement Vision

A fully working procurement function should have the following characteristics, many of which are already in place but need to be developed further:

- Procurement at the heart of delivering public service outcomes, so that there is a strong link between policy (what is required), procurement (what is bought, how, on what terms, and how it is managed), and affordability. For policy and service delivery to be effective, procurement issues need to be integrated at an early stage into defining public service outcomes.
- Clear objectives, so that procurers have a clear focus on delivering value for money on a whole-life costing basis from an efficient procurement process.

- The right incentives (performance evaluation, reward, career structures) for procurement professionals that reinforce the importance of successful procurement in delivering the organisation's objectives.
- The right contractual arrangements, with a single coherent framework to assess how best to undertake particular types of procurement.
- Comprehensive procurement and supplier management information, on what is being procured, with whom, for how much and how frequently.
- Matching skills to projects, ensuring that the most complex and important procurements have the best staff assigned to them.
- Access to specialist advice (technical, legal or financial), where it is needed but is not cost effective to have in-house.
- Effective management of contracts in operation, where the right objectives, people and support need to be in place for contract managers to deliver on services outcomes.
- Effective development of the supplier base, with a good understanding and communication between the buyer and supplier before and during procurements, and consistent management of suppliers across different projects and sectors.
- A commitment to continuous improvement, resulting in an increasingly better performing procurement function.
- Welcoming of innovative solutions where they can deliver the best whole-life value for money.

One of the Council's business transformation objectives is to *find cheaper and better ways of doing things*, a phrase which nicely summarises the overall purpose and approach of our procurement strategy.

The strategy sets out our objectives and approach over the next three years. It also sets out the key deliverables for the next 12 months.

These deliverables include a balance of short-term improvements to deliver quick wins and savings, and more strategic review and improvement activity which will deliver further savings in the medium term.

The strategy sets an initial savings target in line with the Council's medium term financial strategy. The annualised savings target for 2008-2009 is £1.3million. This level of savings will make a significant contribution to the Council's overall efficiency agenda and will release resources for reinvestment into Council priorities and/or help to maintain below inflation levels of council tax increase in future years.

Effective procurement falls into three key stages:

Stage 1 – Understanding Where the Money Goes

An effective procurement strategy needs to be driven by a clear analysis of where money is spent in relation to business requirements, supplier and spend category.

Stage 2 – Effective Strategic Sourcing

On the basis of an understanding of business requirements and market conditions, the appropriate procurement strategy needs to be developed. This can range from straight-forward supplier management and negotiation of discounts to more complex tendering and partnering arrangements.

Stage 3 – Effective Procurement Infrastructure and Processes

Once contracts or other purchasing arrangements are in place, the organisation needs to ensure compliance with corporate arrangements and that systems and performance monitoring is in place to drive out the savings and other benefits.

The remainder of this document sets out the Council's approach to delivering effective strategic procurement.

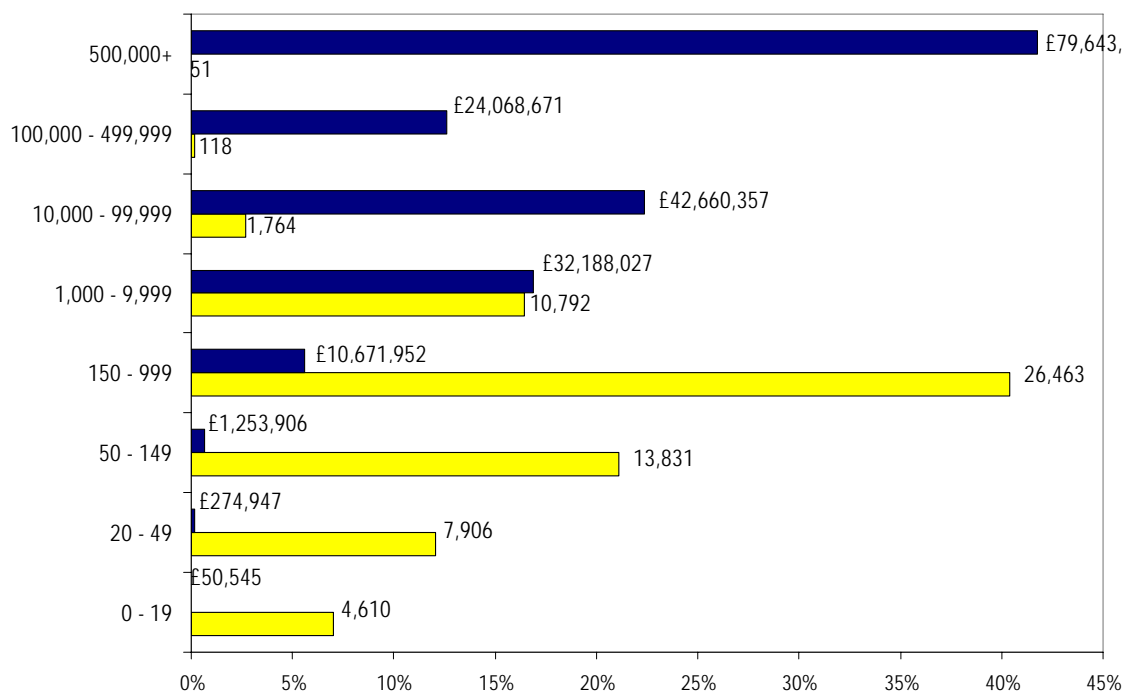
The Present Position

In order to consider the key elements of the Council's new strategy, consideration needs to be given to our overall procurement expenditure.

In 2005-6, the Council's external spend with suppliers and contractors was circa £85 million, exclusive of VAT and non-accessible spend such as payments for schools, pensions etc.

Key issues arising from this analysis include:

- We utilise approximately 7,000 suppliers annually, a supply base which is very difficult to control,
- We issue over 30,000 purchase orders each year, and process nearly 100,000 invoices, at significant administrative cost.
- 76% of spend is covered by 3% of invoices, whereas 80% of invoices are of a value less than £1,000, and amount to 6.4% of the total spend.



- Over 70% of our suppliers get less than £5,000 worth of business from us in a year, diluting our expenditure and reducing leverage in price terms.
- More than 300 members of the staff are involved in the creation of requisitions, a very fragmented population of internal clients for the procurement function.

Revenue Expenditure, 2005-06 per Spend Category and per Department:

Sum of Gross spend	Department							Grand Total
Proclass Level 1	Chief Executive	City Services	Community	Education	Environment	Social Services	Strategic Reso	Grand Total
Building Construction Materials	£189	£1,102,323	£57,877	£30,631	£96,098	£9,518	£98,854	£1,395,490
Catering	£116	£709,047	£69,515	£34,660	£2,009	£70,062	£25,012	£910,422
Cemetery & Crematorium			£20,894	£252				£21,146
Cleaning and Janitorial		£43,536	£31,750	£41,183	£10,053	£7,665	£6,540	£140,727
Clothing		£12,431	£12,196	£2,487	£12,318	£248	£4,760	£44,440
Construction	£1,430	£2,594,194	£360,873	£421,087	£3,950,621	£241,758	£1,767,630	£9,337,592
Consultancy	£533	£14,680	£313,680	£432,140	£947,677	£63,122	£2,243,081	£4,014,912
Domestic Goods		£14,460	£1,608	£2,501		£1,687	£8,159	£28,415
Education	£1,574	£11,840	£278,994	£455,818	£43,374	£182,710	£48,315	£1,022,626
Environmental Services	£251	£1,091,785	£233,358	£7,147	£3,267,570	£4,082	£33,409	£4,637,602
Facilities Management	£32,494	£84,388	£715,022	£413,972	£398,322	£261,844	£1,020,694	£2,926,737
Financial Services	£350	£22,941	£36,796	£487,750	£84,150	£3,829	£927,574	£1,563,390
Furniture		£976	£8,323	£21,601	£3,063	£15,471	£4,652	£54,086
Health and Safety		£8,627	£15,131	£9,650	£665	£6,088	£50,602	£90,763
Highway Equipment and Materials		£7,660	£886					£8,547
Horticultural		£129,210	£28,653			£7,364		£165,227
Human Resources	£83,881	£952,816	£474,730	£765,755	£457,803	£706,346	£2,622,943	£6,064,273
ICT	£1,747	£149,549	£290,801	£521,893	£86,899	£97,738	£1,473,481	£2,622,109
Legal Services	£1,108	£3,895	£10,322	£404,266	£10,943	£37,024	£14,913	£482,471
Leisure Services	£581	£914	£447,246	£34,805	£29,873	£4,538	£11,124	£529,082
Mail Services		£53,458	£6,772	£8,218	£5,383	£3,188	£399,775	£476,794
Medical		£370	£808,676	£755,879	£4,495	£348,457	£64,660	£1,982,537
Social Community Care		£2,204	£18,080	£848,210	£18,602	£2,725,841	£5,959	£3,582,736
Sports & Playground		£1,099	£157,372	£1,254	£94	£4,277		£164,096
Stationery	£4,744	£32,984	£60,401	£142,737	£27,293	£25,431	£61,435	£355,024
Traffic Management					£117,609			£117,609
Transport	£228	£16,818	£42,842	£143,609	£2,953,556	£178,414	£20,201	£3,355,666
Unclassified Non Trade	£4,006	£75,647	£6,191,007	£8,044,593	£574,847	£38,022,046	£803,340	£53,715,486
Unclassified Trade	£882	£68,779	£224,883	£247,348	£158,158	£165,004	£463,992	£1,329,047
Unclassified Trade Supply		£57,901	£38,522	£14,988	£201,226	£78,019	£65,429	£456,085
Unknown	£17,611	£243,657	£1,866,040	£3,983,638	£1,261,475	£4,348,807	£1,192,150	£12,913,377
Utilities		£106,409	£228,186	£55,441	£719,925	£93,907	£63,922	£1,267,789
Vehicles Not Buses		£1,541,727	£49	£123,417	£262,243	£5,002		£1,932,438
Grand Total	£151,726	£9,156,325	£13,015,325	£18,456,929	£15,706,346	£47,719,488	£13,502,605	£117,708,744
							Excluding Unclassified Non Trade:	£63,993,258
							Net of VAT:	£54,462,347

Capital Expenditure, 2005-06 per Spend Category (accessible spend only):

Sum of Gross spend	Accessible / Not accessib
Proclass Level 1	Accessible
Building Construction Materials	£745,260
Catering	£59,495
Cemetery & Crematorium	£3,701
Cleaning and Janitorial	£25,595
Clothing	£78,701
Construction	£21,586,904
Consultancy	£4,685,776
Domestic Goods	£10,854
Education	£102,428
Environmental Services	£872,704
Facilities Management	£703,593
Financial Services	£1,708,908
Furniture	£9,806
Health and Safety	£17,861
Highway Equipment and Materials	£3,400
Horticultural	£158,689
Human Resources	£1,593,435
ICT	£705,543
Legal Services	£346,632
Leisure Services	£33,152
Mail Services	£4,727
Medical	£116,415
Social Community Care	£151,548
Sports & Playground	£263,846
Stationery	£227,645
Traffic Management	£51,634
Transport	£273,489
Unclassified Non Trade	£493,727
Unclassified Trade	£417,099
Unclassified Trade Supply	£47,432
Unknown	£277,306
Utilities	£1,684,803
Vehicles Not Buses	£799,464
Grand Total	£38,261,572
Excluding VAT:	£32,563,040

Key issues arising from this analysis include:

- Almost 50% of council revenue expenditure is covered by six spend categories: Construction, Consultancy, Environmental Services, HR, Social Community Care and Transports.
- In excess of 80% of council capital expenditure is covered by five categories of expenditure: Construction, Consultancy, Financial Services, HR and Utilities.

- Within individual categories the Council appears to utilise significant numbers of individual suppliers.
- Although the Council has in place a number of corporate and individual contract arrangements, it is clear that a significant number of the suppliers identified above appear to be dealt with on an ad hoc basis.

These analyses raise 4 specific **corporate procurement** challenges:

- The need to ensure that maximum value is obtained from strategic suppliers, rather than our current apparent ad hoc arrangements.
- The need for process efficiencies in dealing with the large number of suppliers and transactions in low value, high volume area.
- The need to reduce the number of transactions being processed.
- The need to automate transactions to deliver efficiency and productivity savings.

In addition, there are a number of **category-specific** challenges.

Examples include:

- Construction (Civil Engineering and Buildings is the highest single expenditure category, and tends to be managed on a traditional and department-specific approach). The Rethinking Construction agenda suggests that cost savings and other improvements can be achieved through fundamentally reviewing construction procurement, and this category should, therefore, be a priority for the early years of this strategy.
- Employment agencies include temporary staff agencies, which incur expenditure of approximately £4 million, and are now covered by an internal Vendor Neutral Managed Service (VNMS) recently set up. At the time of writing, this VNMS is in its early days, but a high level of attention should be given to drive compliance towards Tier 1 Agencies, both for temporary staff and interims.
- Social Community Care, consisting in the commissioning of care for Children and Young People on one hand (responding to the challenges of the Every Child Matters programme), and the commissioning of Adult Social Care through the Primary Care Trust. In both cases, it is anticipated that full understanding of the cost structure of services commissioned, can be achieved and that such services can be improved and delivered at an equivalent budget level, with more effective control of the inflation of such budgets.

Basic Principles

There is now wide recognition within the Council and throughout local government that effective procurement techniques need to be applied across all categories of non-pay expenditure, and, in particular, in areas of high value and risk, such as construction and social care. In implementing its new strategic approach to procurement, the Council will adopt the following basic principles:

Strategic Approach

- There will be corporate strategic overview and coordination of the Council's procurement expenditure, linked to devolved contracting and local departmental procurement activity.
- Scheduling and Planning will be undertaken by each Directorate by contributing to the Council's rolling two and five year Purchasing Activity Schedule
- Procurement will be used to drive increased value, reduced total cost of ownership and generation of efficiency and financial savings, including cost avoidance when market conditions prevent the actual spend reduction for a given level of activity.
- Senior management will provide supportive leadership for, and scrutiny of, procurement across the council.

Process & Procedure

- Best procurement practice will be facilitated through supplier rationalisation and elimination of spend from non-approved suppliers.
- The automation of ordering and payments processes will drive efficiency.
- Compliance with corporate contracts will be mandatory.

Training

- Employee development will be key as the current staff are encouraged to develop skills in modern procurement techniques to improve the current skills base.

Performance Management

- Aggressive targets will be set for all areas of procurement activity, supported by a performance monitoring and management system.
- We will publish the results of our performance monitoring.
- We will utilise our performance management information to ensure continuous improvement in this area of activity.

Partnership Working

- Relationships with strategic suppliers will be planned and managed appropriately.
- Opportunities will be explored for effective collaboration with other councils and across the public sector, aiming at the development, where possible, of a Procurement Shared Services platform.

Social Objectives & Sustainability

- The Council will maximise its options for purchasing from a diverse and competitive range of suppliers including minority businesses, voluntary and community sector groups, small firms and social enterprises.
- Council objectives in respect of sustainability, regeneration and other non-economic objectives will be proactively developed through procurement activities.

Our Planned Approach

As a starting point in implementing our revised strategic approach, it will be necessary to carry out a complete update of the portfolio analysis of the Council's procurement expenditure. This involves plotting expenditure categories on a matrix of value and market risk, and defining the approach accordingly, as shown below. This will help to further develop our Procurement Action Plan, a draft of which is included as Appendix 1.

Expenditure	Risk	Category	Typical Approach
Low	Low	Routine	Characterised by numerous small orders and invoices. Aim for supplier rationalisation and some consolidation of spend for leverage. Concentrate on process efficiencies
Low	High	Bottleneck	Total expenditure is low, but may be for sensitive or critical goods or services. Emphasis on security of supply, possibly through multi-sourcing, Also seek to encourage new entrants into the market.
High	Low	Leverage	Key area for achieving savings through supplier competition
High	High	Strategic	focus on removing costs from the relationship , possibly with shared pain/gain. Main area for partnerships

This process will help to inform the contracting programme moving forward. It exemplifies the approach which we propose to adopt, and will require full participation and buy-in from stakeholders across the Council. The approach will be monitored and kept under review, and will be utilised to update the Procurement Action Plan, which forms a key part of this strategic approach.

Roles and Resources

There is no definitive information identifying the number of staff involved in the procurement process at the Council, but data extracted from Oracle has suggested that a minimum of 300 people are involved in the purchase-to-pay process. However, there is no standardisation of procurement processes and coordination of departmental activities has proved difficult to achieve. The procurement capability in different parts of the Council is mixed, with some areas having strong technical expertise, and others with limited knowledge and practical experience.

The Byatt Report recommends that:

“Local Authorities should develop a corporate procurement function to collect management information, oversee devolved buying, coordinate training and act as an internal source of expertise”

The Council has already adopted the principle of a Strategic Procurement Unit (SPU), and, at this stage, there is no intention to rethink this principle. Rather, we need to consider the strategic role of this unit in relation to the needs of departments. It is accepted that the current situation, despite success in a number of areas, is in urgent need of review in order to meet the new agenda facing local government and the Council in this area. Procurement needs to work more closely with its internal clients, being more integrated within the departments' operations, as successfully demonstrated in 2007 within the ICT department.

The recommended revised approach will involve the restructure of the Unit to provide a highly strategic and professional approach that moves the Unit away from day-to-day contract activity and into the areas of policy, procurement strategy development, leadership, strategic supplier management, contract management, and training initiatives.

The proposed role of the SPU will be:

- Involvement in Council-wide strategic contracts, including major contracting-out of services, strategic partnerships etc.
- Procurement strategy development and leadership of implementation, along with associated initiatives, policies and procedures.
- Advice and guidance to procurement staff in departments.
- Maintenance of controls and standards.
- Monitoring of procurement performance and activity, including savings and benefits tracking.
- Expert advice around procurement best practice.
- Establishing and coordinating the strategic sourcing programme.
- Training programme development and delivery.

- Coordinating policy implementation, including sustainability and regeneration initiatives.
- Liaising with external partners around collaboration and any other initiatives.

It needs to be emphasised that one of the SPU's key roles is that of creating savings and efficiencies **opportunities** within the Supply Chain, and that it is dependent for success upon the active and positive participation of procurement stakeholders across the Council, and on the implementation by these stakeholders of sound and robust operational processes. A number of deliverables are suggested below, and whilst they will be the responsibility of the SPU, staffs in the departments, and particularly senior managers, have a key role in achieving the objectives.

Year-on-year deliverables for the SPU will be agreed with the Procurement Board, and included in the annual procurement report. For year one of this Plan, the key deliverables will be as follows:

- Introduction of new corporate contracts, including IT equipment and software.
- Supporting strategic sourcing category projects, particularly Civil Engineering and Adult Social Care, (in liaison with relevant stakeholders).
- Introduction of Strategic Supplier Management.
- Implementation of Demand Management, in liaison with relevant stakeholders in Departments, e.g. Finance Controllers.
- Further development of Procure-to-Pay functionalities (e.g. introduction of self-billing) and development of e-procurement system.
- Development of a Contracts register.
- On-going implementation of Forward Plans per Department.

The necessary review of the structure and posts in the current SPU is under active consideration. Officers will ensure that all the necessary requirements of the Council's Organisational Change procedure will be considered and advice will be sought from the Director of Strategic Resources and the Head of HR in due course.

As a changing role is anticipated within operational arrangements in service departments, full consultation will be necessary with senior staff.

The establishment of new arrangements within SPU is heavily dependent upon a number of issues that are outside of the direct control of the Unit, and these need to be mentioned here:

- Active and visible support for change from senior management
- Implementation and communication of best practice policies and techniques, including a contracting toolkit;
- Effective procurement systems for improved efficiency and management information
- Recruitment, retention and development of capable procurement staff in all procurement-related posts
- A willingness across the Council to work together for best results

It is suggested that the procurement responsibilities of the departments will include:

- Scheduling and Planning
- Contracting and tendering
- Supplier engagement and development
- Forward Plan update and timely communication to the SPU
- Timely Decision Making (both executive and officer level and involvement by Overview and Scrutiny as necessary)
- Engagement in and response to SPU procurement initiatives
- Legal and procedural compliance of Directorate spend

This clarifies the current unclear role of departments, whose responsibilities in these areas are at present inconsistent. Discussions have commenced with senior staff within the departments about any resourcing implications. Whilst these need to be finally determined, the total staffing levels and costs involved in the procurement process across the council will not be increased.

An important issue within the way procurement is resourced and managed is the governance arrangements. The following will be adopted.

- The establishment of a Procurement Board (set up August 2007), to monitor strategy development and implementation, oversee the Strategic Sourcing Process, and provide a robust internal challenge to major procurement projects.
- The Cabinet Member for Efficiency and Business Improvement will take the lead at Member level for procurement.
- An annual procurement report will be submitted to the Corporate Management Team.
- A quarterly report will be submitted to Audit Committee highlighting any non-compliance matters.

e-Procurement

A central plank of the Procurement Improvement Programme will be the on-going development and implementation of e-procurement tools. Solutions are already successfully used, and the next step will consist in developing, probably within the Oracle platform, an RfQ feature for framework agreements such as term maintenance framework agreements, or for the Vendor Neutral Managed Service.

Sustainability

The Council also needs to ensure that it spends in a way that supports the achievement of its sustainable development goals as set out in the UK Government Sustainable Development Strategy – Securing the Future (March 2005). The business-led Sustainable Procurement Task Force, chaired by Sir Neville Simms, reported in June 2006 on how this could be achieved. The measures set out in strategic sourcing plan are an essential component of delivering the Council's goals in this area. Further measures will be set out in a sustainable procurement action plan shortly. A sustainable procurement approach has a significant part to play in ensuring that the Council delivers a positive environmental contribution in alignment with its environmental status and, should work towards the attainment of the targets set for Central Government as set out below.

- a carbon neutral office estate by 2012 alongside a 30 per cent reduction in
- carbon emissions by 2020
- recycling 75 per cent of the waste by 2020
- reducing waste generated by 25 per cent by 2020
- reducing water consumption by 25 per cent by 2020
- increasing energy efficiency by 30 per cent per square metre by 2020.

Targets and Savings

In 2007-08, cash limit adjustments have been used to reduce budgets in anticipation of procurement savings. A similar reduction has been made in the 2008-09 financial year.

Aggressive savings targets have been set for succeeding years in alignment with, and to support, the delivery of the Council's medium term financial strategy. The strategic sourcing and delivery plans that underpin these targets will be agreed by the Procurement Board.

Communication & Training Plan

The SPU will develop a Communication Plan, which will include:

- A procurement presence on the internet and intranet
- Customer and supplier surveys
- A regular newsletter issued by the SPU
- A “Selling to Peterborough” guide, available on the internet
- Departmental representation responsibilities for SPU staff
- Procurement consultation groups
- Internal training
- Supplier Open Days intended to help local firms to understand how we do business and make contact with Council procurement staff
- Development of the procurement intranet and internet sites
- A broader training and development programme, enabling access to training for all staff, from part-time buyers to those involved in high value contracts
- Workshops and seminars on specific developments and initiatives
- Better contract information bulletins to make it easier to access contracts
- Exhibitions
- Gongs and awards
- Case studies
- Inclusion of procurement material at induction

Appendix 1: Draft Action Plan (Year One: 2008-2009)

Action	Lead Responsibility	Objective	Target Completion Date
NPS 1. PROVIDING LEADERSHIP AND BUILDING CAPACITY			
Implement Process for monitoring compliance with corporate contracts, with reporting to Procurement Board, CMT and appropriate action for off-contract procurement	Strategic Procurement Unit (CMT to agree on mechanism)	ensure maximum compliance with corporate contracts to achieve best Value for Money	30 April 2008
Complete restructuring of Procurement	Strategic Procurement Unit (Procurement Board to validate)	Implement structure which is best suited to deliver effective joined-up procurement across the Council	30 June 2008
Undertake detailed mapping of all expenditure against expenditure / risk matrix; develop strategic sourcing strategy	SPU	Understand the full range of procurement expenditure and develop plans which will deliver best value for money	31 May 2008
Update Contracts Register and Forward Plans per Department	SPU with support from Procurement Champions on Departments	Provide single reference point to show all existing and forthcoming contracts, in order to help with forward planning, and provide potential suppliers with information about opportunities	31 July 2008
Implement half-day training course for part-time purchasers	SPU with external support	Provide basic understanding of rules and principles	31 July 2008
Produce SPU Communication Plan	SPU with Communications	Improve SPU communication and ensure clarity re roles	30 September 2008
NPS 2. PARTNERING AND COLLABORATION			
Open all new framework contracts for participation by other councils	SPU	Potentially increase expenditure and therefore discounts in framework contracts	on-going
Try and develop partnering opportunities with other LAs and related bodies (e.g. PCT, Police, Fire brigades)	SPU with external support - e.g. former RCEs	1) Best practice alignment 2) Procurement cost avoidance when using their agreements 3) mutualisation of Procurement resources 4) Volume leveraging	on-going

Action	Lead Responsibility	Objective	Target Completion Date
NPS 3. DOING BUSINESS ELECTRONICALLY			
Implement e-RfQ for all high-volume transactions on framework agreements (e.g. Agency Staff, Term Maintenance framework agreements)	SPU with external support	Reduce process costs and speed-up Purchase-to-Pay process, to become a client of choice for relevant suppliers	31 May 2008
Systematically consider the use of e-auction when re-letting contracts	SPU	Reduce Procurement process costs and increase fairness and equity by providing suppliers with a visibility of their relative competitiveness when tendering	on-going
NPS 4. STIMULATING MARKETS AND ACHIEVING COMMUNITY BENEFITS			
Implement Strategic Supplier Management	SPU with relevant stakeholders in Department	Achieve further savings and savings, not at the expense of the suppliers' margins	30 April 2008 for first list of Strategic Supplier, then quarterly reviews with each
Implement Contract Management on critical contracts (both corporate and at Department level)	SPU with relevant stakeholders in Department	Secure delivery of Service Levels agreed upon	From 1 April 2008
Develop a Demand Management approach supported by the Departments	SPU with relevant stakeholders in Department	Reduce waste in expenditure (objective: £500k p.a.)	Mechanism and Departmental objectives agreed upon by 30 June 2008
Support or deliver Strategic Sourcing projects for specific categories	SPU with relevant stakeholders in Department	Deliver Revenue savings with no negative impact on overall service delivery (£1m p.a. Council wide)	on-going
Identify Categories and Contracts most relevant from a Sustainable Development perspective and develop a suitable approach for each	SPU with external support	Contribute to Council Strategic Objective of being a better place where to live and to work	30 June 2008
Implement mechanisms to make shorter payment terms available to suppliers, at no expense to the Council	SPU with external support	Being a Client of choice, particularly for SMEs	30 September 2008

Appendix 2: Procurement Board Terms of Reference

- Responsible for Strategic Procurement Planning and Decision Making
- Define and Own the 'Vision' and Procurement Strategy
- Ensures that the Procurement Strategy aligns with the Council's overall core objectives
- Oversees Strategic Sourcing Reviews
- Internal Challenge and 'Tollgate' Review Process ensuring that major Procurement Projects contribute to the Procurement Strategy and Corporate Objectives
- Defines and Monitors the Outcomes and Targets of the Procurement Strategy and achievement of savings targets
- Defines and Owns the Strategic Procurement Programme
- Defines and Owns the Council's rules for Purchasing i.e. Contract Regulations and Financial Rules