



# Everyone Procures

## Procurement Strategy

**February 2006**

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## **i EVERYONE PROCURES**

The Royal Borough of Kingston achieved 'Excellent' Council status in 2002. Our first Procurement Strategy was produced in the same year and recognised that:

*“As the Council becomes more dependent upon external suppliers of goods, works and services, it is increasingly important for the Council to develop a clear corporate strategy for how these externally provided services are selected, acquired and managed.”*

The following year we spent £144million on goods, works and services. We used approximately 6,500 suppliers and handled 183,000 invoice lines.

To help manage this, we have strengthened our corporate arrangements and improved relationships with suppliers through a Contractor Charter and long-term strategic partnerships.

The Government's publication of the National Procurement Strategy highlighted this need to manage procurements, and the Gershon report reinforced this, bringing Public Sector efficiency to the heart of the improvement agenda.

This strategy takes into account the lessons that have been learned locally and nationally since we produced our first strategy. It is a root and branch review of our procurement practices and will trigger a comprehensive review of documents and processes across the Council.

For Officers and Councillors this promises greater efficiency and effectiveness. For our partners and residents it means better services and value for money.

To set such a standard for procurement will require change. It will require us to become a confident, self-aware, resilient and flexible team in which ***everyone procures***.

**Cllr Ian Reid – Executive Member,  
Improvement and Performance**

*Member Procurement Champion*

**Gerry Sevenoaks – Head of  
Strategic Services**

*Officer Procurement Champion*

***December 2005***

## 1 OUR AIMS

Procurement is not just about 'buying things'; the process of procuring goods, services and partners affects the quality of services we deliver and promotes our key values.

### The Community Plan

Our Community Plan sets out a vision for Kingston. The Council's Strategic Aims are all promoted through this strategy:

1. *Working in partnership*

'A strategic and campaigning council' like Kingston will review the traditional approach to procurement to enable a longer, more strategic perspective to be taken.

2. *Developing education and lifelong learning*

'Top quality education' and learning are at the heart of our strategy as we seek to shape services with our partners and stimulate them to growth and improvement to meet our needs.

3. *Caring for the environment*

'Putting the environment at the heart of everything we do' requires our procurements to be environmentally sensitive and responsible.

4. *Enhancing quality of life*

'Improving the quality of life of our residents' underpins and drives all of our procurement. Service excellence drives our decision whether or not to run the service ourselves.

5. *Putting people first*

Pride in the diversity of our Borough and the value we place on every resident ensures procurements will be driven by a broad consideration of the impact on the community

6. *Delivering improvement*

The approach to procurement set out in this strategy will ensure the 'Quality services that offer the best value for money'

Our Policy and Corporate Improvement and Procurement Programmes underpin these aims.

## Our Aims

This Procurement Strategy aims to support these by:

1. Improving services for our residents, visitors and users
2. Securing economic benefits for the community through savings and investment
3. Securing associated social and environmental benefits
4. Making the Council a better client and partner
5. Maintaining 'Excellent' national performance standards

Our strategy for achieving this is set out in the next section; measures for the success of this strategy are described in Section 8, while some of the savings and benefits driven by this strategy are outlined in Annex 1.

## About this Document

This document is a strategy. It acts as a signpost to supporting documents, information and guidance through the *Reference Documents* listed at the end of each section.

In this strategy, procurement is used to mean all forms of purchasing including "calling off" and "commissioning".

## Reference Documents

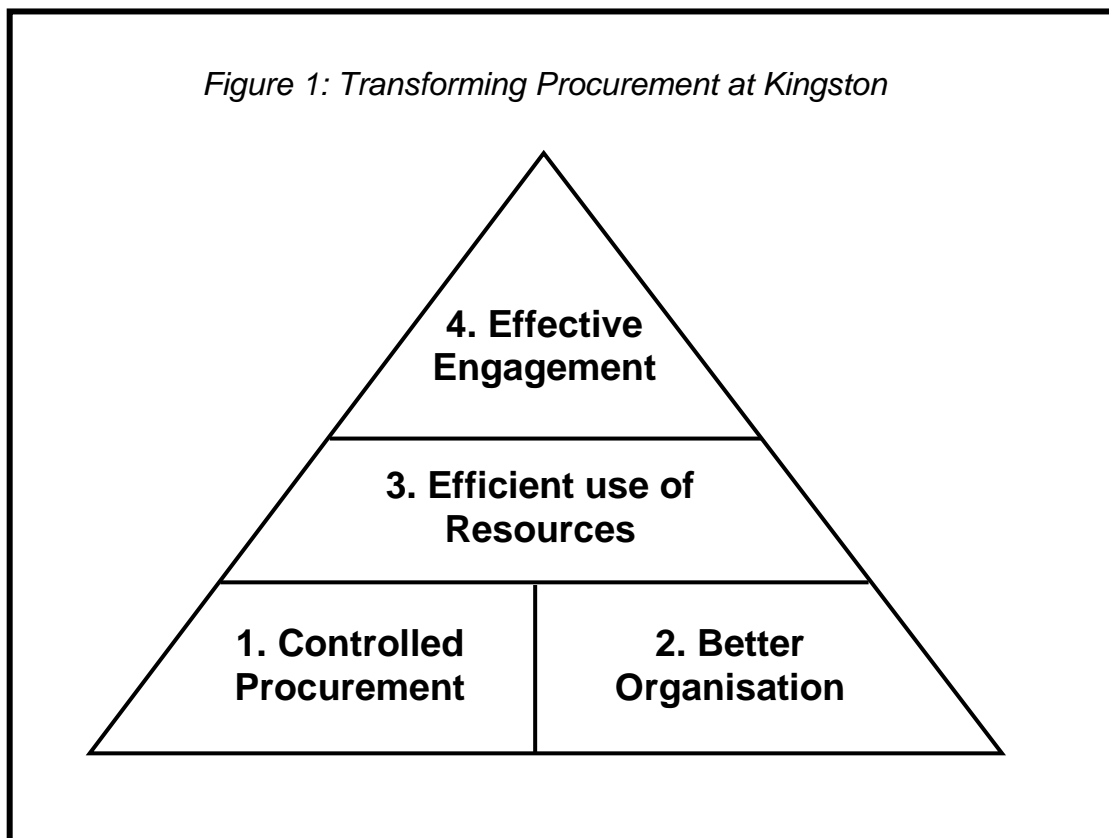
- If you are buying something for the Council and looking for guidance, refer to the "**Handy Guide**" for an overview on how to buy goods and services for the Council, or look on the procurement pages of the Kingston intranet for a step-by-step guide through the procurement process.
- If you want to sell something to the Council, or partner with us then visit our website, [www.kingston.gov.uk/doing\\_business](http://www.kingston.gov.uk/doing_business) for more information

## 2 OUR STRATEGY

Our strategy is the way we will transform procurement in order to achieve our Aims.

This begins with controlling and organising procurement activities in the Council. If procurements are processed efficiently and we work effectively with suppliers, then we are well on the way to achieving the right results.

These four steps and their relationship are shown in Figure 1.



In order to turn these steps into practice, we have described each of these steps with one or more statements of commitment. These commitments are listed in Table 1 and developed within the rest of this document.

### Reference Documents

More detail can be found in the following document:

- “Procurement Strategy Action Plan”, *Kingston Council*

Table 1: Using this Strategy

<b>STRATEGY</b>	<b>OUR COMMITMENTS</b>	<b>THIS DOCUMENT</b>
<p><b>Step 1</b> <b>Controlled Procurement</b></p>	<ul style="list-style-type: none"> <li>▪ <i>“We will promote our values, sustainability and social responsibility through our procurements.”</i></li> <li>▪ <i>“We will use a consistent process for all procurements to provide timely information, facilitate decision-making, focus scrutiny and create a clear audit trail.”</i></li> </ul>	<p><b>Section 3</b> <b>Our Values</b></p> <p><b>Section 4</b> <b>Kingston Procurement Cycle</b></p>
<p><b>Step 2</b> <b>Better Organisation</b></p>	<ul style="list-style-type: none"> <li>▪ <i>“We will embed our processes and ensure consistency with a Procurement Framework of guidance, templates, contracts and other documents.”</i></li> <li>▪ <i>“We will manage procurements to maintain continuity and improve communication between different areas of the Council.”</i></li> </ul>	<p><b>Section 5</b> <b>Kingston Procurement Framework</b></p>

<p><b><u>Step 3</u></b>  <b>Efficient Use of Resources</b></p>	<ul style="list-style-type: none"> <li>▪ <i>“We will handle all procurements appropriately, increase corporate contracts and incorporate Schools procurement and review commissioning.”</i></li> <li>▪ <i>“We will clarify roles and responsibilities – and only involve people where they add value.”</i></li> <li>▪ <i>“We will provide a procurement resource for the Council through the Improvement &amp; Procurement Team.”</i></li> <li>▪ <i>“We will create an online Procurement Portal to improve processing and handling efficiencies.”</i></li> </ul>	<p><b><u>Section 6</u></b>  <b>“So you want to buy something for the Council?”</b></p>
<p><b><u>Step 4</u></b>  <b>Effective Engagement</b></p>	<ul style="list-style-type: none"> <li>▪ <i>“We will promote service and partnering innovation.”</i></li> <li>▪ <i>“We will manage supplier relationships, encourage competition, small/ local businesses and the voluntary sector.”</i></li> <li>▪ <i>“We will remove unnecessary bureaucracy, pay promptly and minimise barriers to working with the Council.”</i></li> <li>▪ <i>“We will communicate our plans to our suppliers and work closely with them.”</i></li> </ul>	<p><b><u>Section 7</u></b>  <b>Doing Business with the Council</b></p>
	<ul style="list-style-type: none"> <li>▪ <i>“We will review this Strategy and measure its effectiveness on a regular basis.”</i></li> <li>▪ <i>“We will manage the necessary internal changes to minimise risks, overcome barriers and ensure the success of this strategy.”</i></li> </ul>	<p><b><u>Section 8</u></b>  <b>A Successful Strategy</b></p>

### 3 OUR VALUES

***“We will promote our values, sustainability and social responsibility through our procurements.”***

These values and the principles of sustainable procurement and social responsibility align with various Local Government Agendas (e.g. Local Government Association Small Business Concordat, the Gershon Efficiency Review etc.) and have their full expression elsewhere in Council policies. The application of these to procurement is set out in our Ethical Procurement Policy.

#### **Values**

The values that characterise all our activities will be demonstrated in our procurement. We will:

- Uphold the legislative framework and ensure probity through transparency, openness and honesty
- Seek the mutual benefit of partners, stakeholders, users and the Council
- Use ‘Best Value’ rather than ‘least cost’ financial priorities
- Take a strategic (long-term) view
- Use procurement to help deliver corporate objectives including the economic, social and environmental objectives set out in the Community Plan
- Pursue efficiency in administration through the use of technology
- Encourage accountability, thrift and value for money through good financial management
- Consult and encourage dialogue with users, officers, suppliers, partners and other stakeholders
- Encourage a diverse and competitive supply market

#### **Sustainable Procurement**

We wish to encourage and promote sustainable procurement practices. We will encourage:

- Education and lifelong learning for stakeholders
- Innovation in partnering and delivery to ensure service excellence
- Opportunity for fair trade, including access for small & local businesses

## **Social Responsibility**

We will promote social responsibility by upholding legislative requirements through our procurement strategy:

- Welfare of people through good Health & Safety practices
- Respect for diversity, in its various forms
- Care for the environment

Taken together, these address the two aspects of values in procurement: how we procure and what we wish to promote and secure.

## **Reference Documents**

More detail can be found in the following documents:

- “Ethical Procurement Policy”, *Kingston Council*
- “Procedural (Part 4A) Standing Orders”, *Kingston Council*
- “Contract (Part 4F) Standing Orders”, *Kingston Council*
- “Financial Regulations (Part 4G)”, *Kingston Council*
- “Whistleblowing Policy”, *Kingston Council*
- “Fraud Awareness”, *Kingston Council*

## 4 KINGSTON PROCUREMENT CYCLE

***“We will use a consistent process for all procurements to provide timely information, facilitate decision-making, focus scrutiny and create a clear audit trail.”***

### **Our Process**

Our procurement processes are built on a decision driven Procurement Cycle. Everyone procures – and the guidance accompanying this strategy ensures that everyone will observe the different stages of this cycle.

The cycle has been developed from our experience here, from other Councils and the requirements of the National Procurement Strategy, and is supported by best practice from the public and private sectors.

Everyone procures using this cycle and all procurements will benefit from following the cycle. However it will be more visible in larger, more complex procurements.

The cycle promotes:

- The customer at the start and end – their needs start the cycle, which is completed by asking if that need was met
- A clear method – explained in guidance and training
- A good structure – clear roles, responsibilities, authorisation and reporting mechanisms help manage expectations, improve communication and financial controls
- A quality approach – opportunity for innovation, assisting control of changes, encouraging good risk management and affording effective scrutiny
- Flexibility – to accommodate all procurement, purchasing, commissioning or calling off activities (including large or small goods, works, services, capital and other types) across the Council

### **Stages in the Procurement Cycle**

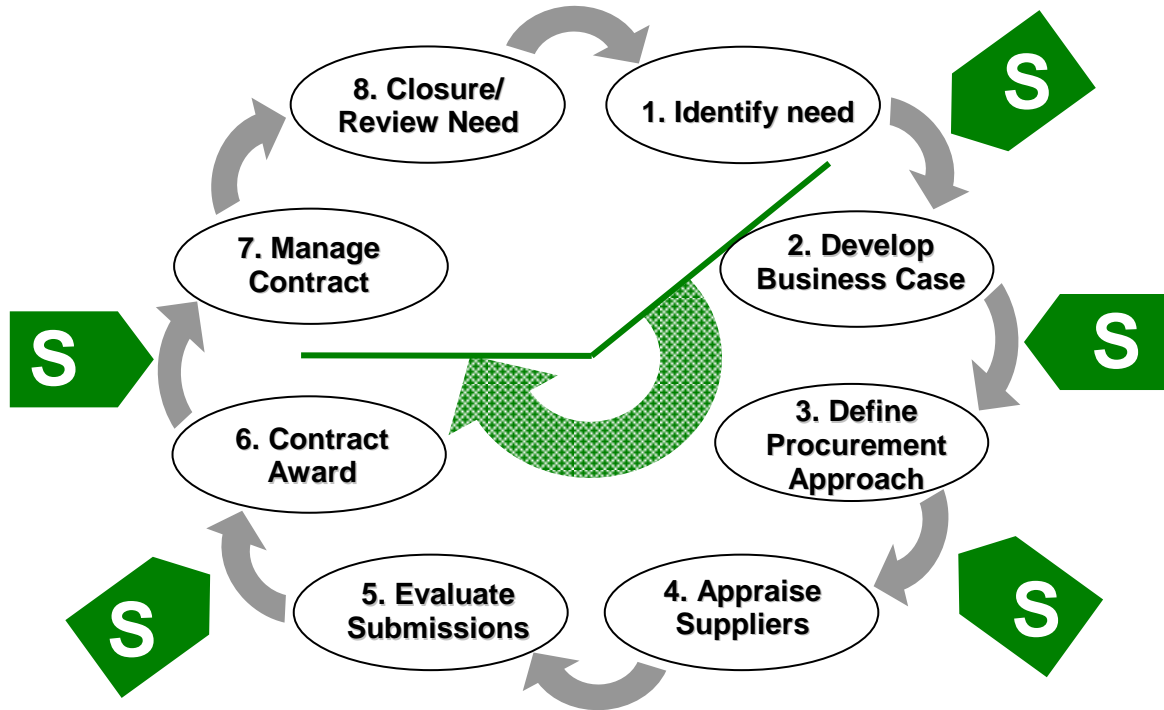
The Cycle is shown in Figure 2. The stages and key decisions are described in Table 2.

### **Reference Documents**

More detail can be found in the following document:

- “Procurement Essentials”, *IDeA (Improvement and Development Agency)*, [www.idea.gov.uk](http://www.idea.gov.uk)

Figure 2: The Kingston Procurement Cycle



**Key**

- Balloons* The 8 stages of the Procurement Cycle
- Grey Arrows* Key decisions which must be made to progress from one stage to the next.
- 'S' Flags* Opportunities for Councillor scrutiny
- Green arrow* Involvement of the Corporate Improvement and Procurement Team in relevant procurements

Table 2: Stages of the Kingston Procurement Cycle

<b>Stage</b>	<b>Name</b>	<b>Description</b>
<b>1</b>	<b>Identify Needs</b>	The needs of the Council are prioritised, reviewed and selected. Resources are identified and procurement given a classification. <i>Key Decision: Does this Need support our directorate or corporate priorities?</i>
<b>2</b>	<b>Develop Business Case</b>	This is the key stage where the justification, risks, costs and benefits of the procurement are considered in detail. This will ensure the proposed procurement offers value for money, supports Council priorities, is affordable and achievable. <i>Key Decision: Is this the best way of meeting the Need?</i>
<b>3</b>	<b>Define Procurement Approach</b>	Take market soundings, consider relevant Procurement legislation and different contractual relationships. Modify the Business Case if required. Identify the appropriate awarding body (Stage 6). <i>Key Decision: What is the best way for all concerned to conduct this procurement?</i>
<b>4</b>	<b>Appraise Suppliers</b>	Potential suppliers or partners selected to develop competitive submissions. <i>Key Decision: Is the market able to deliver this?</i>
<b>5</b>	<b>Evaluate Submissions</b>	Where used, a tender process includes submissions and market led solutions. These are evaluated against publicised measures that reflect the Council's values and Best Value criteria. <i>Key Decision: With whom should we proceed?</i>
<b>6</b>	<b>Award Contract</b>	Award contract and prepare for commencement. This can be a considerable time for Major Procurements. <i>Key Decision: Is the service or asset ready for delivery?</i>
<b>7</b>	<b>Manage Contract</b>	Managing performance depends critically on the quality of decisions made in the preceding stages. Good information is needed when shaping ongoing contracts to ensure strategic 'fit'. <i>Key Decision: Are we delivering the expected benefits?</i>
<b>8</b>	<b>Closure and Review Need</b>	The contract exit strategy considers whether the Business Case was delivered and how well. Any new needs are fed back into Stage 1 of the cycle. <i>Key Decision: Have we achieved what we set out to do?</i>

## 5 KINGSTON PROCUREMENT FRAMEWORK

***“We will embed our processes and ensure consistency with a Procurement Framework of guidance, templates, contracts and other documents.”***

This strategy will become a reality through a framework of web-based documents that are used during the different stages of the Procurement Cycle (a list of supporting documents is given in Annex 3).

### **The Procurement Framework**

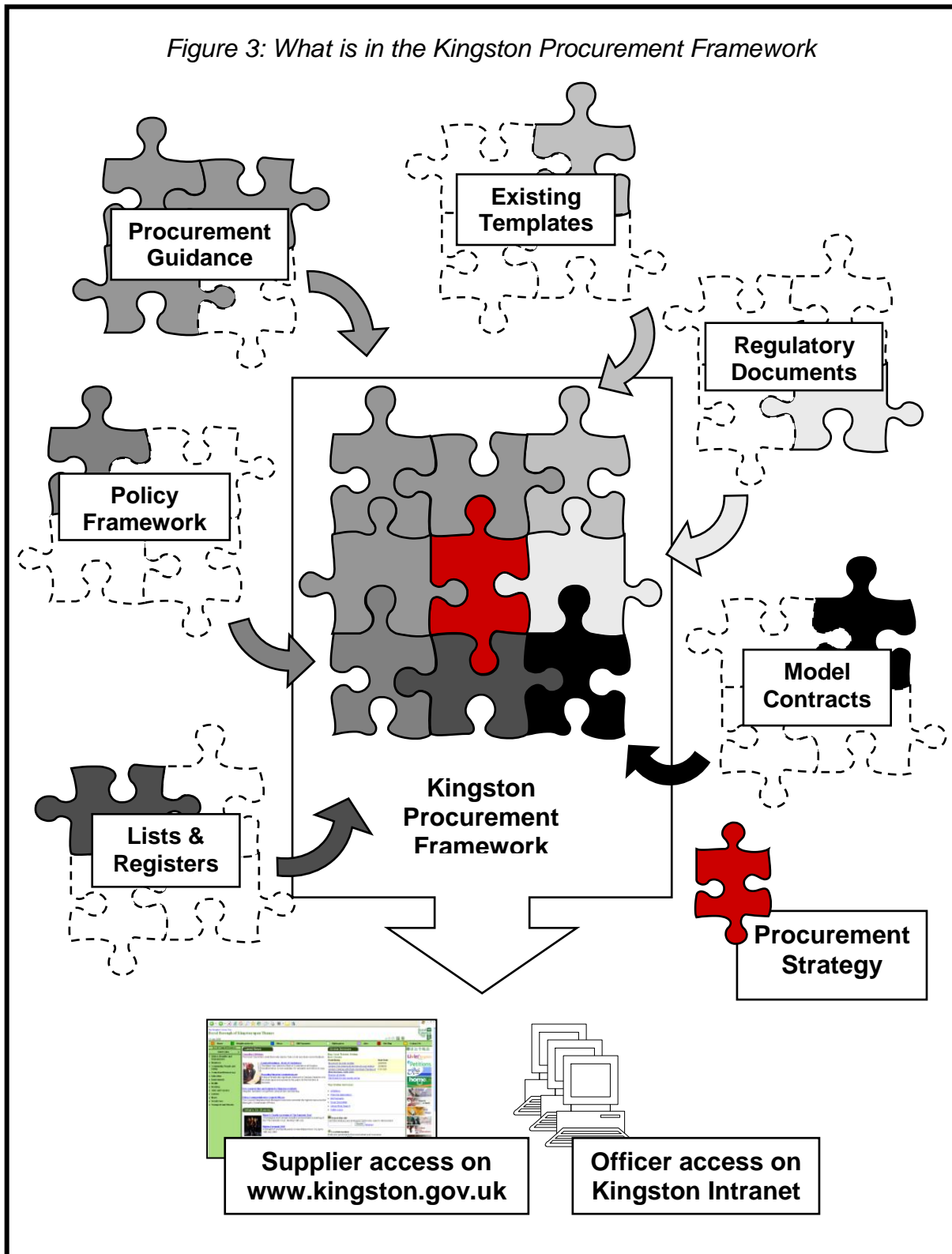
Figure 3 shows the composition of the Procurement Framework and its relationship with the other controlled Kingston document sets. The Procurement Strategy sits at the heart of the framework, which includes:

- *Policies* that support and impact upon procurement (e.g. ethical standards)
- *Procurement Guidance* on procurement and *existing templates* for Officers, Councillors, suppliers and partners
- The *Mandatory Documents* (i.e. Standing Orders and Financial Regulations) that facilitate the flexible decision making, service packaging and innovative partnering/collaboration that hallmark modern procurement
- Model *Contracts* to manage risk and introduce appropriate controls in relationships
- *Lists and registers* to provide a central, formal description of perceived needs and current procurements

The guidance notes and templates have been written from users' perspectives and:

- Prompt suppliers and Council Officers to action – gathering the right data at the right time from the right sources
- Lead users step-by-step through good decision making
- Offer guidance and relevant links to supporting information and resources
- 'Sign-post' other important Council documents (policies, Standing Orders etc.)

Designated officers in the Improvement and Procurement Team control and maintain the documents within the Framework. This ensures easy, centralised indexing, updating and maintenance of the whole framework.



***“We will manage procurements to maintain continuity and improve communication between different areas of the Council.”***

### **Procurement Projects**

Larger procurements will take some months and may be conducted across service boundaries within the Council. Consistent use of well-defined documents in the Procurement Framework will help ensure continuity across these boundaries and preserve original thinking and intent over time.

For example, the Business Case developed in Stage 2 of the Procurement Cycle is used again at Evaluation of Submissions (Stage 5), again at Contract Award (Stage 6) and as a Performance Management reference at Stage 7.

The Council will embed good project management practices into the procurement process; larger, more complex procurements will be considered Procurement Projects.

### **Reference Documents**

More detail can be found in the following document:

- “Procurement Framework Index”, *Kingston Council*

## 6 “SO YOU WANT TO BUY SOMETHING FOR THE COUNCIL?”

*“We will handle all procurements appropriately, increase corporate contracts, incorporate Schools procurement and review commissioning.”*

The decision to buy is just the start of the process.

The nature of goods, works and services, the duration of works or contract and phasing of procurements will all have a critical influence on service performance and cost.

Efficient handling of procurements by the Council is essential therefore.

### **Procurement Classifications**

The first step is to classify procurements. This is done at the start of the Procurement Cycle. The classification is used to determine the handling of the procurement through the rest of the cycle.

This ensures risk is managed without jeopardising service delivery and without presenting unnecessary obstacles to working with the Council.

The three classifications are:

- Major (e.g. refuse collection)
- Routine (e.g. consultancy services)
- Minor (e.g. books)

Classification is based on an assessment of cost and risk (including time and other factors). This is set out in the Handy Guide for Officers.

The thresholds and definitions of risk etc. are also described in this guidance.

Capital purchases are procured using this Strategy. However; due to the nature of these procurements, they are likely to be classified as ‘Major’.

### **Corporate Contracts**

In recent years, corporate contracts have been established to manage the supplier base, maintain consistency of quality and drive down costs.

Appropriate guidance will ensure that all officers are aware of the existing corporate contracts, and will “call off” purchases against these as necessary.

Additional corporate arrangements will be put in place to secure savings through leveraged procurements of low risk items (e.g. office supplies, bottled water and cash collection services).

## **Schools**

Schools are required to follow the same external policies governing public procurement as Local Authorities. However, the Local Authority cannot require schools to follow detailed local strategies regarding how they discharge their financial and procurement activities. The local authority does however provide advice to schools to support them to make informed purchasing decisions.

## **Commissioning**

We want to meet the challenges of providing cost effective services for the most vulnerable people in our community.

This area accounts for a very large part of Council spending. The unique and considerable challenges of balancing service quality with cost effectiveness in this area are acknowledged, but it must be subject to review.

Commissioning and Joint Commissioning present separate challenges to a central Council procurement strategy. These challenges occur in specific areas of Council activity, including Community and Learning & Children's Services, which account for a large percentage of council expenditure.

Commissioning is a challenge to the procurement cycle proposed as it is characterised by high-value procurements with a very short lead time/path to purchase and variable or indeterminate duration (e.g. emergency care or complex care needs) in markets with very limited competition. Procurements are often driven by the need for urgent solutions with possible restrictions from partners. This does not fit the pattern of procurements elsewhere within the Council.

To address this the Council will:

- ✓ Consider specific challenges of commissioning (e.g. seeking to stimulate new entrants in weak markets)
- ✓ Consider innovative partnering solutions with voluntary organisations, not-for-profit organisations and commercial businesses where appropriate
- ✓ Tighten the exemption contained within Contract Standing Orders for appropriate parts of Community Services and Learning & Children's Services

Joint commissioning is a product of partnership working and requires various statutory and other bodies to "pool" or "align" funds for joint service delivery. The legal and accounting challenges presented by this new initiative are still being worked through with national pilot schemes.

Until such time as a clear model of best practice is developed, the Council will seek to encourage the development of appropriate alternative regulation and procurement guidance within the relevant service directorates and the

partnerships within which they participate. These should conform to the standards and principles of the Council's own regulations where possible.  
***“We will clarify roles and responsibilities – and only involve people where they add value.”***

### **Roles & Responsibilities**

We will bring together the right people and the right information at the right time, to facilitate the right decisions.

Officers, Councillors, partners and end users can each add value to different parts of the procurement cycle.

- *Councillors* set the priorities of the Council and scrutinise the procurement process
- *Officers* examine the strategic drivers and work with potential partners and suppliers to develop and deliver the procurements
- *End users and Partners* bring their experience of goods, works and services

The detailed roles played in the different kinds of procurement are given in separate guidance.

Training will be developed for each of these different “audiences” with their specific needs in mind.

#### *Councillors*

The high risk/cost profile of Major procurements makes Councillor support in decisions and scrutiny essential.

The clear stages of the Procurement Cycle allow scrutiny to be incorporated into forward plans for the relevant internal Councillor scrutiny bodies.

This is supported by guidance included in the Procurement Framework.

#### *The Service Directorates*

Officers in Service Directorates are responsible for managing and providing resource for their procurements, through all the stages of the Procurement Cycle.

They are supported by the corporate Improvement & Procurement Team and equipped and empowered by the documents of the Procurement Framework.

Service Directorates will notify the Improvement & Procurement Team of all Major and Routine Procurements.

Guidance, support and protocols will be provided for Officers acting as potential suppliers when in-house services participate in tenders.

***“We will provide a procurement resource for the Council through the Improvement & Procurement Team.”***

*The Improvement and Procurement Team (I & P Team)*

I & P is part of Strategic Services and reports directly to the Officer Procurement Champion. Their corporate responsibilities are to:

- Develop, own, embed, monitor and maintain the Procurement Strategy, Cycle and Framework
- Coordinate response to internal/external audit and scrutiny
- Establish and maintain corporate arrangements for some widely used goods and services, consulting with Service Directorates regarding their requirements

I & P will receive relevant training and act as internal consultants to support Service Directorates during individual procurements. The level of involvement is determined by the procurement classification and is explained in separate guidance.

In general terms this includes:

- Providing specialist procurement experience and project management in major procurements
- Bringing objective and independent challenge to service scope and delivery models during relevant stages of the Procurement Cycle
- Reviewing key documents
- Identifying areas of poor service performance where management intervention is required

***“We will create an online Procurement Portal to improve processing and handling efficiencies.”***

**e-Procurement**

Kingston has already implemented electronic payment systems.

With the development of a defined procurement cycle and underpinning document framework, Kingston is in the position to achieve further technological advantages by creating a Procurement Portal.

The phased development of the portal is set out in the Action Plan.

The Kingston Procurement Portal forms a single point of entry on the internet for potential partners and other stakeholders to access procurement related information and manage their procurement related activities.

The framework documents, accessed online at different times in the procurement, create 'milestone' events that mark the progress of the procurement through the different stages of the procurement cycle.

This will:

- Prompt relevant officers involved in a procurement to monitor and maintain progress
- Allow management reporting against progress
- Facilitate automatic document publishing

Access and privileges will be controlled for different users.

The Kingston Procurement Portal uses technology to support e-procurement, strategic procurement and project management processes.

As such, it is a truly innovative response to the National Procurement Strategy and e-Government agendas.

### **Reference Documents**

More detail can be found in the following documents:

- "Handy Guide", *Kingston Council*
- "Kingston Procurement Cycle – Roles & Responsibilities", *Kingston Council*
- "Procurement Portal Description", *Kingston Council*

## 7 DOING BUSINESS WITH THE COUNCIL

### Procurement Approaches

An effective procurement secures the right supplier and partner, through the right relationship.

We will take into consideration the size and capacity of our potential partners to meet our mutual procurement needs and ensure effective procurement.

#### ***“We will promote service and partnering innovation.”***

For Major procurements, where risks are high, or supplier markets are limited, we will consider:

- Engaging with markets and suppliers to stimulate competition, market growth and innovation
- Re-packaging the goods/services/works (i.e. bundling/splitting) across services and along supply chains and adjust the length of contract, in order to achieve our strategic objectives
- The reasonable balance of risk in contractual relationships and provide incentives/penalties to improve performance
- Trading with other councils
- Joining consortia and collaborating with other councils, public bodies and buyers when there is a clear advantage from doing so. We will lead in these ‘demand side’ collaborations where necessary
- We will manage supplier relationships, encourage competition, small/local businesses and the voluntary sector

Detailed templates and guidance in the Procurement Framework encourage the consideration of creative service solutions and appropriate, flexible relationships with suppliers and partners during Stages 1 – 3 of the Procurement Cycle. The question of ‘building or buying’ a service will be posed at the end of the procurement cycle, where in-house services are present – and where they are not. Where appropriate, in-house services will participate in tenders.

#### ***“We will manage supplier relationships, encourage competition, small and local businesses, and voluntary sector solutions.”***

The combination of a proportional approach to contracts, consistent contract management and agreement on ethical policies (e.g. “Whistleblowing”) forms the basis of a new approach to supplier relationship management.

Many *Routine and Minor procurements* are serviced typically by small and medium sized enterprises (SMEs) and micro-businesses. In addition to the commitments made above, we will:

- Engage with local business and voluntary organisations (e.g. Chamber of Commerce, Federation of Small Businesses, Kingston Voluntary Association) to understand their needs and the services they can provide to the Council
- Embed a consideration of local businesses by seeking quotes from businesses listed in the “Kingston Business Directory” during appropriate procurements and encouraging opportunities for sub-contracting elements of work to local organisations
- Track Council spending in the local economy to measure and respond to variations as a result of this strategy
- Provide guidance on “Doing Business with the Council” on our website
- Work with local businesses and third sector organisations (voluntary, community and not-for-profit social enterprises) to develop their capabilities

Kingston signed up to the Voluntary Sector Compact in 2000; this sets out shared principles of good practice between the Council and the Voluntary Sector. We will review developments in the Compact Plus, published in March 2005.

***“We will remove unnecessary bureaucracy, pay promptly and minimise barriers to working with the Council.”***

We believe that thorough debate and good information are the keys to good solutions and managing risks – not more paperwork.

With all partners and suppliers, we will:

- Continue to promote electronic payments
- Facilitate self-management and “once only” submission of information through the Kingston Procurement Portal
- Inform suppliers and partners of our obligations under the Freedom of Information Act
- Amend the Council’s Financial Regulations and Standing Orders to minimise paperwork and remove inappropriate restrictions, obstructions or limitations
- Investigate the introduction of payment cards for urgent and out-of-hours small and minor payments
- Keep tender documentation concise and jargon-free

***“We will communicate our plans to our suppliers and work closely with them.”***

In order to be an attractive client and partner, especially where supply is limited, we will:

- Communicate this strategy and its implications to stakeholders
- Advertise forthcoming procurements through our Kingston Procurement Portal and appropriate publications
- Clarify our needs, abilities and limitations through the Procurement Cycle
- Be stronger – confident in our positive impact on marketplaces and their maturity, innovation and the supply of goods and services

These qualities will each influence our performance in procurements.

The Council will strengthen performance by using factors considered in the business case in contract and supplier performance reviews.

### **Reference Documents**

More detail can be found in the following documents:

- “Kingston Business Directory”, *Kingston Council*
- “Doing Business with the Council”, *Kingston Council*
- “Contracts Register”, *Kingston Council*

## 8 A SUCCESSFUL STRATEGY

*“We will review our strategy and measure its effectiveness on a regular basis.”*

### **Delivering the Strategy**

The translation of this strategy into action begins with the development of an Action Plan.

This identifies scheduled and ongoing work and will be developed into a Work Plan.

The procurement cycle may also be used as a corporate tool to deliver further improvements to the Council and make it a better client and partner.

### **Review Cycle**

This strategy has been designed with a five-year currency period.

Annual review points are included in the Action Plan. The review of the strategy is also included in the forward audit and plans of the Council.

A five-year Procurement Plan will be drawn up to identify the Major Procurements that will be influenced by this strategy.

Three questions tell us if the strategy is working and being implemented:

- Are our intentions being put into practice – is the strategy being followed?
- Is our strategy effective – are we achieving our goal of better goods, works and improved services for reduced cost through partnerships?
- How is the strategy and its implementation perceived by the Council, current and potential partners/suppliers and the wider community?

The measures that have been developed to answer the first two questions are shown below. These have been drafted to accommodate the National Procurement Strategy priorities and incorporate elements of the Library of Performance Indicators as well as local Kingston Council Indicators. The third question, perception, will be addressed after Strategy implementation.

### **Strategy Implementation Measures**

- Procurement Cycle and Framework measures:
  - Percentage developed (transitory measure)
  - Percentage live (transitory measure)
  - Percentage of reviews achieved (as defined by Strategy and Framework Review Cycles)

- Percentage of National Procurement Strategy milestones achieved
- Best Practice measure:
  - Percentage of total contract value (£ within financial year) procured through the Procurement Cycle and Framework

### **Strategy Effectiveness Measures**

The effectiveness of the Strategy will be measured through the success of the individual procurements that it influences.

- Percentage of Business Case objectives achieved through full contract lifecycle (financial and service-related benefits)
- Effectiveness of the procurement project (assessed at Stage 6 Contract Award)
- Effectiveness of performance management during the contract (assessed at Stage 8 Contract Review – compared to the Stage 6 Contract Award base)
- Measures for Procurement Projects (Major Procurements):
  - Percentage of agreed Procurement Project milestones met
  - National Procurement Strategy measures of average time from OJEU (Official Journal of the European Union) publication to Contract Award – reductions of 10% ('05) and 25% ('06) on 2003 base \*

*\* Note that there is no 2003 baseline available for comparison, and that time scales are influenced by the procurement approach selected.*

### **Supporting Measures**

These are indirect measures that monitor the procurement profile of the Council and provide valuable management information:

- Amount and Distribution of Spend with partners and suppliers including large businesses, small/medium enterprises, micro-businesses and third sector enterprises
- Distribution of spend including sub-contracted work with local, national and international businesses
- Distribution of spend on Major, Routine and Minor procurements
- Percentage of total spend in ethnic minority businesses
- Percentage of total spend through electronic payments

**“We will manage the necessary internal changes to minimise risks, overcome barriers and ensure the success of this strategy.”**

### Managing Change

This strategy will result in change at three levels, affecting different groups, requiring different approaches and to be achieved over different time frames.

The areas of change, the officers responsible and the related activities are shown in Table 3, below.

*Table 3: Change at Kingston Council*

<b>Area of Change</b>	<b>Related Activities</b>	<b>Who?</b>
<b>Regulatory Framework</b>	<ul style="list-style-type: none"> <li>▪ Amendment of Financial Regulations and Standing Orders</li> <li>▪ Adoption by Council</li> </ul>	<ul style="list-style-type: none"> <li>▪ Executive</li> </ul>
<b>Guidance and Processes</b>	<ul style="list-style-type: none"> <li>▪ Draft and test documentation for Framework</li> <li>▪ Deliver through Procurement Portal</li> </ul>	<ul style="list-style-type: none"> <li>▪ I&amp;P Team</li> <li>▪ Officers</li> </ul>
<b>Performance and culture</b>	<ul style="list-style-type: none"> <li>▪ Provide internal procurement resource for directorates</li> <li>▪ Work on real procurements</li> <li>▪ Provide relevant training</li> <li>▪ Create officer fora</li> </ul>	<ul style="list-style-type: none"> <li>▪ Officers</li> <li>▪ Partners</li> <li>▪ Suppliers</li> <li>▪ I&amp;P Team</li> </ul>

These activities will be managed to deliver the necessary associated changes in behaviour, thinking and culture.

### Risk Analysis

Risks to the successful delivery of this strategy have been identified and are detailed in Annex 2.

Specific responses have been identified to mitigate their impact and have been considered in the development of the strategy.

### Reference Documents

More detail can be found in the following documents:

- “Procurement Strategy Action Plan”, *Kingston Council*
- “Contracts Register”, *Kingston Council*

## ANNEX 1

### SAVINGS AND GAINS

The potential efficiency gains and savings from this procurement strategy can be divided into three broad areas as set out in Table 4.

These have obvious resonance with the Gershon Efficiency savings agenda and the medium to long-term aims of an Efficiency Strategy. Medium Term Financial Plan refers.

*Table 4: Potential Savings & Gains through Procurement*

<b>Area</b>	<b>Typical Savings and Gains</b>
<b><i>Production costs</i></b>	<ul style="list-style-type: none"> <li>▪ Centralised update of documents through corporate intranet</li> <li>▪ Publishing and mailing printed materials minimised by inter/intranet access</li> </ul>
<b><i>Processing and Handling Costs</i></b>	<ul style="list-style-type: none"> <li>▪ Innovative service delivery will reduce transactions and invoice lines and allow consolidated invoices</li> <li>▪ Corporate arrangements streamline procurement process and reduce supplier base</li> <li>▪ Corporate arrangements secure least cost solutions</li> </ul>
<b><i>Investment in Local Economy</i></b>	<ul style="list-style-type: none"> <li>▪ Increase in repeat spending in local economy (using <i>local</i> businesses for specific goods, services and works)</li> </ul>

### Towards a Savings Culture

The procurement cycle does not in itself encourage a savings culture.

Tackling “spend-to-keep” habits (i.e. ensuring budgets are fully spent by year-end in order to justify their levels in future rounds of budget setting) will be considered as part of wider reviews of financial administration.

## ANNEX 2

### RISK ASSESSMENT

The implementation of an important strategy and the related change process are not without risks. Awareness and anticipation of the risks will mitigate their impact.

The risks are outlined in Table 5 and have been aligned with the four steps of the strategy in Section 2. The appropriate responses to mitigate the risks are also shown and are carried through into the separate Action Plan.

*Table 5: Risks Associated with the Procurement Strategy*

<b>Step</b>	<b>Risk</b>	<b>Response</b>
<b><i>Controlled procurement</i></b>	<ul style="list-style-type: none"> <li>▪ An unworkable or theoretical process</li> </ul>	<ul style="list-style-type: none"> <li>▪ Combining current Council procurement habits with theory and best practice</li> <li>▪ Developing process “bottom up” in workshop setting with I &amp; P team to ensure clarity and workability</li> <li>▪ Developing an Action Plan and implementing it</li> <li>▪ Embedding the strategy through the Procurement Framework</li> </ul>
<b><i>Better Organisation</i></b>	<ul style="list-style-type: none"> <li>▪ Strong procurement process is undermined by poor execution</li> <li>▪ Fragmentation of the procurement cycle into disconnected and unrelated stages</li> </ul>	<ul style="list-style-type: none"> <li>▪ Providing guidance developed from the user’s perspective, at each stage of the procurement cycle</li> <li>▪ Recognising internal procurement excellence and promoting it within the Council</li> <li>▪ Introducing project management disciplines</li> <li>▪ Providing templates for information needed at each stage of the procurement cycle</li> </ul>

<b>Step</b>	<b>Risk</b>	<b>Response</b>
<b>Efficient Use of Resources</b>	<ul style="list-style-type: none"> <li>▪ Failure to realise cashable/other savings and gains in support of the Council's Efficiency Strategy</li> </ul>	<ul style="list-style-type: none"> <li>▪ Aligning strategy with corporate objectives and priorities by including statements specific to areas of savings/gain (e.g. stimulating local economy)</li> <li>▪ Designing processes that involve people, paperwork and stages only when value is added</li> <li>▪ Developing relevant baseline measures and monitoring these (e.g. local spend, Major procurement timescales)</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Lack of commitment in Senior Management</li> </ul>	<ul style="list-style-type: none"> <li>▪ Good awareness of importance of procurement strategy to CPA status (a pre-requisite for 'Excellence')</li> <li>▪ Alignment of strategy with corporate goals and other initiatives – e.g. embedded principles in efficiency savings and gains</li> <li>▪ Promotion of the Kingston Procurement Strategy amongst its peer groups as an example of best practice</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Unclear procurement process</li> </ul>	<ul style="list-style-type: none"> <li>▪ Gaining “top down” support for process to change existing practices and habits</li> </ul>
<b>Effective Engagement</b>	<ul style="list-style-type: none"> <li>▪ Flexibility limited by codes and regulations</li> </ul>	<ul style="list-style-type: none"> <li>▪ Removing obstacles and limitations in Standing Orders and Financial Regulations</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Strategy and process are not communicated</li> </ul>	<ul style="list-style-type: none"> <li>▪ Developing a Communications Plan and ensuring all stakeholders are included in it</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Failure to achieve appropriate culture changes in performance, contract and project management</li> </ul>	<ul style="list-style-type: none"> <li>▪ Develop long term culture change programme to include elements of training, challenge, internal peer review and incentive</li> </ul>

## ANNEX 3

### SUPPORTING DOCUMENTS

Section 4 of this strategy sets out the importance of a supporting documentary framework in delivering a successful strategy. Some of the key policies, regulations and guidance are listed here for information and can be found on the procurement pages of the Kingston intranet.

- **“Procurement Framework Index”** is a managed list of all elements of the Procurement Framework
- **“Handy Guide”** offers a step-by-step guide for Officers through the procurement process. This guidance is sub-divided with additional information for the Improvement & Procurement Team
- **“Doing Business with the Council”** pages on [www.kingston.gov.uk/doing\\_business](http://www.kingston.gov.uk/doing_business) offer guidance for suppliers
- **“Ethical Procurement Policy”** offers an ethical framework for procurement activities
- **“Whistleblowing Policy”** and **“Fraud Awareness Policy”** set out aspects of our underpinning values
- **“Procedural (Part 4A) Standing Orders”**, **“Contract (Part 4F) Standing Orders”** and **“Financial Regulations (Part 4G)”** form the regulatory framework for procurement activities
- **“Kingston Business Directory”** lists local businesses, interested in supplying the Council
- **“Contracts Register”** is an internal Kingston document listing all current and planned procurements. Tenders and Contracts over £50,000 are also visible online

There are additional, administrative documents relevant to this strategy document, including:

- **“Procurement Strategy Action Plan”** translates the strategy into an Action Plan ready for development into a Work Programme
- **“Procurement Portal Description”** describes the phased development of strategic ICT support for the procurement cycle.