

CARLISLE CITY COUNCIL

Report to:- Carlisle City Council

Date of Meeting:- 26 April 2011

Agenda Item No:-

Public

Title:- **REVISED PROCUREMENT AND COMMISSIONING
STRATEGY 2010-12**

Report of:- **Assistant Director (Resources)**

Report reference:- **RD65/10**

Summary:-

This report was considered by the Executive on 14 March after originally being submitted to the Executive on the 11th October and subsequently referred to the Resources Overview and Scrutiny Panel on the 6th of January 2011. The report recommends the adoption of a revised Procurement & Commissioning Strategy for the period 2010-12. The original Procurement Strategy has been revised and enhanced to incorporate the requirements of the government's efficiency, environmental, equality and diversity legislation and recent changes to European procurement legislation.

Recommendation:-

Council is asked to approve and adopt the revised procurement and commissioning strategy as recommended by the Executive on 14th March 2011.

Contact Officer: Malcolm Mark

Ext: 7353

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: None

REPORT TO EXECUTIVE

PORTFOLIO AREA: GOVERNANCE AND RESOURCES

Date of Meeting: 14th March 2011

Public

Key Decision: No

Recorded in Forward Plan: No

Inside/Outside Policy Framework

**Title: REVISED PROCUREMENT AND COMMISSIONING STRATEGY
2010-12**

Report of: Assistant Director (Resources)

Report reference: RD65/10

Summary:

This report was originally submitted to the Executive on the 11th October and subsequently referred to the Resources Overview and Scrutiny Panel on the 6th of January 2011. The report recommends the adoption of a revised Procurement & Commissioning Strategy for the period 2010-12. The original Procurement Strategy has subsequently been revised and enhanced to incorporate the requirements of the government's efficiency, environmental, equality and diversity legislation and recent changes to European procurement legislation.

Recommendations:

The Executive is asked to consider the revised procurement and commissioning strategy including any subsequent observations made by the Resources Overview and Scrutiny Panel at its meeting on 6th January 2011 prior to making formal recommendation to Council.

Contact Officer: Malcolm Mark

Ext: 7353

CITY OF CARLISLE

To: The Executive
14 March 2011

RD65/10

1. INTRODUCTION

- 1.1 The attached draft strategy and appendices was submitted to SMT following scrutiny and feedback by the Audit Commission as part of their annual audit inspection. The Audit Commission assessed the Council's arrangements to achieve value for money and concluded that the Council had satisfactory arrangements in place to secure economy, efficiency and effectiveness in its use of resources. The 2010-12 strategy includes a number of amendments and revisions intended to strengthen and clarify the councils approach to the provision of goods, works and services. The Executive are requested to consider the content of the revised strategy and forward to full Council for approval via the internal scrutiny cycle.
- 1.2 The Council's Procurement Strategy was first produced in April 2003 and revised in 2006 to ensure that issues contained in the National Procurement Strategy (NPS) were incorporated within the Councils procurement activities. The 2010 revision has been amended to incorporate an enhanced focus on the commissioning agenda, to enhance and refresh the original version and to further ensure that the Governments efficiency, environmental, equality and diversity programmes and European (EU) legislative changes are included in the Councils procurement activities and these accurately reflect emerging corporate priorities and the internal transformation programme.
- 1.3 The aim of this Commissioning and Procurement Strategy is to set a clear framework for activity throughout the authority, which reflects the Council's Corporate Plan and which complements the Council's constitution and contracts procedure rules.
- 1.4 In considering revised corporate objectives and values and the requirements of Central Government and European legislation, the following objectives have been set:
- to ensure that the commissioning and procurement process is clear and focussed in the first instance on achieving efficiency, effectiveness and value for money;
 - to ensure that service delivery options are chosen on the basis of the degree to which they fulfil the Council's corporate aims and objectives and those of specific services;

- when appropriate, to seek out and develop alternative methods of service delivery;
 - to ensure that in choosing the most appropriate commissioning and procurement method, the process of balancing cost against community benefit is made in a transparent way and supported where appropriate with clear evidence.
- 1.5 Effective procurement and commissioning will support the key strategies and goals of the Council and help to deliver corporate priorities. They will be used as a lever to support the efficiency agenda and the wider council objectives such as equal opportunities, sustainability, the environment and local economic regeneration.
- 1.6 Procurement and Commissioning principles have been established that aim to support the Council's core values and corporate objectives. These are identified in the strategy and contain guidelines, which focus on the main areas of activity and relevance. To complement the strategy the Council's code of practice has been further developed and will shortly be available on the Council's intranet.
- 1.7 In addition it has also been necessary to revise the Council's Contract Procedure Rules to accurately reflect the emerging changes through the implementation of electronic systems and procedures and the utilisation of framework agreements and contracts. The revised CPR was accepted by Council in November 2010.

2. RECOMMENDATIONS

The Executive is requested to:

- (i) consider the draft procurement and commissioning strategy and forward any observations to the Resources Overview and Scrutiny Panel on 6th January 2011.
- (ii) Following Scrutiny the Executive will be required to consider any amendments at its meeting on the 17th of January prior to making formal recommendation to Council in February 2011.

3.0 Reasons for Recommendations

The proposed revision to the Councils Procurement and Commissioning Strategy are intended to enable the council to take advantage of alternative service delivery and tendering methodologies through changes in technology and efficiency legislation. The changes are intended to make procurement and commissioning more efficient, achieve greater cost effectiveness and will also lead to competition between providers of goods, works and services.

4.0 Implications

- Staffing/Resources – Not Applicable
- Financial – Included in the report.
- Legal – The Council is obliged to comply with legislation, primarily the Public Contracts Regulations 2006, and also its approved Contract Procedure Rules. The Procurement and Efficiency Strategy is part of the Council's Policy Framework and must be considered and approved in accordance with the procedure in the Council's Constitution.
- Corporate – SMT have been consulted on the issues set out in the report.
- Risk Management – Included in the report.
- Environmental – Not Applicable.
- Crime and Disorder – Not applicable.
- Impact on Customers – Will improve access to opportunities for suppliers
- Equality and Diversity – Included in the report.

Impact assessments

Does the change have an impact on the following?

Equality Impact Screening	Impact Yes/No?	Is the impact positive or negative?
Does the policy/service impact on the following?		
Age	Yes	Positive
Disability	Yes	Positive
Race	Yes	Positive
Gender/ Transgender	Yes	Positive
Sexual Orientation	Yes	Positive
Religion or belief	Yes	Positive
Human Rights	Yes	Positive
Social exclusion	Yes	Positive
Health inequalities	No	N/A
Rurality	Yes	Positive

If you consider there is either no impact or no negative impact, please give reasons:

The attached draft strategy is focussed on obtaining greater access to supplies, works and services and compliments the council's existing corporate and strategic policies.

If an equality Impact is necessary, please contact the P&P team.

Peter Mason Assistant Director (Resources)

Contact Officer: Malcolm Mark

Ext: 7353

End.

CARLISLE CITY COUNCIL

PROCUREMENT & COMMISSIONING STRATEGY

2010 - 2012

Document History:

Revision date	Issue No.	Summary of Changes
19/10/2009	V.01	Issued to Deputy Chief Executive
19/10/2009	V.01	Issued to Assistant Director Resources
16/02/2010	V.02	Amended to include PAG Terms of Reference
14/04/2010	V.03	Amended to include Action Plan 2010-11
28/10/2010	V.04	Amended to include reference to CSR10
01/12/2010	V.05	Amended to include SMT updates.

Contents

1.	Introduction.....	2
2.	Strategic Procurement and Commissioning in Context.....	3
3.	Why Adopt a Sustainable Procurement and Commissioning Strategy?.....	7
4.	Socially Responsible Procurement and Commissioning.....	8
5.	Principles for Effective Procurement and Commissioning.....	12
6.	Code of Conduct for Procurement and Commissioning.....	15
7.	Council Commitment.....	16
8.	Council Service Review Procedures	18

Appendices:

- (1) Flexible Framework.
- (2) Service Review Procedure.
- (3) Project Assurance Group Terms of Reference.
- (4) Action Plan.
- (5) Glossary.

1. Introduction

- 1.1 This document replaces the original corporate procurement strategy 2006-2009 and sets out the council's strategic approach to procurement, commissioning and value for money.

The Procurement and Commissioning Strategy is intended to ensure the council obtains optimum value for money in all its procurement and commissioning activities within a framework that supports the principles and priorities of sustainable development. It is not intended to be a manual. However, the principles contained within this strategy will be applied to all procurement and commissioning activity throughout the period 2010 – 2012.

Effective procurement and commissioning is crucial in securing high quality; value for money public services. The development of a clear Sustainable Procurement and Commissioning Strategy is a key step towards achieving and delivering the demanding efficiency targets in the 2007 and 2010 Comprehensive Spending Review.

- 1.2 The Strategy addresses:

- all elements of procurement and commissioning activity, from identifying need, consultation with users, challenging that need, considering options, obtaining the appropriate goods, services or works, effective supplier and contract management, through to the disposal of assets;
- a 'whole life' approach ensuring minimum environmental impact and maximum cost effectiveness wherever possible. It also embraces emerging initiatives including the need for the council to consider its carbon footprint;
- the many solutions available to the council, from establishing corporate contracts, using collaborative and consortia arrangements, through to developing long-term strategic partnerships.

- 1.3 This strategy continues to provide a clear focus on balancing two priorities:

- (1) identifying and delivering efficiencies, but not at the cost of quality, and
- (2) developing and embracing socially responsible and sustainable procurement and commissioning

These two priorities can be reconciled through adopting a mixed economy approach, evaluating on the basis of whole life costs, and breaking down any existing barriers to council opportunities.

- 1.4 Effective procurement and commissioning is crucial in securing high quality, value for money public services and the development of a sustainable Procurement and Commissioning Strategy is a key step

towards achieving and delivering the demanding efficiency targets in the 2007 and 2010 Comprehensive Spending Reviews (CSR07 and CSR10).

It emphasises the importance of socially responsible procurement, using whole life costs, involving users and assessing the social, environmental and economic impact of procurement decisions and it reinforces how value for money, efficiency targets and carbon commitments will only be achieved if the council adopts a positive approach to procurement and commissioning, taking full account of opportunities for innovation and by embracing genuine partnerships which are available from working with others in the public, private and third sectors.

1.5 Importantly, this strategy seeks to balance the priorities of:

- Delivering efficiencies and quality,
- Engaging in socially responsible procurement, with local and regional suppliers and service providers to promote the local economy within the EU procurement rules and taking account of the social and environmental impact of spending decisions.

A mixed economy approach to procurement and commissioning also relies on developing a collaborative approach with other organisations including the voluntary and social enterprise sector to achieve economies of scale wherever possible and whenever appropriate.

1.6 The Council is now taking forward its agenda on commissioning and procurement recognising that both subjects interlink and are key to the delivery of services which:

- ☐ are designed to meet residents and service user's needs
- ☐ are based on defined key outcomes
- ☐ are provided and paid for by the appropriate parties
- ☐ encompass best practice
- ☐ take account of future needs and developments
- ☐ demonstrate Best Value and make best use of available resources.

1.7 This strategy provides a corporate focus for procurement and commissioning. It embraces the council's commitment to strategic procurement and commissioning and sets out the council's aspirations.

2. Strategic Procurement and Commissioning in Context

2.1 Procurement and Commissioning consists of a series of activities and processes that sit at the heart of the council, providing the framework by which the council obtains value for money in all the goods, services and works that it requires. A useful definition that shows the inter relationship is;

Commissioning is a whole service approach to the design, management, delivery and monitoring of a specialist service. It is an ongoing, cyclical process to secure the strategic development of services provided from public, private or voluntary organisations and involves planning, designing,

and implementing a range of services that are required. It is facilitated by procurement activity.

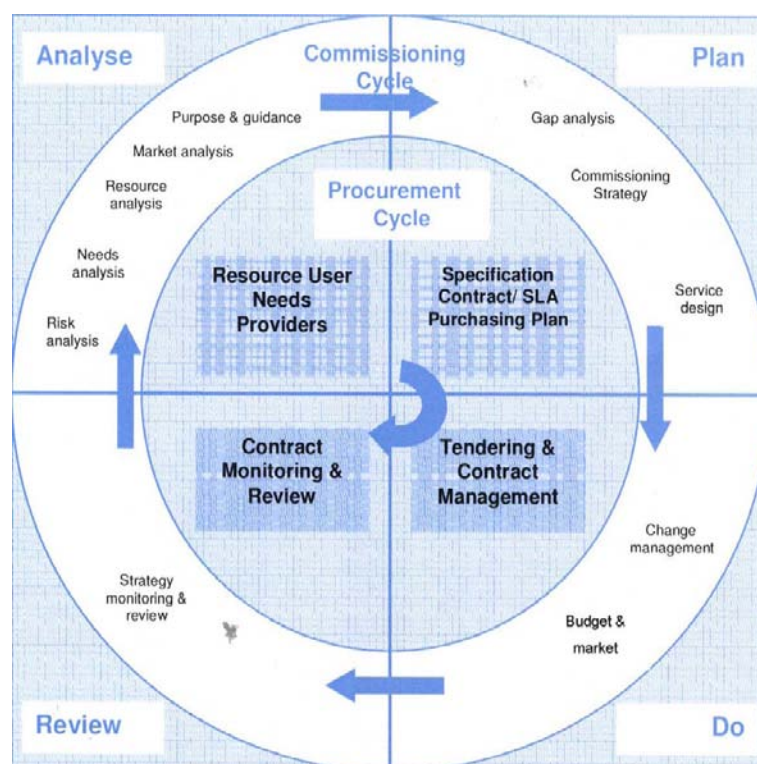
Procurement is the process of acquiring goods, works and services, covering both acquisitions from third parties and from in-house providers. The process spans the whole cycle, from identification of needs through to the end of a services contract or the end of the useful life of an asset.

Procurement requires local authorities to ensure sustainability and to secure continuous positive outcomes for the economy, while using its resources effectively and efficiently in order to achieve value for money.

Value for Money, as defined by the Audit Commission, is about “getting the maximum benefit over time with the resources available, achieving the right balance among economy, efficiency and effectiveness, spending less and spending wisely to achieve priorities for local people”.

Good value for money is achieved when there is an optimum balance between relatively low costs, high productivity and successful outcomes for our communities. The Commission categorises this in terms of the three Es – economy, efficiency and effectiveness. Value for money within a procurement context is defined as the optimum combination of whole life costs and positive social, economic and environmental outcomes.

Figure 1 below shows the iterative nature of this Inter relationship;



2.2 The Commissioning role of the Council.

The Council will consider, where appropriate all forms of service delivery such as partnerships, shared services, in-house and outsourcing.

2.3 Commissioning involves:

- user and community engagement and needs analysis
- strategically planning for services which deliver sustainable outcomes
- implementing plans, shaping markets, securing services and outcomes
- monitoring the delivery of outcomes, evaluating and challenging services.

Where this is done well this will enable the Council to:

- seek opportunities for joint commissioning across local statutory bodies and thereby secure a more efficient use of resources
- focus on understanding what communities need, and so to challenge existing service provision
- avoid silos by being creative in seeking opportunities to achieve cross-cutting objectives through mainstream services.

2.4 Putting people and places at the heart of commissioning

The council will involve service users and the local community throughout the commissioning cycle. Increasingly such involvement should deepen the extent that local people and the wider community become co-producers of the services and outcomes they want to see. There are a range of ways the Council can seek to achieve this co-production, these include;

- actively involving service users and the wider community at each stage of the commissioning cycle – assessing needs, establishing priorities, designing services and reviewing performance;
- exploring with the community how services can be varied or targeted so that they are responsive to differing interests;
- locating commissioning decisions closer to users and communities for example through community groups;
- devolving aspects of the commissioning role
- active participation in the day-to-day delivery of services.

2.5 A mixed economy of service delivery

The council will recognise and embrace diversity in the way services are provided, with the focus on desired outcomes and not on whether the service is delivered by the public, private or third sector. The range of delivery mechanisms include;

- joint working with other statutory bodies;
- working in partnership with or providing grant funding to local organisations and the voluntary sector;
- co-production with service users and communities of interest and place;
- developing and shaping local markets;
- contracting with providers in the public, private and third sectors;

- securing services through an in-house provider.

While the council has discretion over how individual services are to be provided, best value is more likely to be achieved where there is a positive approach to achieving a mixed economy, rather than where any one supplier dominates the provision of services in an area. Developing choices requires a sound knowledge of the available sources of supply and the capabilities of service providers. The council has a key role to play in shaping the local public service markets through dialogue and procurement to stimulate providers to develop innovative solutions.

2.6 Competition and Contestability

Competition and contestability are generally regarded as specific forms of challenge and the relevant questions Councils are required to consider are:

- Challenge – Should we be doing this? Are we doing it the right way?
- Contestability – Can we bring market like pressure to bear on the provider?
- Competition – Can a competitive process give us better value?

2.7 Fair and Open Competition

The council will represent the interests of citizens, service users, and their communities by;

- ensuring decisions about using public money are based upon an objective assessment and accurate information;
- taking steps necessary to avoid conflicts of interest for example, when
- ensuring that any procurement and commissioning decision, including retaining services in-house, is undertaken and justified in an open and transparent way regardless of whether a full European Union (EU) Procurement exercise is involved.

The council needs to understand and manage the cost effectiveness of each part of their delivery chain where public resources have been invested, whatever the value. The council, for their own services (including those externally provided) should;

- regularly and rigorously assess and review the competitiveness of those services against similar services provided by other statutory bodies, local authorities or other service providers;
- where these services are found to be under-performing in comparison with others they should reevaluate the need and priorities for that service;
- where service improvement is unlikely to be forthcoming within a reasonable period of time or unlikely to match what could be provided by alternative providers, the Council will seek new supply

arrangements through, wherever practicable, fair and open competition.

Championing the needs of their communities requires the council to be clear about their role as both commissioner of services in the interest of the community and as a provider of some of those services. Whatever the organisational arrangements put in place there should be in all cases clear mechanisms for commissioners to hold in-house provider functions to account.

2.8 Incentivising providers and sustainable funding

In taking a long term sustainable perspective on best value, the council will need to consider appropriate measures to support and incentivise service providers, including in-house teams and partners. Such measures are likely to include linking payments to performance outcomes – especially the achievement of user satisfaction. Where possible, the council will provide longer-term stability of funding and contracting to enable more efficient planning by service providers, regardless of their sector. The council will be sensitive towards the capacity of both small and medium enterprises and their counterparts in the third sector, and work to establish a range of practical measures which will maximise their capacity to deliver community outcomes. Grants, alongside contracts, have a crucial role and should be used where they are more appropriate, particularly when building the capacity of partners, piloting new approaches to services and outcomes and in investing specific projects led by other partners. While there is a role for short-term grants for example in promoting new community-based organisations the starting point, subject to overall affordability and purpose, should be three years (or more). Though in all cases, the particular conditions attached to payments, incentives or to length of contract or grants should be determined by the duty to achieve best value.

3. Why Adopt a Sustainable Procurement and Commissioning Strategy?

- 3.1 Part I of the Local Government Act 2000 places a duty on the council to seek to promote and improve the economic, social and environmental well being of its area. The Council uses a wide range of products and services and spends millions of pounds each year on a wide range goods, services and works. These purchases meet the council's obligations to provide the services expected by residents and visitors, and have a significant impact on the long-term sustainability of the city and the wider North West region.

In the past, the full impact of the goods, services and works procured for the council was not always fully recognised. Environmental impacts, such as the creation of waste or the original source of the product, and social impacts, such as conditions of employment, were seldom fully considered.

This strategy integrates the increasingly important environmental, social and economic factors of supply and demand into the procurement and commissioning process. Furthermore, the adoption of this sustainable

procurement and commissioning strategy demonstrates the council's commitment to sustainable development at every level.

3.2 Key Aim

The key aim of the Council's Sustainable Procurement and Commissioning Strategy is to support the procurement of goods, services and works that meet our obligations to stakeholders and customers whilst balancing our environmental, social, economic and equality objectives and our commitment to sustainable development.

The strategy will therefore mean that the broader strategic social, environmental and economic impacts of the procurement and commissioning process will be considered when making future decisions on how best to procure goods, works and services.

The strategy also sets out the process for improving the sustainability of the Council's procurement and commissioning within the council by taking into account the factors required to be considered when acquiring goods, services or works. These include, but are not limited to:

- Consideration of the entire life cycle of products/assets/services including costs of disposal.
- The environmental impact over the life cycle of a product/asset/service, including its impact in terms of carbon dioxide emissions.
- Social aspects such as labour conditions, equality and diversities and fairly traded products.
- Any applicable regulations, requirements, conditions or specifications such as EU Directives.
- All local, regional, national or international policies contributing to sustainable development.
- The consideration of price, quality, risk, availability and functionality of goods, works and services.
- The consideration of goods, works and services that may stimulate innovation, create jobs and retain wealth in the area or contribute to the establishment of a low carbon economy.

Effective procurement and commissioning is crucial to achieve continuous improvement and to secure value for money in public services. It is important to ensure that procurement and commissioning decisions are legal, ethical, in accordance with the policies and procedures of the council and that consideration is given to the impact on the economic, social and environmental well being of the city.

4. Socially Responsible Procurement and Commissioning

- 4.1 The council is working regionally and nationally to develop models of socially responsible procurement and commissioning, and engaging with organisations, agencies and the independent and voluntary sector to test these models. The three strands of socially responsible procurement and commissioning (economic, sustainable and environmental) are addressed in more detail below.

4.2 Economic Regeneration

The council is one of the largest spending organisations in the city and the sub-region, and the more money that is spent locally, the greater positive impact this will have on the local economy, particularly for small and medium sized businesses.

The council can legitimately support locally based businesses, by:

- working pro-actively with local organisations to explain how to do business with the council, providing information about future procurement and commissioning activity, and advertising tenders on the council and other websites;
- running “Meet the Buyer” events which encourage businesses to bring along developing products and services;
- encouraging the development and utilisation of Business to Business portals to promote trading between businesses within Cumbria;
- encouraging suppliers to provide local services by local people where possible;
- develop local supply chains through early engagement with the local market where there is the possibility to add value;
- acknowledging that sustainability needs to be embedded by developing longer term contracts therefore the council policy will be to have a minimum of three year contracts except where the business case demonstrates this is not viable.

4.3 Conflicting Priorities

The challenge for procurement and commissioning is to balance the following potentially conflicting priorities of;

- delivering value for money with the required quality, and in accordance with any time constraints;
- sourcing locally where possible within the legislative framework;
- promoting the voluntary and social enterprise sector as a supplier of services.

4.4 Voluntary and Social enterprise Sector

The council recognises and values the added benefits that the voluntary and social enterprise sectors can provide and will explore the use of the voluntary and social enterprise sectors in its procurement and commissioning activities.

Proactive measures such as advertising on the Regional Improvement and Efficiency and other websites must always be considered as well as any required advertising routes as identified in the Councils Contracts procedure rules.

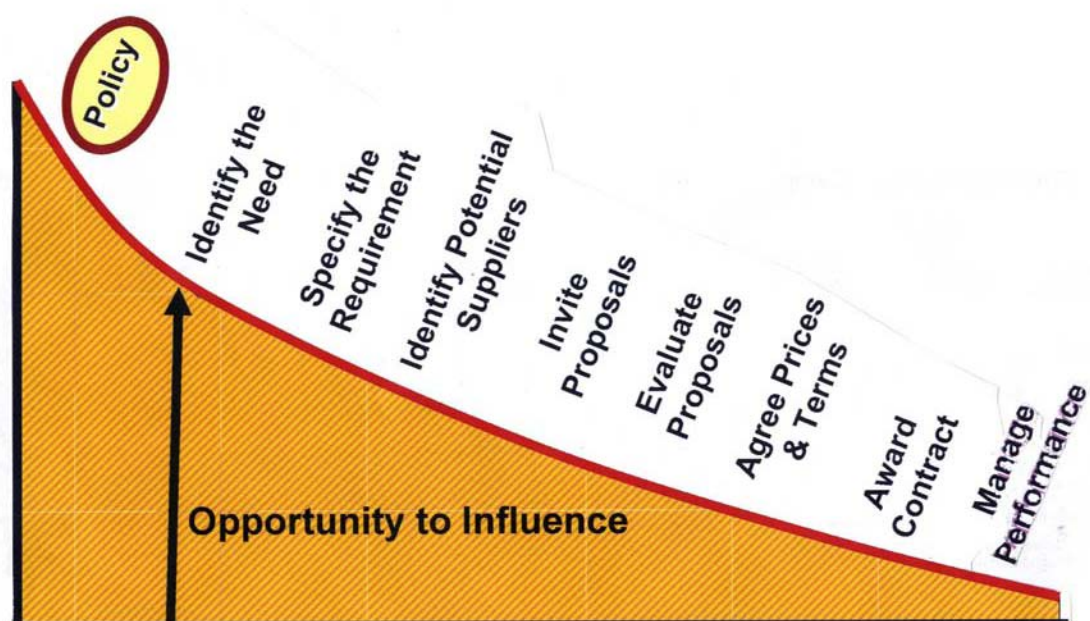
4.5 Sustainability and Environmental Management

The council, along with its partners, is committed to ensuring that services are delivered in a way that protects the quality of the environment and minimises any adverse impact on community well being. The council recognises that procurement and commissioning is integral in delivering more sustainable outcomes for the city and the wider community. To achieve this it is necessary to ensure that environmental and broader sustainability considerations are taken into account throughout the procurement and commissioning process, along with the use of local suppliers where appropriate.

4.6 Opportunities

Opportunities exist at different stages of the procurement process where social and community benefits can legitimately be incorporated into the council's requirements. However the ability to influence the process reduces as the process develops. Greater impact can be made if such issues are considered at the earliest stages of the cycle.

Figure 2 below shows how the opportunity to influence reduces through the cycle:



Specific guidance on socially responsible issues in procurement and commissioning can be found as a toolkit document linked to the Council's Good Practice Guide.

4.7 How will we achieve Sustainable Procurement and Commissioning?

This strategy adopts the Sustainable Procurement Taskforce Flexible Framework approach to sustainable procurement recommended by Central Government. (Attached as Appendix 1)

In doing so, the strategy aligns council policy with the county wide and national principles and priorities for sustainable development.

This flexible framework advocates five key themes: -

1. People
2. Policy, strategy and communication
3. Procurement process
4. Engaging suppliers
5. Measurements and results

The Council has identified the opportunities offered by the flexible framework to challenge and improve its sustainable procurement practices. To achieve at least level 2 it is apparent that emphasis needs to be targeted at engagement with the supply chain to instigate better supply chain management as well as risk management within the supply chain.

It is considered that the greatest impact can be made through suggesting practical steps and actions to be taken by suppliers, principally to save energy and waste. This would, as a by product, not only evidence their sustainable practices but would also bring the benefits of cost savings and business growth to them whilst lowering their carbon footprint.

Encouraging such action would support and contribute to the councils target to reduce carbon emissions.

The council as an active member of the Cumbrian Councils procurement Group (EPiC – Effective Procurement in Cumbria) will continue to work with other organisations and agencies to establish and promote minimum recycled content standards for use in construction, maintenance, facilities management and all printed matter, and will establish minimum environmental standards for all construction, refurbishment and maintenance work.

4.8 Equality

The council as an influential democratically elected body is able to promote a positive approach to equality throughout the region. In its procurement and commissioning processes it demonstrates its commitment to all its users, suppliers and contractors by ensuring that contractual arrangements actively promote equality.

All officers are required to complete an Equality Impact Assessment when undertaking projects and when completing reports to elected members and committees.

Our Procurement and Commissioning Equality of Opportunity statement explains the Council's expectations.

“The City Council is committed to meeting its legal duties under the six strands of equality. Our aim is to eliminate discrimination, promote equality of opportunity and promote positive relations in the delivery of all services. The Council is responsible for meeting its duty on all functions, including those which are carried out by an external supplier. All organisations wishing to contract with the Council must be able to demonstrate that all reasonable practicable steps are taken to allow equal access and equal treatment in employment and service delivery for all.”

4.9 Health and Safety

The Council will demonstrate best practice in health and safety management. The Council is striving to become an exemplar and lead the way in improving health and safety performance in those organisations they contract with, to promote best practice right through the supply chain.

5. Principles for Effective Procurement and Commissioning

5.1 Procurement and commissioning decisions such as whether to continue to provide the goods, services or works, and whether to provide them internally or externally are central to this requirement. The following principles will form the basis of all procurement and commissioning activity in order to achieve value for money and thereby demonstrate economy, efficiency and effectiveness of service delivery:

- Procuring services strategically will support improved service delivery through the freeing up of resources and improving the quality of goods, services and works.
- Procuring and commissioning services strategically will ensure that the Council obtains value for money in the acquisition and management of its resources, balancing quality, total life, total acquisition costs and the wider well being objectives.
- The council will undertake all procurement and commissioning activity within a corporate framework to enable all officers to obtain goods, services and works to the required quality in the most efficient manner, to enable the council to respond promptly and effectively to internal services and citizen requirements.
- The council will ensure that procurement and commissioning activity is undertaken in the most effective and appropriate manner, considering all options including but not exclusively:
 - a) developing and promoting use of corporate contracts
 - b) undertaking vendor and contract management
 - c) using approved nationally negotiated contracts (for example those arranged by the Office of Government Commerce where considered appropriate),

- d) using approved e-procurement solutions wherever possible
 - e) developing strategic partnerships, particularly where they will deliver significant service improvement and/or efficiencies.
 - f) improving the capability of small and medium sized enterprises to bid for goods, works or services in accordance with the SME Concordat and of the capability of the third sector to tender for council contracts. (Also to identify gaps where we do not have local suppliers and to seek to develop the market).
 - g) utilising our partners/suppliers supply chains
 - h) undertaking collaborative procurement with other Councils and organisations
 - i) valuing innovation and creativity
- Procurement and commissioning activity will support, promote and be driven by council policies and priorities, including equality and diversity objectives, sustainability and economic regeneration and stakeholders interests.
 - Procurement and commissioning activity will be transparent and fully compliant with the Freedom of Information Act, fair, and consistent and be undertaken to the highest standards of probity and accountability. All procurement and commissioning decisions will be evidence based.
 - The Council will administer procurement and commissioning through the Procurement Section. This is a corporate resource, which leads on corporate contracts and supporting projects, whilst enabling services (which have best knowledge of local service requirements) to procure and commission locally within a clear corporate framework. It provides support wherever required to each service and monitors procurement activity across the council. It will undertake reviews of all strategic procurement and commissioning projects to ensure the optimal benefit to the Council is achieved.
 - The choice of procurement and commissioning methods will seek to ensure simple or routine transactions can be carried out in the most efficient manner, be dependent upon the strategic importance, the value of the goods, services or works, and the potential risk associated with each procurement option. Different procurement and commissioning options will be suitable for different goods, works and services and will involve undertaking different practical steps to achieve the desired outcome.

The council will develop its overall management of procurement and commissioning by modelling its requirement on a risk / value matrix as illustrated below and via the procedures and processes illustrated in Appendix 2.

<p>BOTTLENECK Low-value / high-risk procurement and commissions may be critical for service delivery. Processes may include use of multiple suppliers, secondary contracts, etc</p>	<p>STRATEGIC High-risk / high-value procurement and commissions require careful project management, and in certain cases strategic partnerships may be an option.</p>
---	---

ROUTINE Low-risk / low-value procurement and commissions benefit from arrangements such as e-procurement solutions.	LEVERAGE Low-risk / higher-value (for example, bulk supplies) should be covered by appropriate corporate arrangements such as stationary and office furniture
---	---

- The training and development needs of all officers buying for the council will be assessed via the use of a competency framework, which will be developed by the Procurement Unit in conjunction with the Cumbrian collaborative (EPIC), and will be part of the employee appraisal process.
- Employees undertaking procurement and commissioning will not make a commitment to purchase unless there is an adequate budget in place.
- Performance indicators and targets (based on both quality and cost) will be established as part of procurement and commissioning processes.
- Procedures to manage contractual arrangements will be established with performance measured and reported, including benchmarking arrangements.
- Procurement and commissioning procedures and processes will be developed and regularly reviewed.
- The management of risk will be an integral part of the procurement and commissioning process.
- The Council will invest where appropriate in procurement, commissioning and contract management training and the systems to support these processes.

5.2 Procurement and commissioning method:

Individual procurement and commissioning decisions should also be considered on their own merits following an appraisal of the suitable procurement and commissioning options. It is important that the option selected is the one most likely to deliver value for money to the council and the community. (See section 8 and Procedure in Appendix 2)

5.3 Partnerships and Partnering

The council acknowledges the importance of partnerships in delivering services. It already benefits from a range of partnerships (with private, public, independent and voluntary organisations).

For clarity the term partnerships refers to a relationship between two or more independent legal bodies, organisations or individuals working together to achieve a common vision with clear aims and objectives. The council delivers a range of services which could be delivered through partnerships. This is an area of potential growth that requires further support and development, and the council will implement the good practice guidance published by the Office of Government Commerce and other bodies where appropriate.

In specific instances (subject to the evidence of a robust business case), a properly procured, commissioned and managed strategic service delivery partnership can deliver ways in which the council can realistically achieve step-changes in service quality. Strategic partnering can provide access to new skills, resources and ways of doing things and allow for innovation and the pursuit of difficult or long-term goals.

Partnerships can provide access to investment, skills, and new opportunities that the council is unable to acquire alone. The council acknowledges that for all of the above arrangements there has to be some key activities undertaken including, but not limited to the below;

- An agreed clear vision with strong leadership
- A written signed agreement between all partners
- Sound governance arrangements with a clear role for the Accountable Body
- Effective performance management
- Clear lines of accountability
- Agreed reporting and reviewing routes between all parties
- Robust financial and performance management arrangements
- Robust process to identify, analyse, manage and monitor risks throughout the life of the arrangement
- A clear exit strategy drawn up

The council is committed to providing quality services now and in the future and will explore all options that will:

- support the council's policies and priorities
- be driven by corporate priorities and desired outputs and results
- balance quality and cost and wider well-being objectives
- respond promptly and effectively to service and citizen requirements
- maximise the effectiveness and efficiencies of the council's procurement and commissioning processes
- ensure simple or routine transactions can be carried out in the most efficient manner
- value innovation and creativity
- use competition to obtain best value
- be transparent and accountable
- join with other public sector agencies/local authorities to add value for money
- obtain the most appropriate solution

6. Code of Conduct for Procurement and Commissioning

All procurement and commissioning activity must be undertaken to the highest standards of ethics and probity. The council insists on high ethical standards from its suppliers, and in turn it must exhibit the highest ethical standards itself.

Officers and members must not only be fair and above board in all business dealings, but must also avoid any conduct that is capable of having an adverse interpretation put on it.

All employees must adhere to the requirements placed upon them by Contract Regulations and Standing Orders and in terms of procurement and commissioning activities act professionally by.

- Maintaining the highest possible standard of integrity in all business relationships, both inside and outside their organisations.
- Rejecting business practice, that might reasonably be deemed improper, and never use their personal authority for personal gain.
- Enhancing the proficiency and stature of the profession by acquiring and maintaining current technical knowledge and the highest standards of ethical behaviour.
- Fostering the highest possible standards of professional competence amongst those for whom they are responsible,
- Optimising the use of resources, which they are responsible for, or influence to provide the maximum benefit to their organisation.
- Complying both with the letter and the spirit of:
 - The Public Procurement Legislative Framework
 - Contractual obligations.

7. Council Commitment

7.1 Procurement and commissioning strategy

Our sustainable procurement and commissioning strategy identifies:

- The role that procurement and commissioning plays in delivering the council's objectives and its contribution to the community, workforce issues, diversity, equality and sustainability.
- How we will encourage a diverse and competitive supply market, including small firms, social enterprises, ethnic minority businesses and voluntary and community sector suppliers.
- Our collaboration with members of EPiC and other public sector organisations
- Our approach to individual contracts (including large contracts and framework agreements) ensures that they are supported by a sound business case and options appraisal.
- Where we decide that the best value option is to aggregate supply or let a longer term contract or framework agreement we will invite

bidders to demonstrate their track record in achieving value for money through effective use of their supply chain, where appropriate.

- The role of SME specialist suppliers in delivering elements of larger contracts and framework agreements.
- Our promotion of a positive approach to equality and diversity issues throughout the region.

7.2 Access to contract opportunities

We will publish on our website;

- Guidance for suppliers on how to do business with the council,
- Details of forthcoming bidding opportunities,
- Contact details for each contract,
- Details of our key suppliers.
- We will advertise contracts by using electronic systems and other means in order to encourage greater diversity and competition.
- We will give potential suppliers an opportunity to discuss the procurement or commission in order to understand our requirements and assess their own suitability. Nothing will be done, however, which would give a particular business or provider an unfair advantage in competing for a specific contract.
- We will work with prime contractors – both at tender stage and during the life of a contract - to establish the contribution that small firms, ethnic minority businesses, social enterprises and voluntary and community sector suppliers can play in the supply chain.

7.3 Fair tender processes

- We will apply our rules and policies fairly.
- At pre-tender stage and during the tender process we will ensure that all tenderers have equal access to relevant information.
- We will keep the tender process as simple as possible in order to help minimise the costs to suppliers.
- If a pre-qualification stage is used we will use a council-wide prequalification questionnaire containing common core questions with limited bespoke additions for each contract. We will work with regional and national partners to ensure a consistent approach to pre-qualification.
- We will assess potential suppliers against published pre-qualification and tender evaluation criteria. These criteria will be proportionate to the risks of the individual contract process. In particular the criteria relating to financial standing will not be set unreasonably as to exclude new or small businesses.

7.4 Feedback

- We will offer meaningful feedback where requested to suppliers following the procurement and commissioning process in order that they can improve for future tenders.
- We will seek feedback from suppliers, and their respective trade associations, on our tender processes and address where we can any problems that are brought to our attention.
- We will publish a complaints procedure.

7.5 Contract Management

- We will treat suppliers openly and fairly.
- Suppliers will:
 - Be paid on time. (As quickly as possible but no more than 30 days from the receipt of an undisputed invoice).
 - Receive honest and constructive feedback on the supplier's performance of the contract.
 - Be given notice of any performance problems and an opportunity, if appropriate, to put matters right.
- All contracts will require our suppliers to pay their sub-contractors, throughout the supply chain, within a maximum of 30 days from receipt of an undisputed invoice.
- All contracts will clearly set out what is required of all parties.

7.6 Supplier commitments

As customers we will make clear to our suppliers, and those wishing to do business with us, what is expected of them.

8 Council Service Review Procedures

- 8.1 The City Council will undertake all commissioning and service review projects utilising a corporate standard procedure attached as Appendix 2. The principle of this process is aligned to PRINCE2 but is not as prescriptive being designed corporately to ensure that all commissioning, shared service and service review projects are undertaken in a similar manner and gain acceptance and subsequent progression via an appropriate route that has management commitment and approval.
- 8.2 Each project (review) will have a project sponsor and be scrutinised and monitored by the Corporate Project Assurance Group (PAG) who will act in an advisory and monitoring capacity, with an emphasis on the quality aspects of project management. (The full terms of reference of the Project Assurance group are attached as Appendix 3).
- 8.3 Each project review will be subject to an equality impact assessment and be required to identify the social, environmental and economic implications.

END.

Appendix 1 – Sustainable Procurement Flexible Framework

Specific dates have not yet been agreed but the Council and partners target is to work towards Level 1 by the end of 2010 and achieve Level 2 by the end of 2011/12. (Target dates for the subsequent levels are to be advised).

	Foundation Level 1	Embed Level 2	Practice Level 3	Enhance Level 4	Lead Level 5
People	Sustainable procurement champion identified. Key procurement staff have received basic training in sustainable procurement principles. Sustainable procurement is included as part of a key employee induction programme.	All procurement staff have received basic training in sustainable procurement principles. Key staff have received advanced training on sustainable procurement principles	Targeted refresher training on latest sustainable procurement principles. Performance objectives and appraisal include sustainable procurement factors. Simple incentive programme in place.	Sustainable procurement included in competencies and selection criteria. Sustainable procurement is included as part of employee induction programme.	Achievements are publicised and used to attract procurement professionals. Internal and external awards are received for achievements. Focus is on benefits achieved. Good practice shared with other organisations
Policy, Strategy & Communications	Agree overarching sustainability objectives. Simple sustainable procurement policy in place endorsed by CEO and approved by Executive member. Communicate to staff and key suppliers.	Review and enhance sustainable procurement policy, in particular consider supplier engagement. Ensure it is part of a wider Sustainable Development strategy. Communicate to staff, suppliers and key stakeholders.	Augment the sustainable procurement policy into a strategy covering risk, process interrogation, marketing, supplier engagement, measurement and a review process. Strategy endorsed by CEO.	Review and enhance the sustainable procurement strategy, in particular recognising the potential of new technologies. Try to link strategy to EMS and include in overall corporate strategy.	Strategy is: reviewed regularly, externally scrutinised and directly linked to organisations' EMS. The Sustainable Procurement strategy recognised by political leaders is communicated widely. A detailed review is undertaken to determine future priorities and a new strategy is produced beyond this framework.
Procurement Process	Expenditure analysis undertaken and key sustainability impacts identified. Key contracts start to include where appropriate general sustainability criteria. Where possible contracts to be awarded on the basis of value-for-money, not lowest price. Procurers adopt Quick Wins.	Detailed expenditure analysis undertaken, key sustainability risks assessed and used for prioritisation. Sustainability is considered at an early stage in the procurement process of most contracts. Whole-life-cost analysis adopted.	All contracts are assessed for general sustainability risks and management actions identified. Risks managed throughout all stages of the procurement process. Targets to improve sustainability are agreed with key suppliers.	Detailed sustainability risks assessed for high impact contracts. Project/contract sustainability governance is in place. A life-cycle approach to cost/impact assessment is applied.	Life-cycle analysis has been undertaken for key commodity areas. Sustainability Key Performance Indicators agreed with key suppliers. Progress is rewarded or penalised based on performance. Barriers to sustainable procurement have been removed. Best practice shared with other organisations.

Engaging Suppliers	Key suppliers spend analysis undertaken and high sustainability impact suppliers identified. Key suppliers targeted for engagement and views on procurement policy sought.	Detailed suppliers spend analysis undertaken. General programme of supplier engagement initiated, with senior manager involvement.	Targeted supplier engagement programme in place, promoting continual sustainability improvement. Two way communications between procurer and supplier exists with incentives. Supply chains for key spend areas have been mapped.	Key suppliers targeted for intensive development. Sustainability audits and supply chain improvement programmes in place. Achievements are formally recorded. CEO involved in the supplier engagement programme.	Suppliers recognised as essential to delivery of organisations' sustainable procurement strategy. CEO engages with suppliers. Best practice shared with other/peer organisations. Suppliers recognise they must continually improve their sustainability profile to keep the clients business.
Measurements & Results	Key sustainability impacts of procurement activity have been identified.	Detailed appraisal of the sustainability impacts of the procurement activity has been undertaken. Measures implemented to manage the identified high risk impact areas	Sustainability measures refined from general departmental measures to include individual procurers and are linked to development objectives.	Measures are integrated into a balanced score card approach reflecting both input and output. Comparison is made with peer organisations. Benefit statements have been produced.	Measures used to drive organisational sustainable development strategy direction. Progress formally benchmarked with peer organisations. Benefits from sustainable procurement are clearly evidenced. Independent audit reports available in the public domain.

The approach to service reviews will consist of the following developmental stages:

1. the service
2. market analysis
3. option appraisal

1 The Service

- 1.1 The contribution the service is intended to make and actually does make to council values and objectives must be analysed. The analysis will determine the most suitable approach to procuring the service through researching the
- cost and quality of the service against a range of service providers across the public, private and voluntary sectors
 - the views of the service users and the community towards the quality and value for money of the service
 - the impact that any changes to the procurement and the delivery of the service will have on the local community through employment and economic development
 - the performance of the service and whether it is achieving its intended purpose and is meeting contractual obligations
 - additional resources the service may need to realise its objectives by considering the following:
 - whether capital investment is required to achieve an acceptable level of performance
 - if management and cultural changes are needed to ensure agreed performance levels
 - whether there are any advantages of an extended service period to make changes to the financing and structuring of the service
 - if there is a requirement for the service and whether all or part of it should be ceased
 - The interoperability and compatibility of the service with other functions, systems and procedures.

2. Market Analysis

Research will be undertaken to assess prevailing market conditions and the capacity of the market to deliver the required services

- 2.1 The research will include:
- consultation with service users and providers
 - reviewing how the council's requirements should be packaged to ensure that the service delivery will meet these needs
 - considering how the requirement should be structured and advertised to attract suitably qualified and experienced service providers
 - completion of a VFM assessment and benchmarking
 - consideration of corporate Business Information Systems, processes and procedures.

2.2 Conducting the research:

- Service Managers will be responsible for commissioning and managing the market analysis
- the research process will be fully auditable and transparent to both internal and external auditors
- where there is a specialist or unique requirement the appointment of consultancy services may be necessary if the council does not possess the skills in house

2.3 Market analysis will identify:

- the leading service providers who have the capacity, expertise and experience to work with the council in developing service innovation and meeting performance objectives
- the range of costs and quality standards within the market
- identification of market weaknesses which may impinge on its capacity to deliver the required services
- whether the market is capable of expanding and offering alternative service delivery options or if it has reached maximum capacity
- the potential for innovation, by service providers, either independently or through joint working with the council
- the approach taken, techniques used and experiences gained by other councils and sectors when structuring and delivering similar services

3 Option appraisal

Option appraisal is the consideration of the options for procuring the service requirement. It will conclude with a recommendation for the preferred option.

3.1 Option appraisal will be undertaken

- prior to the expiry of an existing contract
- following a review of service performance
- as a matter of urgency if a service or a contract is under performing, is financially unsustainable or failing.

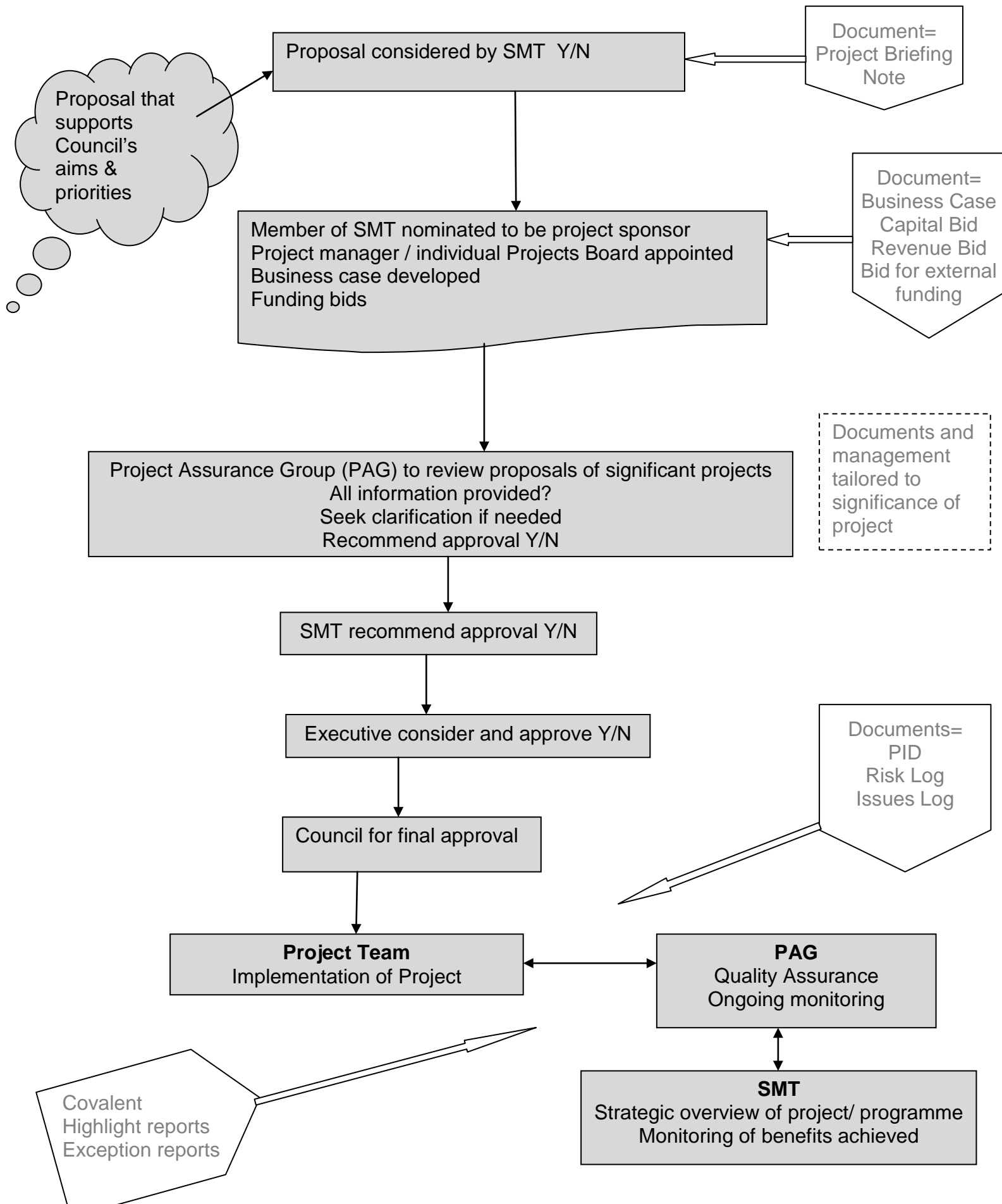
3.2 Within the early stages of the option appraisal a decision is required as to whether the service will be provided by external providers or through in-house arrangements. This is known as the "make and buy" decision.

4.0 In house service provision

4.1 The council believes that in-house services can provide cost effective and high quality services. However, it appreciates that this is only one approach to service delivery which must be considered, on an equal basis, with other options.

4.2 The Council will consider, where appropriate all forms of service delivery such as partnerships, shared services, in-house and outsourcing.

Process for Gaining Approval for a Project





BUSINESS CASE

[The Business Case explains the business rationale for undertaking the project, the expected benefits as a result and analysis of the balance between costs, risks and benefits. As part of the start up phase, the initial Business Case information may only be in outline but it should clearly explain how the project fits into the organisations overall objectives.]
Please delete the text in [...] using the information for guidance on completing the form.

Project Name	[Insert project name]		
Author/Contact Officer:			
Contact Details:			
Service Head:			
Assistant Director (Project Sponsor):			
Portfolio Holder:			
Document/Version Number:		Date:	
Document Location:			

Document History

Revision History

Revision date	Previous revision date	Summary of Changes	Changes marked

Approvals This document requires the following approvals.

Individual or Group	Name/Contact	Date Issued	Document/Version No.	Date Approved	Comments [Attach additional sheets if necessary]
Service Head					
Director					
Project Assurance Group					

SMT					
Executive					
Council					

Purpose of this document [To document the justification for the undertaking of the project, based on the estimated cost of development and implementation against the risks and anticipated business benefits and savings to be gained.]

Contents This Business Case contains the following topics:

Topic	See Page
1 Brief Description	
2 Reasons	
3 Objectives	
4 Options Appraisal	
5 Benefits Expected	
6 Impact on Corporate Priorities and Service Standards	
7 Other Strategic Considerations	
8 Proposed Timetable	
9 Input Required from Other Teams/External Parties	
10 Risks	
11 Summary Investment Appraisal	
12 Estimated Costs	

1. Brief Description

[Provide a brief description of the project.]

[Provide a description of the background to the project here.

Include any history of events and a brief summary of any current system that is to be replaced.

Briefly state the purpose of the project.]

Comment [C1]: • Provide a description of the background to the project here.
• Include any history of events and a brief summary of any current system that is to be replaced.
• Briefly state the purpose of the project.

2. Reasons

[Describe the background to the project here.

Include any history of events and a brief summary of any current system that is to be replaced.

Briefly state the purpose of the project.]

3. Objectives

[Please set out the objective of the scheme, its outcome and outputs relating to any policy priorities which will be met.

Describe how the project supports corporate objectives, business strategy, plans or programmes.

Describe, in simple terms, the key benefits of the project.

Explain the reasons for the selection of the chosen solution (where appropriate).]

4. Options Appraisal

[Please indicate the different options considered (including 'do nothing') to achieve the objectives of the proposal and why that now presented was chosen.]

5. Benefits Expected?		
What are the measurable benefits?	How will these improvements be measured against today's achievements?	When are the benefits likely to be achieved?
<p>[Be specific about the benefits to be realised, where they will be gained, which processes are affected, who will be involved. Explain what benefits the project will bring in terms of:</p> <ul style="list-style-type: none"> • Cost savings • Time and efficiency gains • Improved quality • Process improvement • Enhanced controls (e.g. security) • Ease of operation <p>Try to express the benefits in a way that can be measured.]</p>	<p>[Means of measuring the benefit and what controls will be established to ensure that the benefit is being realised.]</p>	

6. Specific Impact on Corporate Priorities and Service Standards
<p>[Please indicate the different options considered (including 'do nothing') to achieve the objectives of the proposal and why the option now presented was chosen.]</p>
Environmental Impact & Considerations
<p>[Could the project have a direct impact on the environment (e.g. air quality or biodiversity), or significantly influence the way individuals, households and businesses affect the environment (e.g. increased use of cars or volume of waste)?]</p>

Comment [C2]: Please indicate the different options considered (including 'do nothing') to achieve the objectives of the proposal and why the option now presented was chosen.

7. Equality and Diversity
<p>[Please indicate the impact of this project on Equality and Diversity issues]</p>
Equality and Diversity Impact Assessment
<p>[Could the project have a direct impact on the following; Age, Race, Disability, Gender /Transgender, Sexual orientation, Religion or beliefs, Human Rights, Social Exclusion, Rurality]</p>

8. Proposed Timetable	Estimated Date & Comments
[Indicative timetable for project milestones/ approvals]	
Formal Approval for project by Council Executive	
Tender Process Complete	
Implementation Programme [Please provide details of any known milestones and key dates within this]	
Estimated Completion	
Post Contract Evaluation Due	

9. Details of input required from other teams in the Council to deliver the project.			
	Involvement Required	Name of person consulted re. feasibility of their input	Summary of involvement to date and their comments [Attach additional sheets if necessary]
Construction/Property Services			
External Funding Officer			
HR			
IT			
Legal Services			

Procurement			
Project Management			
Details of Input required from External Bodies e.g. contractors, consultants, service providers, partners			

If the proposal has been the subject of a separate report to Members, including Overview and Scrutiny, please state which committee(s) and give report dates, titles and references.

10. Risks

[You should conduct a risk assessment on any new proposals. Briefly set out any issues arising here. These could potentially be:-

Whether the proposal can be achieved using existing staff resources. Is there really the capacity to carry out this project? The impact on service delivery and/or failure to meet business needs, Council aims or budget priorities; Where no action could result in the wasteful use of financial and staff resources; Where there is a potential for revenue losses and/or an increase in an expenditure head/cost base etc.

Other potential impacts include:

Death, injury, or illness of staff or a member of the public; Damage to public confidence in the Council; Reduced user satisfaction with services; Damage to the Council's reputation; Failure to comply with legislation for example race, disability, gender and age discrimination, environmental law; Failure to deliver government policy; Damage to assets.

Could the project have a direct impact on the environment (e.g. air quality or biodiversity), or significantly influence the way individuals, households and businesses affect the environment (e.g. increased use of cars or volume of waste)?

Ensure that the risks been evaluated in accordance with the Council's Risk Management Policy.]

Risk	Impact	Likelihood	Action to mitigate risk
	Score the effect if the risk where to occur 1- Negligible 2- Marginal 3- High 4- Critical	Score the likelihood of the risk occurring 1- Extremely remote 2- Remote 3- Reasonably probable 4- Probable	Provide details of any actions that have been taken or will be taken to counter the risk

11. Summary Investment appraisal

[This part of the business case needs to demonstrate a 'return on investment', for example by reducing risk, driving up performance or increasing efficiency. It is critical to define how successful delivery of the anticipated outcomes will be demonstrated. For significant investments these details must be integrated into the Service Plans for the relevant Directorates and therefore subsumed into the performance management framework.]

12. Summary of Estimated Costs [Please ensure that detailed budget breakdowns are attached if applicable]

Capital Payments	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000
Total/Gross Capital Cost [A]					
Capital Grants & Contributions					
Total Grants & Contributions [B]					
NET COST TO BE MET FROM CARLISLE RESOURCES [A] – [B]					
Revenue Costs					
Total/Gross Revenue Cost [C]	0	0			
Income	0	0			
Total Revenue Income [D]	0	0			
NET REVENUE COST TO BE INCLUDED in the BUDGET [C] – [D]	0	0			
Financial Services Comments					
Finance Officer: _____ Date: _____					

**Carlisle City Council
Project Assurance Group**

Terms of Reference - February 2010

1 Introduction

The Project Assurance Group (PAG) will provide advisory, monitoring and reporting functions, to support the senior management team in ensuring project assurance in the setting up and implementation of the Council's 'significant' corporate projects including shared service proposals. ('Significant' in terms of use of significant resources and / or that pose significant risk to the Council)

2 Scope of Project Assurance Group

The Project Assurance Group will provide high level monitoring of projects. Projects must have their own individual Project Boards who will be responsible for project delivery.

The Project Assurance Group will oversee the quality assurance aspects of the project throughout all stages of the project, reporting by exception to SMT.

The Project Assurance Group will consider projects identified by SMT, including shared service proposals.

2.1 New Projects

The Project Assurance Group will consider the business case, ensure that all relevant information is included, where necessary referring back to the bidder(s) for completion, provide advice on what is required, and ensure that the Project is correctly set up.

2.2 Approved/Active projects

Once projects are approved, carry out high-level monitoring of progress in the following areas:

- Project governance arrangements
- Finance including budget profiling
- Resources
- Timescales
- Benefits Realisation
- Risks and Issues
- Impacts on other projects

2.3 Embedding Effective Project Governance

The Group will provide appropriate guidance and training for those involved in running projects, to help them understand their roles and governance arrangements for projects at Carlisle City Council and help to equip them with the skills and knowledge they need to fulfil their roles on projects.

2.4 Reporting to Senior Management Team

The Chair of PAG will report to SMT on any key issues, highlighting any problems or other general issues arising in relation to project management.

2.5 Reporting to Members

A progress report will be provided to Corporate Resources Overview and Scrutiny committee every 6 months.

3 Composition of Project Assurance Group

The Project Assurance Group will meet every 6 weeks, more frequently if required, and is composed of the following Officers:

Jason Gooding	- Deputy Chief Executive (Chair)
Mike Swindlehurst	- Resource Planning Manager
Malcolm Mark	- Development and Support Manager
Emma Gillespie	- Group Accountant (capital programme)
Sarah Mason	- Project Support Officer

Individual Project Managers will be invited as necessary.

4 Conclusion

The Project Assurance Group will act in an advisory and monitoring capacity, with an emphasis on the quality assurance aspects of project management.

Senior Management Team ensures that the strategic needs of the organisation are met and Council's resources are allocated appropriately and support corporate objectives.

Appendix 4 – Action Plan

The success of this procurement & commissioning strategy will be assessed against a range of performance measures. The key tasks for 2010/2012 are identified in the table below. In addition an annual procurement and commissioning plan detailing specific actions for the forthcoming year will be submitted to SMT for approval.

TASK
Develop and implement models of sustainable procurement that address social, environmental and economic issues.
Establish and promote minimum recycled content standards for products used in construction, highways maintenance, Facilities management, and establish and promote minimum environmental standards for all construction, refurbishment and maintenance work.
Complete the integration of all the Council's e-procurement solutions with the corporate financial systems to streamline the procurement process and maximise transactional savings.
Use the corporate financial systems and e-procurement solutions to reduce rogue spend to a minimum.
Review the council's approach to assessing the health and safety competency and equality compliance of potential suppliers and contractor's .
Proactively engage with other authorities and organisations in the region to seek to develop common procurement documents where possible to further simplify the procurement process for bidders.
Baseline the amount spent by the council with voluntary and community sector organisations in order to set a target for increasing spend with this sector during 2010-12.
Review and improve the 'Selling to the Council' web page for businesses in the district.
Have achieved a minimum of level 2 in the Sustainable Procurement Flexible Framework.
Demonstrate high quality effective procurement and commissioning activity across the Council through a range of performance indicators.
Undertake annual 'Meet the buyer' events with colleagues from other authorities and organisations to increase the level of opportunity for local businesses.
Develop and enhance the procurement good practice guide and toolkit.
Provide advice, guidance and review strategic procurement projects.
Contribute to the achievement of efficiency by the use of innovative contract arrangements such as, e- auctions, frameworks or call off contracts.
Work with the Cumbrian Procurement Partnership (EPIC) and RIEP to identify opportunities to share expertise.
Develop an approach to asset acquisition to ensure compliance with the Financial Plan.
Develop the building and construction approved list to provide greater consistency and clarity and seek to extend in partnership with other districts and Public organisations.

Appendix 5 – GLOSSARY

Aggregation	Means the adding together of spending on the same or similar items by individual services to provide one total across the Council. Public Procurement Legislation has specific requirements in respect of aggregation
Approved List	Means the list of construction related contractors who have satisfied the Council they are financially and technologically capable of carrying out specific types of work of a certain value. The list is reviewed on an ongoing basis.
BME	Means black and minority ethnic and is used in the context of the strategy to refer to businesses that are run by or employ predominantly black and minority ethnic individuals.
Carbon Footprint	Means the amount of CO ² that is released by the performance of an activity.
Collaborative Contracts	Means contracts that have been let either by a group of Councils or an individual Council to which other Councils have agreed to be part of either before the contract is let or subsequently. The economy of scale this provides tends to provide greater efficiency.
Commissioning	Means the process whereby contracts are let with the active involvement of service users throughout the process. It encapsulates the process of market intelligence, planning and research functions in order to secure services which meet agreed user outcomes. It has developed from the health sector to other areas of procurement (see procurement and purchasing)
Consortium	Means a formal or informal group of Councils or businesses that come together with a specific aim. In the context of the strategy it usually refers to buying consortiums or bidding consortiums.
Contracts Regulations	Means the Council's rules that apply to all contracts and are part of the Standing Orders within the Council's Constitution.
Corporate Contracts	Means contracts that are let on behalf of the Council and that which all Council staff must use in order to maximise the benefit in terms of discounts or reduce transaction costs to the Council.
EPiC	Effective Procurement in Cumbria – collaboration of public sector procurement professionals in Cumbria.
E-Procurement	Means the use of electronic systems to acquire goods, works, services and payments from third parties.
EU Regulations	Means the European Union Directives that govern procurement by councils and other public bodies. The directives are enforced by Regulations made by the Government.
Fair Trade	Means goods that are bought in a way that provides a sustainable income to those that produce the goods.
Flexible Framework	Means the targets set by the Government relating to procurement which all Councils have to work towards achieving.
FOI	Means the Freedom of Information Act which requires councils to provide information following a formal request to do so. Some limited contractual information may be considered exempt.
Framework Agreement	Means an arrangement where a limited number of usually specialist contractors have been pre-approved and have agreed rates for providing

	works, goods or services to the council.
Gateway Review	Means a process which examines a project at a critical stage in its life cycle to ensure that it is still complying with the original business case to provide assurance it can progress successfully to the next stage.
OJEU	Means the Official Journal of the European Union and is the publication by which contracts are advertised electronically.
Performance Indicator (PI)	Means a defined target, either national or local which measures achievement in a function or service.
PFI (Private Finance Initiative)	Means a method of obtaining funding credits from Government to carry out large capital schemes.
PPP (Public- Private Partnership)	Means an agreement between the council and a Private Sector Partner (s) usually where the private sector makes some investment.
Private Contractor	Means a contract where one organisation organises and is responsible for all of the sub contractors and suppliers necessary to fulfil the contract obligations.
Procurement	The term “procurement” relates to the process of acquiring goods, services and works, from pens to service delivery partnerships, from bricks to new buildings, from the initial concept through to the end of the useful life of the asset or service contract. Procurement ranges from the negotiation of corporate contracts for the supply of routine goods and services through to the more complex partnership arrangements such as Public / Private Partnerships (PPP), joint commissioning with other third sector and public sector organisations and construction projects.
Project Assurance Group	Means the group chaired by the Deputy Chief Executive that acts in an advisory and monitoring capacity, with an emphasis on the quality assurance aspects of project management.
Public Procurement Legislation	Means the rules applied to procurement and commissioning local authorities and other bodies by EU Directives which are transposed into UK Law by means of regulation.
Purchasing	Means the buying of simple goods or repetitive ordering and paying for goods or services.
SME (Small and Medium Enterprise)	Means a business with less than 500 staff.
SMT	Strategic Management Team.
Social Enterprise	Means organisations that use trading activities to achieve their goals through financial self-sufficiency. They are businesses that combine the entrepreneurial skills of the private sector with a strong social mission. Sheltered workshops are an example.
Social Responsibility	Means having consideration for the wider social impact the council activities can have and trying to maximise the benefit to the wider community.
Standing Orders	Means the rules by which the council conducts its business.
Supply Chain	Means the contractors, sub contractors and their suppliers that are employed as a result of the Council choosing to obtain goods, services and works from outside organisations.
Third Sector	Means the generic name for voluntary charity and social enterprise organisations forming the social sector of the economy.
Vendor Management	Means the process of using the council’s influence proactively to maximise the benefit from a supply chain.

Whole Life Costs	Means the calculation of the total cost to the Council of acquiring an asset and includes such things as ongoing revenue and resource costs, the initial capital investment and disposal costs.
WOB	Means women only businesses and is used to describe businesses run and staffed exclusively by women.

