CARLISLE CITY COUNCIL

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# REPORT TO EXECUTIVE

## PORTFOLIO AREA: FINANCE AND PERFORMANCE MANAGEMENT

**Date of Meeting: 17th December 2007**

**Public**

**Key Decision: Yes** **Recorded in Forward Plan: Yes**

**Inside Policy Framework**

**Title:** **CORPORATE PROCUREMENT STRATEGY**
**Report of:** **DIRECTOR OF CORPORATE SERVICES**
**Report reference:** **CORP54/07**


### Summary:

The Council's Procurement Strategy has been revised to incorporate the requirements of the Government's efficiency, environmental, equality and diversity legislation and recent changes to European procurement legislation. The following report was submitted to the Executive for consideration in October 2007 and subsequently referred to the Corporate Resources Overview and Scrutiny Committee for comment. CROS endorsed the Corporate Procurement Strategy at its meeting of 6th December 2007.


### Recommendations:

1. The Executive is asked to recommend the adoption of the revised corporate procurement strategy by Council.

2. The Executive is also asked to recommend to Council that the Director of Legal & Democratic Services be instructed to amend the Contracts Procedure Rules in its Constitution to facilitate the use of framework agreements, competitive dialogue, electronic procurement (including dynamic purchasing systems and E-auctions) pursuant to the Public Contracts Regulations 2006.


**Contact Officer:** M. 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: FINANCE AND PERFORMANCE MANAGEMENT

**Date of Meeting:** **22nd October 2007**

**Public**

**Key Decision:** **Yes** **Recorded in Forward Plan:** **Yes**

**Inside Policy Framework**

**Title:** **CORPORATE PROCUREMENT STRATEGY**

**Report of:** **Director of Corporate Services.**

**Report reference:** **CORP54/07**


**Summary:**

The Council's Procurement Strategy has been revised to incorporate the requirements of the Government's efficiency, environmental, equality and diversity legislation and recent changes to European procurement legislation. The Executive is asked to give consideration to the content.


**Recommendations:**

1. The Executive is asked to consider the draft procurement strategy and forward any observations to the Corporate Resources Overview and Scrutiny Committee. Following Scrutiny the Executive will consider the strategy again at its meeting on the 17th of December prior to making formal recommendation to Council.
2. The Executive recommend to Council that the Director of Legal & Democratic Services be instructed to amend the Contracts Procedure Rules in its Constitution to facilitate the use of framework agreements, competitive dialogue, electronic procurement (including dynamic purchasing systems and E-auctions) pursuant to the Public Contracts Regulations 2006.


**Contact Officer:** M 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**

## 1. BACKGROUND INFORMATION

1.1 Following the publication of the National Procurement Strategy (NPS), the subsequent establishment of the Regional centres of excellence and the “Gershon” efficiency agenda there is now a strong expectation from Central Government that Local Government will improve efficiency and effectiveness. One area where the Council recognises these improvements can be achieved is in the function of procurement.

1.2 The Council’s Procurement Strategy was first produced in April 2003 and originally formulated to ensure that issues contained in the NPS were incorporated in the Councils procurement activities. These activities are subsequently reported to Corporate Resources Overview and Scrutiny committee.

1.3 The attached draft strategy has been produced to enhance and refresh the original version and 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 the emerging corporate priorities and shared services strategy.

1.4 The aim of this Procurement Strategy is to set a clear framework for procurement throughout the authority, which reflects the Council's Corporate Plan and which complements the Council’s constitution and contracts procedure rules.

In considering the corporate objectives and values and the requirements of Central Government and European legislation, the following procurement objectives have been set:

- to ensure that the procurement process is clear and focussed in the first instance on achieving efficiency, effectiveness and value for money;
- to ensure that procurement 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 new methods of service delivery;
- To ensure that in choosing the most appropriate 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 will support the key strategies and goals of the Council and help to deliver corporate priorities. Procurement will be used as a lever to support

the efficiency agenda and the wider council objectives such as equal opportunities, sustainability and local economic regeneration.

1.6 A key element of the Procurement Strategy reflects the shared service activities of the Cumbrian Council Procurement Partnership (EPiC). This arrangement has achieved a number of efficiencies to date and further contractual opportunities have been identified for future consideration.

1.7 Procurement 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 a code of practice has been developed which will shortly be available on the Council's intranet

1.8 In addition it is necessary to review 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.

## 2. CONSULTATION

2.1 Consultation to Date.

The corporate procurement working group contains representatives from directorates of the Council. These officers have collaborated with officers in each unit and the attached documents are a culmination of their activities.

SMT have previously received a report on the revised strategy and code of practice and a presentation given to senior managers and heads of service.

The Council has a representative on the Cumbrian Procurement group and the shared service activities are reflected in the strategy.

2.2 Consultation proposed.

The draft Strategy and Policy will be referred to Overview and Scrutiny for further consultation and development.

## 3. RECOMMENDATIONS

3.1 The Executive is asked to consider the draft procurement strategy and forward any observations to the Corporate Resources Overview and Scrutiny Committee. Following Scrutiny the Executive will consider the strategy again at its meeting on the 17th of December prior to making formal recommendation to Council.

3.2 The Executive recommend to Council that the Director of Legal & Democratic Services be instructed to amend the Contracts Procedure Rules in its Constitution to facilitate the use of framework agreements, competitive dialogue, electronic procurement (including dynamic purchasing systems and E-auctions) pursuant to the Public Contracts Regulations 2006.

## 4. REASONS FOR RECOMMENDATIONS

4.1 The draft strategy will compliment the National Procurement Strategy and Corporate Plan and incorporate revised electronic and legislative procedures.

## 5. IMPLICATIONS

- Staffing/Resources – Electronic systems and procedures may require some initial training.

- Financial – The 2008/09 Revenue Budget incorporates procurement efficiency savings and the strategy is an integral part of this process.

- Legal

1. **Public Contracts Regulations 2006 - Special Procedures**

The Public Contracts Regulations 2006 were introduced to consolidate, clarify and modernise public sector procurement. They apply to works, services and supplies or combinations of the same. The Regulations introduce some new methods of procurement for use by the Council.

### 1.1 Framework agreements

An important feature of the new rules is that they clearly define and regulate the use of framework agreements by contracting authorities, including central purchasing bodies, for the first time. This means that contracting authorities are free to use frameworks and to award contracts for individual requirements arising under those frameworks without separate advertisement, provided that the new rules are followed.

### (a) Rules regulating the procurement of framework agreements

The same rules apply to the procurement of the framework agreement itself, as to any other form of public contract under the rules. However the new rules specifically highlight three issues which must be taken into account by a contracting authority establishing a framework:

- The term of the framework agreement: the term of a framework agreement may not exceed 4 years (Reg 19(10)) but there is a let-out in "exceptional cases duly justified", for example by "the subject matter of the agreement", to ensure the commercial viability of contracts with, for example, a big up-front investment;

- Prohibition on substantial changes to the terms of the framework agreement: the rules specifically prohibit contracting authorities from negotiating substantial changes to the terms of the framework agreement itself when awarding contracts under that framework (Reg 19(4)); and

- Prohibition on the improper use of frameworks and distortions of competition: the concept of "improper use" would appear broad and could catch practices whereby frameworks are used as a means of avoiding the proper application of the procurement rules (Reg 19(12)).

**(b) Rules for the award of contracts under a framework agreement**

The new rules also establish a procedure for the award of individual contracts or call-offs under the framework. In this regard, the rules differentiate between two situations: a framework agreement with one supplier, and a framework agreement with several suppliers:

- Where there is one framework supplier, the rules provide that in awarding contracts under the framework, the contracting authority may consult with the supplier in writing, requesting it to supplement its tender if necessary (Reg 19(5)(b)). However, the actual contract awarded must comply with all the substantive terms set out in the framework agreement as originally awarded.

- Where there is more than one framework supplier, the following rules apply:

  – number of framework suppliers: provided there were sufficient candidates with the required qualifications, and sufficient compliant tenders, the framework agreement must be entered into with at least three suppliers (Reg 19(6));

  – Award of contracts under the framework: this can be done either through the application of the terms laid down in the framework agreement itself without further competition (Reg 19(7)(a)), or through a mini-competition, in which case the award criteria should be specified in the framework agreement itself (Reg 19(7)(b)). Where the mini-competition option is chosen, the contracting authority must inform all the framework suppliers "capable of performing the contract" in writing about the contract and invite them to tender to a set but reasonable deadline, and the contract must be awarded to the tenderer submitting the best tender in accordance with the award criteria set out in the framework agreement (Regs 19(9)(a)-(d)).

**1.2 The Competitive Dialogue**

Another important feature of the new rules is that they introduce a new procedure, the Competitive Dialogue. This new procedure is only available to contracting

authorities in limited circumstances and specifically, when what is being procured is a "particularly complex contract". The Consolidated Directive defines this situation as: "where the contracting authorities are not objectively able to define the [technical specifications] capable of satisfying their needs or objectives and/or are not objectively able to specify the legal and/or financial make-up of a project" (see also Reg 18(1)). In the Recitals, the Directive provides some examples of what may constitute a "particularly complex contract": important integrated transport infrastructure projects, large computer networks or projects involving complex and structured financing. Due to the problems in defining the scope of such projects, the new procedure facilitates the input of suppliers into the procurement process through "dialogue". The stated aim of the dialogue is to enable the contracting authority to develop the specification with the input of participants. This can be contrasted to the negotiated procedure, where the stated aim of negotiations is to adapt tenders to the contracting authority's requirements as stated in the contract documents (Reg 17(20)).

### (a) Procedure under the Competitive Dialogue

The following paragraphs describe in brief the various procedural stages under the Competitive Dialogue:

- Advertisement (Regs 18(4)-(7)). The procedure starts in the usual way, with the contracting authority completing and despatching a contract notice. The notice sets out the contracting authority's requirements although supplementary information can be provided through further documentation – referred to in the rules as a "descriptive document" – available directly from the contracting authority. In addition to the usual information (conditions for participation, award criteria, etc), the contracting authority must also state whether the procedure will take place in successive rounds or stages.

- Selection of candidates (Reg 18(10-15)). The selection of the candidates that will be invited to participate in the dialogue follows the usual rules (see Section 5). A minimum of three candidates must be chosen.

- The dialogue (Reg 18(16-25)). The stated aim of the dialogue is to "identify and define the means best suited to satisfying [the contracting authority's] needs". During the dialogue, all aspects of the contract can be discussed individually with participants. The contracting authority has to treat participants equally and be careful not to reveal one participant's proposed solutions to others, without permission. The dialogue can take place in stages, where this has been flagged in the contract notice. The dialogue continues until participants have come up with one or more solutions, capable of satisfying the contracting authority's stated requirements. At this point, the dialogue is closed and tenders based on each participant's individual solution, invited. The number of tenders invited should be enough to ensure "genuine competition". This implies that at least three tenders should be invited, where this is feasible.

- Post-tender (Reg 18(26)-(28)). The rules specify that the tenders must be complete, "containing all the elements required for the performance of the project on the basis of the solution or solutions presented and specified during

the dialogue". Once tenders are returned, the process reverts to a restricted procedure-like process, with no further opportunity for dialogue or negotiations between the parties. Tenderers can however "clarify, specify or fine-tune tenders", but not make any substantial changes. The clarified tenders are assessed on the basis of the stated award criteria, and the best tender is identified. The tenderer which has submitted this tender is contacted to again clarify any aspects which remain unclear, and to confirm commitments contained in that tender.

The rules permit, but do not oblige, contracting authorities to pay tenderers for their participation in the process (Reg 18(29)).

## 1.3 Electronic procurement

A key aspect of the new rules is the promotion of electronic procurement (e-procurement), both through the facilitation of communication and information exchange by electronic means, and the introduction of two new electronic purchasing tools – dynamic purchasing systems and electronic auctions.

### 1.3.1 Shortened time limits where electronic means of communication are used

Communicating electronically with suppliers saves time and for this reason, the new rules provide for shorter minimum time scale sunder all the procedures where electronic means of communication and information exchange are used. These are as follows:

- By seven days where the contract notice is drawn up and transmitted by electronic means in accordance with the format and procedure set out on the SIMAP[1] website (eg Reg 15(5)); and

- By five days where the contracting authority offers unrestricted and full direct access by electronic means to the contract documents from the date of publication of the contract notice and the contract notice specifies the internet address at which the documents are available (eg Reg 15(6)).

### 1.3.2 Dynamic purchasing systems (DPS)

One of the electronic procurement tools recognised and regulated by the new rules is the DPS (Reg 20). A contracting authority is not free to use a DPS in all cases: it is only available for the purchase of "commonly used" goods, works or services. Further, the rules provide that where a DPS is used, it must be operated as a completely electronic system. A DPS may not last longer than four years unless there are exceptional circumstances and it must not be used improperly or so as to hinder, prevent, limit or distort competition. A contracting authority may not charge candidates who apply to join or those who are admitted to the DPS. The procedural steps involved in establishing and running a DPS are broadly as follows:

[1] Système d'Information pour les Marchés Publics

- Advertisement of the DPS: it must be advertised by way of a contract notice, using the open procedure, and the notice must indicate where the contract documents may be found (Regs 20(3)-(6)).

- Selection of candidates: all candidates that meet the contracting authority's selection criteria and submit compliant indicative tenders must be invited to join the DPS. As a DPS must be open throughout its duration, even those candidates who missed the first opportunity to join, can apply to join at a later date (Regs 20(7)&(8)).

- Advertisement of specific contract opportunities under the DPS: when the need for a specific contract arises, a simplified contract notice must be sent to the OJEU[2] inviting those not already on the DPS to submit an indicative tender within fifteen days of the despatch of that notice (Reg 20(11)).

- Award of contract under DPS: once the deadline has passed and all indicative tenders have been evaluated, all members of the DPS must be invited to tender for the specific contract within a time limit set by the contracting authority. Tenders must be assessed against the award criteria set out in the original contract notice, although they may be "formulated more precisely" (Regs 20(13)&(14)).

### 1.3.3 Electronic auctions (E-auctions)

E-auctions are already being used by contracting authorities in the UK to procure public contracts and with great success. Not mentioned in the previous rules, they are now regulated under the 2006 Regulations where they are defined as "a repetitive electronic process for the presentation of prices to be revised downwards or of new and improved values of quantifiable elements of tenders, including price …" (Reg 2(1), definition of "electronic auction").

The 2006 rules allow e-auctions to be used under most award procedures and under a framework agreement or DPS where competition is being re-opened (Reg 21(2)). However the rules specify that they may not be used where the subject matter of the contract involves an element of intellectual performance, such as the design of works, or where the contract specification cannot be established with sufficient precision (Regs 21(3)&(4)). The procedural rules governing the establishment and operation of e-auctions are numerous and detailed and the following summary is intended only to highlight some of the key features:

- Contract notice: where a contracting authority may wish to use an e-auction in the course of its tender process, this possibility must be stated in the contract notice (Reg 21(6)).

[2] Official Journal of the European Union

- Award criteria: a contract may be awarded on price only (where the award criteria is lowest price) or on price and/or other factors (where the award criteria is MEAT). This means that an e-auction can take into account factors like quality, but only where such factors can be quantified and expressed in figures or percentages (Reg 21(5)).

- Invitation: all those who submit admissible tenders must be invited to participate in the e-auction. The invitation must contain details on how the e-auction is to be conducted, including, if the award criteria is MEAT, the outcome of the full MEAT evaluation of the relevant tender. (Reg 21(9)).

- During the e-auction: tenderers may submit new prices/values throughout the e-auction and the contracting authority must instantaneously communicate at least sufficient information to enable tenderers to ascertain their relative rankings in the auction at any time. The contracting authority may not disclose the identity of tenderers taking part in the auction (Regs 21(13)&(14)).

- Outcome of e-auction: once the e-auction has come to a close the contracting authority must award the contract on the basis of the results of the e-auction (Reg 21(17)).

2. The Contract Procedure Rules in the Council's Constitution should be amended to facilitate the use of described procurement procedures.

- Corporate – The outcomes of this strategy will contribute to the Council's Corporate plan.

- Risk Management – Included in the strategy

- Equality and Disability – Included in the strategy

- Environmental – Included in the strategy

- Crime and Disorder – N/A

- Impact on Customers – Included in the strategy

CARLISLE CITY COUNCIL

# PROCUREMENT STRATEGY

## 2007 - 2009

Created by M. Mark

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## 1. Executive Summary

1.1 The aim of this Procurement Strategy is to set a clear framework for procurement throughout the authority, which reflects the Council's Corporate Plan and which stands alongside the Council's Constitution and Contract Procedure Rules. An action plan has been developed to support the achievement of the approach to procurement as set out within this strategy.

1.2 In considering the corporate objectives and values and the requirements of the efficiency agenda, the following procurement objectives have been set:

- to ensure that the procurement process is clear and focused in the first instance on achieving efficiency, effectiveness and value for money;

- to ensure that the procurement 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 new methods of service delivery;

- To ensure that in choosing the most appropriate procurement method, the process of balancing cost against community benefit is made in a transparent way and supported where appropriate with clear evidence.

Supporting the above are a number of guiding principles to ensure that effective procurement is achieved. Details on these are provided in Section 4.

1.3 To ensure these policies are implemented, the following key actions will be undertaken:

- An assessment of current procurement activity within the Council identifying strengths and weaknesses including an analysis of the procurement skills presently available within the organisation;

- A review of the how the Council's social, economic and environmental policies may be promoted by its procurement procedures. For example, by considering how suppliers can be encouraged to establish new markets and the effects of procurement decisions on local/national/ world environments (e.g. reducing waste, using environmentally friendly materials, energy efficiency);

- A mixed economy approach to procurement also relies on developing a collaborative approach with other authorities and organisations to achieve economies of scale where appropriate. A shared procurement service for commodity goods and services for local Government in Cumbria (EPiC) has been created to achieve this objective.

- Recognition of and compliance with legislative requirements and other guidance where appropriate in respect of staff related issues arising from any appraisal of service delivery options.

This document sets out a strategic framework for procurement by Carlisle City Council. It embraces the authority's commitment to strategic procurement and sets out the Council's aspirations. It is not a "user manual"; more detail on procurement processes and issues will be found in the Contract Procedure Rules and the Procurement Code of Practice.

## 2. Introduction

### *What is procurement?*

2.1 Procurement is the process of obtaining supplies, services and construction type works spanning the life cycle of the asset or service contract. 'Life cycle' is defined as being from the initial definition of the business need through to the end of the useful life of the asset or service contract.

2.2 The term 'procurement' has a far broader meaning than that of purchasing, buying or commissioning. It is about securing services and products that best meet the needs of users and the local community in its widest sense. This strategy provides a common framework within which all procurements by the Council are to be managed.

2.3 Procurement can be split into three main areas

- Procurement of **goods and services** to enable departments to carry out their day to day functions (purchase of stationery, photocopiers, computers etc)

- Procurement of **works** for construction contracts and building works (undertaken largely by Community Services)

- Procurement of **complete functions/services**

There is no presumption that any one model is 'best'. Each procurement decision will be considered on it own merit and underpinned by an options appraisal. The key test will be which of the options is more likely to deliver Corporate Objectives.

2.4 The Council will procure the most effective, efficient and economically advantageous supplies, services and construction works by:

- adopting the life-cycle approach to each asset or contract;
- applying effective and up-to-date procurement procedures;
- Ensuring procurement helps deliver the Council's key corporate objectives.

2.5 This Strategy acknowledges that the Council, as a public sector body, is bound by statutory and mandatory public procurement regulations and other regulations including general legislation. The Council re-affirms that

all its procurement activity must meet all applicable requirements and that due process and governance standards must be of the highest order in accordance both with the legal requirements and the Council's own Financial and Contract Procedure Rules.

***The Importance of Effective Procurement***

2.6 Procurement can range from the acquisition of low value day-to-day equipment to the delivery of an entire service. Any decision to provide a service internally rather than outsource it is also a procurement decision. All Council service units are involved in procurement to varying degrees.

2.7 Effective procurement is crucial for achieving the Council's objectives and in particular to secure effective and efficient public services. It can also help the Council meet wider objectives, offer opportunities for local businesses, help the regeneration of the local economy, and minimise administrative costs and the Council's impact on the environment.

2.8 Recent reviews by central government have highlighted the potential benefits from more effective procurement. Organisations that have focussed on procurement and adopted proactive strategies have seen quality and cost benefit improvements. Following the Gershon report, central government now estimates it can save up to 8% on civil procurement costs. There may be similar opportunities in local authorities such as Carlisle City Council.

2.9 It is estimated that the Council spends about £9m per annum from its revenue budget on the procurement of commodity goods and services. This excludes capital expenditure (estimated at £9.1m in 2006-07) on projects such as construction/building works, vehicles and investment in IT equipment. Improvements made through better procurement should help realise savings and have a positive impact on the Council's ability to ensure that the local community receives the services required. New technologies and electronic procurement will help the Council focus on the costs of carrying out procurement and may release resources which can be better used elsewhere.

2.10 As a large purchaser of goods and services in the City it is important that Council decisions to procure include consideration of core values such as equal opportunities and health and safety and take account of whether benefits can be sustained over the life of the contract as well as the impact on the economic, social and environmental well-being of the City.

## 3. Current Arrangements

3.1 Procurement of services, goods and assets is regulated by Financial and Contract Procedure Rules, which have been incorporated in the Council's Constitution. Within service units, these requirements may have been embodied in office instructions and other procedural guidance designed to assist staff who are involved in day to day procurement decisions.

3.2 In some Councils there is strong central control over the way goods and services including works contracts are managed. The position at Carlisle City Council is less centralised with each service unit having the flexibility to act within the overall control framework established by the procedure rules and budgetary parameters. However, there are examples of central purchasing/management through a lead service unit including the following:

- Building improvement works (Community Services)
- Utility supplies (Corporate Services)
- Insurance (Financial Services)
- Computer Software/Hardware (Information Services)

3.3 Primarily both Financial and Legal Services provide advice on policy, strategy and regulation. The Procurement Working Group has members from across the Council and its terms of reference are: -

- To deliver the procurement strategy and develop and manage the associated action plans.
- To develop, amend and monitor the procurement strategy for approval as appropriate.
- To report progress on the procurement strategy to SMT for approval, as appropriate.
- To identify new opportunities in relation to procurement and to develop these where appropriate
- To report Procurement performance, performance indicators, and measurable outcomes quarterly to CROS.
- To monitor the Councils contracts in order to plan procurement activity and to introduce a consistent approach across the authority.
- Respond to Audit and other Agencies best practice recommendations.

## 4. Procurement Policy

### *The Corporate Context*

4.1 Procurement must be seen in the context of the Council's overall objectives. Often the primary focus or driver has been that of economy (e.g. as under the former Compulsory Competitive Tendering (CCT) regime – where the basis of contract award was due to the lowest priced tender). Whilst cost and efficiency remain an essential ingredient, it is also important that decisions are taken in the light of the broader objectives which the Council is trying to achieve. It is inevitable that for a public body, effective procurement must be measured as much by social outcomes and the community benefits that result as well as the financial gains. Balancing these two dimensions is at the heart of effective and efficient procurement.

4.2 To understand the community benefits the Council is seeking to achieve it is necessary to consider the Council's corporate vision, core values and overall objectives. These are set out in the Council's Corporate Plan 2007-10 and are as follows:

### *The Council's Corporate Plan*

The Council priorities for 2007-10 remain Cleaner, Greener, Safer and The Learning City. The Council is also fully committed to the Carlisle Renaissance agenda.

### *The Council's Corporate Ambition and Values*

Carlisle is a city of regional status in the north of England and Carlisle City Council continuously "punches above its weight" in the scope of services it provides.
The City Council's vision is "to ensure a high quality of life for all in both our urban and rural communities".

We will achieve our ambitions for Carlisle through leading by example in the way we deliver our services. We will:

- Be an open and accountable organisation, providing strong community leadership that sets out its stall on how we are going to achieve our ambitions for Carlisle.
- Put the needs of our residents first
- Develop our own staff so we become an employer of choice delivering quality services that you expect
- Recognise the increasing diversity of the area and will ensure that services are provided to all without discrimination
- Consider all ways in which we can reduce the environmental Impact of our operations to safeguard our City for future generations
- Keep you informed about our achievements so you can judge how effective we are
- Encourage innovation and work in partnership to find new solutions to old problems so that we can continuously improve.

### *Corporate Procurement Policy*

4.3 In support of efficiency, economy and effectiveness and recognising the requirements of the above statements, the following policy has been developed:

### *Vision*

"To obtain efficiency, economy and effectiveness through planned procurement, in respect of all goods, works and services sought by the Council".

### *Procurement Principles*

Procurement principles have been established that aim to support the Council's core values and corporate objectives. These are summarised below:

i. **Objective**

Effective procurement will support the key strategies and goals of the Council and help to deliver corporate priorities. Procurement will be used as a lever to support the efficiency agenda and the wider Council objectives such as equal opportunities, sustainability and local economic regeneration.

ii. **Efficiency, Economy and Effectiveness**

These elements are the main driver's in the Council's procurement decision making process. All decisions about procurement will consider the full range of options available, including partnerships, joint purchasing, collaboration, internal and external provision. Quality and risk will be judged along with cost.

iii. **Management and Control of Contracts**

Arrangements shall ensure that all contracts are adequately managed and monitored with a view to achieving completion of service delivery on time, within budget, and in accordance with the specification. Where appropriate a suitable project management methodology will be utilised subject to training and guidance in its use being provided (e.g. Prince2). Consideration will also be given to the recommendations of the Egan report on "Re-thinking construction" within construction/works type contracts supervised by Community Services.

iv. **Assessing and Minimising Risk**

The risks associated with all procurement shall be considered, assessed and where necessary appropriate counter-measures shall be implemented utilising the Carlisle Risk Assessment Model where appropriate.

v. **Procurement Shared Services**

The City Council is a founder member of a collaborative arrangement for County wide consumables procurement. The EPiC (Effective Procurement in Cumbria) collaboration is a shared procurement service formed by the Council's of Allerdale, Barrow, Carlisle, Copeland, South Lakes and the County Council. The service is hosted but not operated by the County Council and enables goods and services procured by all authorities to be available to all purchasers within each authority.

vi. **Qualified and Experienced Staff Resources**

Staff engaged in the procurement process and contract management should be suitably experienced with the required level of support (e.g. legal and financial) being made available.

vii. **Social, Economic and Environmental Wellbeing (ESW)**

All major procurement shall recognise the impact on the ESW of the City. Procurement decisions should also be taken with due consideration of the environmental impact of the goods or services being procured.

viii. **Packaging of Major Projects**

All major procurement shall have regard to the issue of sustainability and early decisions shall be taken to ensure that projects are packaged so as to deliver in the most efficient manner and achieve what end users want within the resources available. The Council will consider the use of corporate procurement to obtain economies of scale.

ix. **Professional Standards and Best Practice**

All procurement procedures shall be operated in a proper and competent manner and ensure high standards of transparency, probity and accountability and comply with relevant legislation and the Council's financial and contract procedure rules.

x. **Continuous Improvement**

Where the contract duration spans a number of years it should be sufficiently flexible so as to provide for continuous improvement over the life of the contract.

xi. **Workforce Matters**

Any procurement that potentially involves the transfer of staff employed by the Council shall, within the scope of applicable legislation and guidance, provide for the protection of ongoing terms and conditions of employment of those staff.

xii **Equality**

Any procurement activities shall ensure that contractors, suppliers, volunteers and partners are aware of the Council's position on equality and diversity and are clear about their obligation to provide services that are free from discrimination, harassment or victimisation.

## 5. Guidelines

### Economy and Efficiency

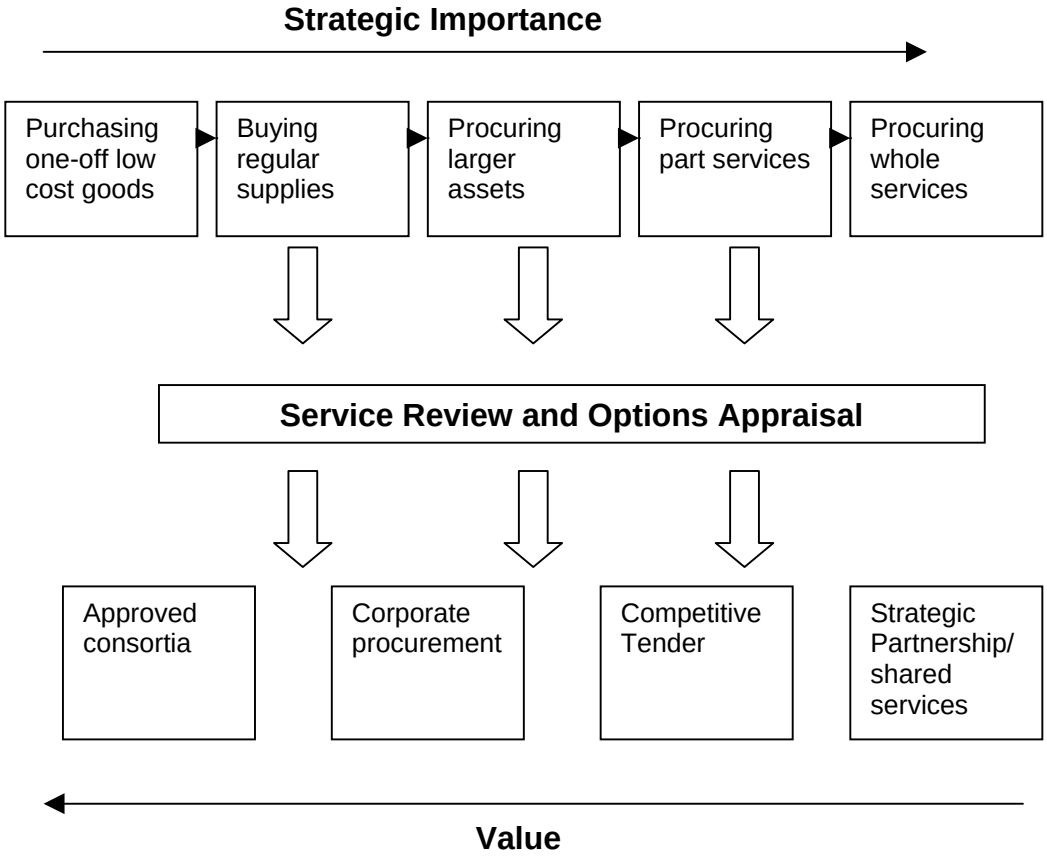
5.1 The Council is required to demonstrate economy, efficiency and effectiveness in all its activities and effective procurement will be a key factor in helping to obtain these goals. This objective requires the Council to radically re-think and re-shape the way it undertakes procurement.

It is essential that the Council not only adopts processes to secure economy and efficiency but can evidence the efficiencies obtained to demonstrate delivery of national efficiency targets i.e. Gershon.

### Procurement Choices

5.2 The strategic importance and complexity of the outcome, which is required, will mainly govern the choice of which procurement route to follow. In all cases, the efficiency agenda will be the driver in the decision making process. Clearly the procurement of low value office supplies, purchased through existing channels, will be a much more straightforward process than an options appraisal exercise for the procurement of a whole service.

The Council needs to target resources at more strategically important procurement exercises and away from the routine procurement of low value, low risk items. The following diagram gives an overview of some of the procurement choices available although not all scenarios will fit into this model, and the boundaries may over lap.



**Legal Framework**

5.3 Whilst it is recognised that flexibility is needed when considering procurement options, procurement remains subject to a range of national and EU regulations, as well as the Council's own standing orders and financial regulations. In addition to the regulatory framework there are a range of Council policies which will directly impact on the procurement process. In particular Council policies on health and safety, equal opportunities, the environment and data protection must be an integral part of the decision making process.

**Procurement and Equality**

5.4 Promoting equality through procurement matters. All groups in our community have a right to expect that public money is spent on local services, which suit their needs – and that it is spent in a way, which promotes equality of opportunity and delivers high quality goods and services. Account should be taken where applicable of guidelines issued in relation to discrimination whether in race, gender, religion, disability, sexual orientation or otherwise.

**Stages of Procurement**

5.5 There are several key stages in the procurement process:

- Identifying the need and the decision to procure
- Researching existing or potential markets
- Identifying legal requirements
- Specifying the goods, works, or services to be procured (including risk assessment)
- Identifying the most appropriate procurement route
- Undertaking the tender process, evaluation and award of contract
- Managing contracts and performance
- Reviewing the impact of procurement on service outcomes

**Continuous Improvement**

5.6 In order to achieve continuous improvement

- performance indicators and targets (based on both quality and cost) will be established by the members of EPiC and the NWCE as part of the procurement process

- procedures to manage contractual arrangements must be established with performance against specified targets reported to the relevant Committee;

- benchmarking of results should take place against a number of similar arrangements, preferably from a selection of different organisations;

- procurement procedures and processes should be regularly reviewed particularly with regard to the cost of carrying out procurement and the costs for companies who wish to bid for Council contracts;

- the need for investment in training and ICT to support the procurement process will be reviewed;

The duty to review the provision of Council services lies with the Council. This duty applies not just to services provided by the Council but also to services that are provided by external organisations on behalf of the Council.

**Consortia & Corporate Purchasing**

5.7 The Council will aggregate its procurement power where practical in order to obtain economies of scale and secure value for money. This may take several different formats:

- Use of approved consortia may be considered (e.g. Office of Government Commerce (OGC), NEPO), taking into account all the associated costs and benefits to the Council of doing so, in order that overall Best Value can be judged.

- Use of corporate procurement opportunities where the procurement of similar products and services across the Council, can be aggregated together to obtain economies of scale;

- Aggregation of spend on goods and services with other councils and public sector bodies through partnership arrangements, where this will help to deliver improved value for money (e.g. EPiC).

**The Environment**

5.8 The Council's procurement activities can have an impact on the environment and it is important that sustainability issues are considered fully in the procurement decision-making process. The main aims of considering sustainability in procurement are:

- to seek alternatives to products and processes which are detrimental to the environment by using more environmentally friendly products and processes;

- to minimise waste, including any packaging, or waste produced as a by product of the goods or service, and waste generated by the eventual disposal of the product;

- to maximise the re-use and recycling of materials;

- to minimise the consumption of non–replaceable natural resources by reviewing current and proposed future usage and evaluating the pros and cons of alternatives;

- To stimulate demand for environmentally friendly products by letting manufacturers and suppliers know the environmental performance we expect of our products and services.

The Councils Environmental Working Group and the Cumbria sustainability Group will lead this work.

**Local Procurement**

5.9 The Council's procurement activities can have a positive impact on local economic regeneration. It is important that the Council has a process for ensuring that local companies are made aware of how to tender for Council contracts, and what the standards are that the Council requires. In this way local companies should be able to compete and be judged on merit along with all other tenderers. There are legislative constraints that prevent the Council from preferring only local suppliers and in particular, the EU Public Procurement Regulations prohibit the Council from taking this approach.

**Electronic Procurement**

5.10 Electronic commerce has the potential to radically change the procurement procedures and processes of many public sector organisations. Electronic procurement technologies should enable the Council to improve the cost effectiveness of procurement of low value goods, where currently the cost of the transaction can often outweigh the value of the product. The Council will seek to evaluate, and where beneficial, introduce electronic procurement technologies. This will be achieved in partnership with other Local Government and public sector bodies.

The above detail is intended to provide an overview of the Council's strategy for Procurement and is enhanced by the Procurement Code of Practice (PCP). The PCP is a key document, which should be understood and followed by all officers who procure goods, works and services for the Council. It is a guide to best practice in procurement, and should be read as a supplement to the Council's Contract Procedure Rules and Financial Regulations.

**Code of Practice**

5.11 The Code of Practice is a key document, which should be understood and followed by all officers who procure goods, works and services for the Council. It is a guide to best practice in procurement, and should be read as a supplement to the Contract Procedures rules and this Strategy. The Code of Practice provides guidance and a resource for all staff involved in procurement activities. It sets out the principles, considerations and elements of procurement and provides links to further information, supporting documentation and sources of support.

# Carlisle City Council

# PROCUREMENT CODE OF PRACTICE

***First published: December 2006***

***Last Updated: July 2007***

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## 1. Introduction

Procurement covers the acquisition of goods, services and works. 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 Carlisle Renaissance or joint commissioning with another public sector organisation. It includes all stages in the process, from identifying need, considering options, obtaining the required solution, contract monitoring, through to final disposal or cessation.

Effective procurement is central to delivering high quality, value for money services. The Council must ensure that it obtains the necessary goods, services and works to the required level at the most economically advantageous price, taking account of whole life costs.

Effective procurement is also a mechanism that can support delivery of the Council's corporate priorities and the Corporate Plan. It can help the Council meet its wider objectives of promoting the social, economic and environmental well being of the district. Specifically procurement can:

- support economic regeneration through engaging with local businesses
- promote equality
- minimise the Council's overall impact on the environment
- achieve the efficiency targets contained in the Council's Annual Efficiency Statement.

This Code of Practice is a key document, which should be understood and followed by all officers who procure goods, works and services for the Council. It is a guide to best practice in procurement, and should be read as a supplement to the Contract Procedure Rules and the Council's Corporate Procurement Strategy.

The Code of Practice provides guidance and a resource for all staff involved in procurement activities. It sets out the principles, considerations and elements of procurement processes and provides links to further information, supporting documentation and sources of support.

A "toolkit" (see Appendix D), which is a set of guidance documents, forms part of this Code of Practice. The toolkit will be updated on a regular basis to address queries and issues that arise. If the information you require is not clear within this Code of Practice, or if you have any general enquires relating to procurement or this document, please contact the Procurement Team (details in Appendix B).

## 2. The Corporate Procurement Team

### 2.1 The Role of the Team

In April 2006 the Council's Executive approved the establishment of a corporate procurement team within Corporate Services.

The Procurement team provides the following services:

- To develop, promote and support a corporate framework to enable all officers to obtain services and supplies to the required quality in the most efficient manner.
- Monitoring of the Council's spend on supplies, works and services to identify where corporate or other arrangements can be developed to improve quality and/or reduce costs.
- Undertake procurement and related projects in respect of corporate or strategic contracts.
- Lead on the co-ordination of procurement efficiencies
- Monitor procurement related risk across the authority
- Co-ordination of procurement activity including the development and delivery of training for staff.
- Provide advice and support to service procurement activities across the Council.
- Provide support for the development of collaborative arrangements where required to improve service delivery.
- Advice on market's and suppliers.
- Corporate contract management and performance monitoring.
- Promote and support the adoption of e-Procurement tools.

The following table illustrates the role of the corporate service compared to those localised purchasing activities in service departments.

| **Roles and Responsibilities** | |
|---|---|
| **Corporate Procurement team** | **Localised purchasing** |
| **• Corporate procurement policy & strategy**<br>**• Legal & regulatory framework**<br>**• Corporate standards**<br>**• Guidance & best practice**<br>**• Management information systems**<br>**• Establish corporate contracts**<br>**• Collaborative contracts**<br>**• Supply chain management**<br>**• Monitoring & performance measurement**<br>**• Procurement research**<br>**• Procurement training**<br>**• Establishing e-procurement solutions** | **• Tendering for specific local requirements**<br>**• Contract management of local contracts**<br>**• Requisitioning and ordering**<br>**• Invoice registration and processing**<br>**• Providing feedback to the corporate unit on suppliers' performance** |

(Contact details for the Procurement Team is contained in Appendix B)

## 2.2 The Procurement Team's Monitoring Role

The Procurement team regularly monitors the Council's spend on supplies, works and services. This assists in identifying:

- areas where improved arrangements (for example, corporate contracts or framework agreements) can produce savings and/or improved quality, and

- services that may not be complying with the Procurement Strategy and Code of Practice.

## 2.3 The Procurement Network

The Procurement team has an email distribution list of staff who procure goods, services and works at a local level. This group will form a Procurement Network, the role of which will be to:

- allow co-ordination of activity in respect of procurement between services where it will improve quality and/or value for money

- be a channel for disseminating procurement news and good practice

- sharing information about corporate contracts and procurement activity

- provide a vehicle for inter-service and collaborative procurement.

The quality of the Council's procurement activity depends on all purchasing staff acting in appropriate ways. To facilitate this all staff involved in procurement will be provided with appropriate procedural notes to ensure consistency. A training programme will also be provided to meet any identified training and development requirements.

## 3. Good Practice in Procurement

This section supplements the provisions of the Council's Contract Procedure Rules, which at all times take precedence over guidance in this or other non-statutory documents.

### 3.1 Best Value

Good procurement management is being recognised as an issue of strategic importance for local authorities. To achieve best value, local authorities must determine which services they will procure from the public or private sectors and which they will deliver directly to local people. This process should be governed by a commitment to assess each case on its own merits, from the point of view of citizens, other service users and council taxpayers, taking account of both quality and cost. The principles of good procurement practice apply irrespective of whether in-house or external organisations are successful in bidding for work.

### 3.2 Procurement Activities

Procurement activities can be divided into three general types:

(i) **Goods**
Purchases to enable services to carry out their day to day functions (for example: purchase of stationary, photocopiers, travel services, etc.)

(ii) **Services**
The procuring of services either for the Council or for delivery of services on behalf of the Council (for example: I.T. Systems, consultancy, Carlisle Renaissance).

(iii) **Works**
Development, construction, building and maintenance works, which include large scale, contracts.

*Note: some projects will involve a mix of the above.*

### 3.3 A Procurement Model

The following model summarises the various stages of a procurement process. The detail and application of the model will vary depending upon the actual procurement activity, but it is good practice to consider all the following stages when planning a procurement activity.

All procurement decisions must be considered on their own merit, options considered and the most appropriate procurement route used. *The key test will be what is most likely to deliver Best Value for the Council and its citizens.*

**STAGE 1 – Identifying the need**

- It may seem obvious, but in some cases there may not be a need to undertake a formal procurement process. For example;

- If goods are required, it may be that there is existing surplus elsewhere in the organisation

- If a form is required is a form the best solution or are there electronic processes which can be implemented that will deliver better value?

- If it is necessary to undertake a procurement process, it should be planned taking account of the following stages in a good practice procurement process.

**STAGE 2 - Preparation and Planning**

All major projects should be adequately planned and consideration given to the resources required to achieve completion within the desired timescales.

- Develop a business case including an analysis of the market, linkages with other projects / systems, financial implications; any potential staff transfer issues and an option appraisal as a minimum.

- Specify what it is you want and why the need has arisen. In any exercise where you are seeking tenders or quotes, produce a written specification. The scope and detail of the specification will depend on the procurement exercise, but where appropriate describe the outputs or outcomes that are required (see the toolkit for more information on developing specifications).

- An existing contract or arrangement already covers if what you require, then the existing arrangement should be used (see section 5).

- Ensure that finance is available. If the contract is for more than one year, is funding secured for subsequent years?

- Identify who will lead the process, who is responsible for making decisions and who will be appointed as project manager. The project manager should be involved from the outset of any procurement process.

- Establish effective lines of communication and appropriate consultation at the outset, and maintain these throughout the process between all

relevant parties.

- If it is a large or non-routine procurement process, notify the Procurement team in advance. This is important for three reasons:

  i. it helps maintain the Council's database of contracts,
  ii. it may be that existing or alternative contractual arrangements already exist for the goods or services required, and
  iii. it allows the Procurement team to assess whether there is a need to develop a corporate contract for the supplies or services required.

- Identify the most appropriate procurement "route" – which process is most appropriate and likely to deliver the best value outcomes?

- Produce a project plan (see also 3.5 below), identifying the required activities and deadlines (a good timetable is a key requirement for a successful process). Do not underestimate the time needed to undertake the procurement process.

- Develop a risk register for the project. In most cases this is a simple model, and information plus a template is contained in the toolkit.

- Establish in writing the evaluation criteria – how will you evaluate the responses? In a tender exercise, it is good practice and it helps organisations provide a better response if you clearly explain the evaluation criteria and process in the tender documents. Your evaluation criteria should be weighted to reflect the relative importance of the criteria. The contract notice must show these criteria in descending order of importance, and the relative weights should be shown in the tender documentation. The evaluation criteria must be comprehensive and officers must ensure that the subsequent contract award is based on the published criteria.

- Persons to be involved in the evaluation process should be identified and clearly made aware of their roles and responsibilities.

- What control should there be for inflation or annual price increases? It is usual to link price increases to RPI or RPIx, although in some cases a blended or alternative index may be used (for example, the index of annual salary increases may be more appropriate for a service-based contract).

- Consideration should be given to the pricing mechanism; is the contract fixed price or variable. What method is to be applied for variable priced contracts (RPI / Pricing indices).

- Will there be options to extend the contract? If so, this must be stated in the OJEU notice if it is an EU tender.

## STAGE 3 - Going to the Market / Tendering

- This can range from going direct to an approved supplier for small value goods through to a full EU procurement exercise.

- It is essential that EU Procurement Regulations (where applicable) and the Council's Contract Procedure Rules are complied with.

- The Public Contract Regulations 2006 include provisions to reduce timescales if certain criteria are met. These criteria include the publication of a Prior Information Notice (PIN), giving tenderers electronic access to the tender documentation and placing the OJEU entries electronically. These reduced timescales must **only** be used in exceptional circumstances as they could potentially cause problems to some prospective tenderers. Further advice should be sought from the Corporate Procurement Team on the use of the reduced timescales.

- The EU thresholds apply to the Council's aggregated value of spend in respect of specific goods services and works. For example, if a service requires office paper totalling £30,000, it may appear that an EU tendering process is not required. However, if the Council's total spend is above the threshold, the EU tender requirements will apply. The Procurement team will co-ordinate corporate contracts of this nature, but officers should be aware of the rules, and consult the Procurement team if they think that a tender they are involved in may be impacted by the aggregation rules.

- Care should be taken with the wording of any EU notice, since this will govern the nature and scope of the final contract and relationship.

- When wording the EU notice, the criteria for award must be included and must be comprehensive.

## STAGE 4 – Tender Evaluation

- Tenders should be evaluated against the pre-determined criteria, and the process documented. Be aware that all judgements and notes must be objective and capable of being evidenced should the documents be disclosed under the Freedom of Information Act.

## STAGE 5 – Contract Award

- In a tender exercise the Council will provide the contract, and unless you are using an established internal model contract, it should be checked by Legal Services. Model contracts are available from the Procurement

team.

- When negotiating a contract, ensure that officers (including a legal adviser if required) are appropriately experienced and/or qualified to negotiate on behalf of the Council.

- Officers must have regard to proposed changes to bids during negotiations and take legal advice on any such changes, which might impact on the initial evaluation.

- Careful consideration should be given to the contract period. The contract period should be set based on the nature of the market (for example, the competitiveness and stability of the market), the costs of tendering, risk and the overall value. It is often beneficial to have provision for contract extensions at the Council's discretion.

- In cases where a non-Council approved contract is to be entered into, it is recommended that the terms and conditions are first checked by Legal Services.

- Be prepared for requests for debriefing unsuccessful tenderers and the post completion reviews. When debriefing, all comments should be objective, and it is good practice to have a prepared script.

- Any contract award process must be fully documented, be transparent, be undertaken to the highest standards of probity, and open to scrutiny.

**STAGE 6 – Contract Management**

- The key to maintaining a successful contract and contractual relationship is in contract management *(see the Contract Management guidance in the attached toolkit)*. The level and type of contract management will vary depending on the nature of the contract, but can range from regular meetings with the supplier through to more formal contract monitoring against targets and performance indicators.

- Contract monitoring procedures should provide sufficient review of performance and the feedback should be used to inform other subsequent procurement exercises. Such reviews will highlight the lessons to be learned and assist in continuous improvement in future contracts. It is therefore essential that appropriate reporting is established and utilised for this purpose.

- Within any procurement process, performance and quality needs to be

addressed in respect of the goods, services or works being procured. For example, all relevant performance indicators, targets, monitoring and reporting procedures should be incorporated into the specification and evaluation processes. The Best Value requirement of delivering continuous improvement should also be addressed.

- All major contracts should support the Council's Performance Management framework and the monitoring and reporting procedures that have been established within it.

- It is important to plan ahead to develop a process for dealing with the expiry or re-tendering of the contract.

## 3.4 Common Principles

The following are key principles and approaches that are common to all types of procurement.

### (a) Transparency and probity

All procurement processes must be carried out with integrity, to the highest ethical standards, and be well documented to provide an "auditable trail". The documentation should include a record of decisions, who made them and the rationale for the decisions. The process and documentation must be robust and be able to withstand scrutiny. The Freedom of Information Act enables suppliers to access a wide range of documents. Always produce documents on the assumption that they can be viewed by companies and the public unless they are excluded from publication by a specific restriction, for example, section 12A of the Local Government Act 1972.

Any procurement process should have a designated officer responsible for delivering the process.

The procurement process undertaken must be based on a clear evaluation of the options, and the agreed process followed throughout unless there are genuine grounds for revising the process, and in which case interested parties should be informed of any changes and the reasons why. In some instances the change in the process may necessitate the process being abandoned and re-started.

At all times the Council's Code of Conduct must be adhered to.

(b) **Consultation**

Consultation with interested parties should be an intrinsic part of major processes to ensure that the required services or goods are specified and procured.

Consultation should be undertaken at all levels including service recipients and potential providers.

Good practice, depending on the nature of the procurement process, will also include;

- researching existing or potential markets
- identifying and addressing the legal and corporate requirements associated with the process
- considering whether there may be Transfer of Undertakings (Protection of Employment) Regulations 1981 (TUPE) implications
- risk analysis and risk management
- Best Value requirements (including consultation to be undertaken with service recipients, potential providers, stakeholders, etc.)
- e-procurement issues
- record keeping
- ensuring pre' and post-tender clarification meetings are managed in accordance with best practice and relevant legislation
- the possible impact on any other existing contracts or arrangements and in-house provision
- major projects may benefit from the use of a "Gateway Review" process, which provides an objective assessment of the project and likely success at key stages in the project.

**3.5 Preparatory work for major procurement projects**

Some or all of the following will be applicable depending on the nature of the process. The Procurement Team can offer advice and support where needed.

- establish the project manager and/or project team which should include

the contract manager, and allocate responsibilities (documentation, decision making, etc.) at an early stage in the process, and certainly in advance of contract negotiation

- establish a project plan with targets, responsibilities and target dates

- identify how best to use existing staff and other resources to deliver the project - for major procurement exercises, it is usually valuable to have advisers (especially legal and financial advisers) involved from the start of the project, in order that when the contract is formalised, they have a good understanding of the exercise and requirements

- ensure compliance with the Council's Contract Procedure Rules and EU Procurement Regulations for the publication of any required notices, including OJEU (Official Journal of the European Union) notices if applicable

- develop and implement a consultation and communications process

- prepare all necessary documentation, specifying clearly the goods, works or services to be procured

- determine the comprehensive evaluation criteria and communicate this to interested parties including bidders.

### 3.6 Specific issues to consider including in contracts

It is important that specifications and contracts include not only standard terms and conditions, but also issues, which are specific to the service and to Council policy. Examples of these include:

- Ownership of **intellectual property rights** – identify who should own the intellectual property rights to software, documentation, trademarks, designs and other copyright material.

- Support for the **Council's emergency planning and business continuity processes**– ensure that contracts include the requirement to provide support in all related activity where appropriate (this is likely to be subject to the Council reimbursing the contractor for costs incurred).

- Consider how **assets** are to be treated – if transferred, on what terms, and ensure that any assets transferred can be transferred back to the Council with minimum financial impact should the contract be terminated or expire.

- It is important to identify any possible accommodation issues at an early stage. Advice must be sought on the terms on which Council owned accommodation could be made available to any successful bidder. This

will include an assessment of the cost of provision and the risk to be retained and transferred.

- Ensure that all third parties who can impact on, or influence, the contracting process are identified at an early stage. For example, if the Council leases assets from a third party their consent will be required to assign those leases. An action plan for engaging and securing agreement with such parties must be included in the initial considerations.

- If the contract includes a possible **staff transfer**, build in compliance with all legislative, national and Council requirements for staff transfers and address potential future transfer issues.

- Where appropriate (for example, in the case of strategic partnerships), ensure the contract requires the contractor or partner to comply with the Council's **corporate identity**.

- Consider all aspects of the contract in advance. Examples would include:

  - maintenance or running costs
  - the cost and availability of consumables
  - initial and on-going training requirements
  - licensing requirements
  - the use, disposal or transfer of assets and the end of the contract etc.

  Is the contract a 'key decision' in accordance with the Constitution? For instance, a contract involving the possible transfer of staff is a key decision, which needs approval from the Executive.

## 4. Legislation, Regulation and Policy

The following is a summary of the principal areas of legislation and policy that impacts on procurement activity.

Specific or detailed advice on legislation is available from Legal Services, and advice on procurement can be obtained from the Procurement team.

### 4.1 Council policies and procedures

Contracts Procedure Rules are contained in the Council's Constitution, and govern procurement and contracting activity. The Council's Corporate Procurement Strategy provides the framework for managing procurement activity across the authority.

The Council's Contract Procedure Rules prescribe how officers should undertake procurement activity, and contain thresholds above which the procurement process must follow a specified process. All employees are obliged to observe and apply the Contract Procedure Rules when undertaking their duties.

The current thresholds in Contract Procedure Rules, and the key requirements are:

| **Value** | **Requirements** |
|---|---|
| Under £10,000 | Authorised appropriately –<br>The relevant Officers with Powers to authorise have been delegated this responsibility. |
| £10,001 to £35,000 | The executive committee or the appropriate officer will obtain an estimate in **writing** of the probable expense of executing the work in a suitable manner or the purchasing of goods or materials and of the annual expense of maintenance.<br>Quotations are to be obtained in writing from at least 3 persons, firms or companies by the appropriate Head of Service in consultation with the appropriate Director. |
| £35,001 to £70,000 | Invitation to tender –<br>An invitation to tender should be submitted to at least three persons, firms or companies selected by the Head of service in consultation with the appropriate Director. |
| £70,001 to £144,370 | Invitation to Tender –<br>A public notice inviting tenders should be made at least 10 days prior to the deadline for application. This should be circulated to one or more newspapers or professional journals that circulate amongst the relevant persons. |
| £144,371 plus | European Procurement – |

| | |
|---|---|
| | See Appendix C for appropriate Thresholds and Timescales. |

**Note:**

It is important to note that preferred procurement solutions in the Contract Procedure Rules can apply across the range of contract values. However, for orders that are of a high value, enquiries should be referred to the Corporate Procurement team who will negotiate with existing contacted suppliers regarding any further volume discounts that may be applicable.

In the context of Contract Procedure Rules, a “quotation” is usually a simple document with the Council's standard terms and conditions attached, which is produced so that basic pricing information can be obtained from a number of suppliers for non- complex low value items. Price will often be the only criteria with a quote. A “tender” is a more formal document which includes a detailed specification of the product, service or works that are required, the method by which the tender will be evaluated and usually includes the Council's Standard Terms and Conditions. In such cases, consideration should be given to the costs that are expected to be incurred throughout the life of the project.

**Buy Local**

An important element of the Corporate Plan is the economic regeneration of the district. The Council is committed to supporting this in all areas of its activity.

The Procurement Team, as part of the Regional Centre of Excellence, is helping local businesses understand how to do business with the Council.

The EU Procurement Directive excludes sourcing suppliers on geographic grounds, unless the location of the organisation is essential to the delivery of the contract. Therefore officers must exercise care in procurement activity to avoid intentionally favouring local businesses. It may be appropriate to include in the specification issues such as response or service access requirements where these are part of a genuine business requirement. More guidance on supporting local businesses is included in the toolkit.

**Prompt Payment of Invoices**

The prompt payment of invoices is a published performance indicator for the Council, and delays in payment may result in interest being charged by the supplier under the Late Payment of Commercial Debts (Interest) Act 1998. The Act allows small businesses (50 or less employees) the right to claim interest for late payment from other businesses and public sector organisations. It is therefore essential that all undisputed invoices are paid within 30 days.

## 4.2 European Legislation

The European Union's (EU) Procurement Directive directly affects procurement activities in respect of works, supplies (goods) and services if they exceed (or may exceed) specified threshold values. The legislation enacting the EU Directives is The Public Contracts Regulations 2006. These regulations were adopted in the UK on 31 January 2006.

The threshold values include rules on the aggregation of similar contracts and are reviewed every two years. Therefore the responsible officer must assess the total value of each procurement process (including other similar spend likely to be incurred) before embarking on a procurement exercise. In cases where the officer is aware that the goods, works or services are also being procured by other Council services, the Procurement team must be consulted in order to identify the potential total value and to determine whether a corporate procurement process is required.

More information about the thresholds and timescales is contained in Appendix C, and this information will be monitored and updated as appropriate by the Procurement team.

## 4.3 National Legislation

**The Acquired Rights Directive 77/187 and the Transfer of Undertakings (Protection of Employment) Regulations 1981 (TUPE).**

Should a procurement process result in a transfer of an undertaking, TUPE provides for continuity of existing contractual terms and conditions of employment, with some specific exceptions (for example, pension arrangements, where the receiving organisation is required to provide a pension scheme which is "broadly comparable").

It is essential that any potential staff transfer is identified at the start of a procurement process, and that any TUPE implications are considered and carefully managed. TUPE may affect not only those staff directly providing a service, but may also encompass support staff from other services, depending on the specification of the service package which transfers.

TUPE may also apply to third party contracts: services, which are provided by an external organisation may also be subject to TUPE if, re-tendered and let to another organisation.

**Local Government Act 1988 Part 2**

This governs non-commercial consideration in public supply and works contracts. It excludes from local government tendering certain 'non-commercial' matters which include "matters relating to the terms and conditions of employment by contractors of their workers or the composition of, the arrangements for the promotion, transfer or training of or other opportunities afforded to, their workforces". ***NOTE:*** The Local Government Act 1999 provided, in respect of best value authorities, for certain workforce matters to cease to be defined as 'non-commercial' to the extent that they are relevant to the achievement of Best Value and also in circumstances where they are relevant to a TUPE transfer.

**Local Government Act 2000, Part 1**

This is the source of the Council's "powers of general well-being". It is a wide-ranging power enabling councils to undertake activity, which will improve the economic, social or environmental "well-being" of their area.

Two matters need to be borne in mind:

a) a Council cannot use this Act to charge for its services, and

b) it cannot use these provisions for avoiding any other statutory restrictions.

**Local Authorities (Goods and Services) Act 1970**

This enables the Council to sell its services or goods to another public body (which generally means other councils, the NHS, the police, the fire service, and various bodies set up by councils). Before using this power, checks should be made that the body wanting to buy the goods or services is a "public body" for the purposes of the Act.

**Local Government (Contracts) Act 1997**

Due to the many problems that arose during the 1980s and early 1990s, about Local Government contracting powers, this act was brought in to make it explicit that a power for a council to carry out a function also included the power to enter into contracts to do that function. This specifically stated that loan finance agreements could be entered into in relation to those functions.

It also introduced the concept of "certified contracts", whereby the contract is deemed to be lawful, unless challenged, so long as certification criteria are in existence.

**Human Rights Act 1998**

This has the effect of incorporating some (but not all) of the European Convention on Human Rights into English law. It gives people rights, such as enjoying a private life, property and freedom of thought, and if these rights are interfered with by a public body, such as a council, it can be taken to court.

Normally, human rights cannot be enforced against a private company. However, if a company does something on behalf of a council and by doing so breaches someone's human rights, it is the council that will have to bear the responsibility. Therefore, contracts will have to make it explicit that contractors are acting on behalf of a public body and will indemnify the council against any claim.

**Data Protection Act 1998**

This governs the way personal data is handled. Any body or organisation that handles personal data must notify the Information Commissioner – the council has done so, and most contractors will have had to do so as well. Any contract must require the contractor to comply with Data Protection Act 1998 and indemnify the Council against any claim.

**Freedom of Information Act 2000**

This came into force 1 January 2005. It provides people with the right to access to information held by public bodies. This has consequences for those contracting with the council. Further advice about how Freedom of Information affects procurement can be obtained from the Procurement team.

**Crime & Disorder Act 1997**

Section 17 of this act states that the council shall exercise "its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area." Procurement officers need to bear this in mind when contracting.

**Health and Safety Legislation**

Consideration should be given to the extent to which compliance with health and safety policies and legislation are key to the provision of the goods, services and/or works. It is good practice to consider seeking a statement of policy together with a commitment that the provider will have regard to the Council's own Health and Safety Policies. On large-scale service provision contracts a risk assessment and appropriate procedures to address such risks should also be sought as part of the specification. Any specific health and safety risks need to be included and identified and a statement of practice required. If the contract arrangements are such that there is a risk of

accident then details of accident investigation and accident reduction measures should also be considered as part of the evaluation process. It is useful to address heath and safety compliance as part of the pre-qualification process.

However, officers need to assess whether it is "reasonable" to require this information having regard to the nature of the contract and services sought.

**Equality and Inclusion**

The requirements and obligations contained in the various Acts covering race, sex, age and disability equality must be reflected in all specifications and contracts, which the Council enters into.

The Council has produced a leaflet explaining equality in employment to inform contractors of the Council's expectations. This should be issued to all existing contractors, and issued with all tenders and can be obtained from the Corporate Procurement Team.

**Whistle Blowing Policy**

The Council is committed to the highest possible standards of openness, probity and accountability. In line with that commitment we expect employees, and others that we deal with, who have serious concerns about any aspect of the Council's work to come forward and voice those concerns. It is recognised that most cases will have to proceed on a confidential basis.

The policy document makes it clear that employees, contractors, suppliers and general members of the public can do so without fear of victimisation, subsequent discrimination or disadvantage. The confidential reporting policy is intended to encourage and enable employees to raise serious concerns within the Council rather than overlooking a problem or "blowing the whistle" outside.

**Environmental Policy**

In our Corporate aim to be Cleaner, Greener, Safer Carlisle City Council will take responsibility for managing the environmental impacts of all our activities and aim to continually improve our in-house environmental performance. The Council has produced an Environmental Policy in order to achieve this.

## 5. Procurement Options

## 5.1 Existing Solutions

The Council has a range of existing contracts and arrangements for the provision of supplies, works and services. In all cases, approved consortia, corporate contracts and in-house providers must be used unless there is a strong business case for using another source, and such exceptions should be reported in accordance with the Contract Procedure Rules. Examples of existing sources include:

**a) Effective Procurement in Cumbria (EPiC)**
The City Council is a leading member of the Cumbria Procurement shared service initiative. This is a collaborative arrangement formed by the district Councils of Allerdale, Barrow, Carlisle, Copeland, South Lakes and the County Council to establish an electronically enabled shared procurement service for commodity goods and services. The service is hosted but not operated by Cumbria County Council and would enable goods and services procured by all authorities collaboratively to be available to all purchasers within each authority.

**b) Cumbria supplies Purchasing Organisation**
An annual catalogue is published covering a wide range of supplies.

**c) North Eastern Purchasing Organisation**
NEPO manages a wide range of call-off (direct supply) contracts for vehicles and equipment. The Council is an associate member of the North Eastern Purchasing Organisation and gets substantial benefits from membership.

**d) Office of Government Commerce**

Supplies and services can also be obtained via OGC Buying Solutions. These include ICT equipment, consultancy services, furniture and mobile telephony.

**e) Corporate Contracts:**

**Mobile Phone Contract**
The current contract is with Orange.

**Corporate Desk-Top Computer Contract**
A corporate contract exists for desktop computers, which has been stringently evaluated to ensure reliability and compatibility with the Council's infrastructure and systems.

**Photocopier contract**
Preferential rates for purchase, rental, lease and copy charges with a single supplier.

**Other Corporate Contracts**
A range of other corporate contracts will be tendered, and details will be provided via public folders.

**IDeA Marketplace**
This is an electronic marketplace enabling designated officers to purchase goods and services via their networked computer. All contracts available through the IDeA Marketplace are approved contracts.

**f) Internal services**

These include all internal service provision, including the various construction, design and maintenance services, printing, cleaning, etc. If in doubt about what is available, refer to the A to Z of Council services on the Council's web-site.

## 5.2 Methods of procuring goods and services

### From existing arrangements

The Council's Contract Procedure Rules enable officers to procure goods, supplies and services from a number of methods: -

1 in-house services (for example, printing, cleaning, building repairs, grounds work etc.)
2 established corporate contracts
3 an approved list of suppliers maintained by the Council or a formally approved organisation
4 consortia of which the Council is a member (for example, NEPO)
5 approved nationally negotiated contracts (for example those arranged by the Office of Government Commerce)
6 approved e-procurement solutions (for example, the IDeA Marketplace)
7 in some instances low-value supplies purchased via the internet may be obtained using Purchasing Cards.

### Tendering Processes

A number of different tendering processes (subject to EU Procurement Regulations) may be undertaken depending on the nature of the project and the anticipated value of the contract.

- **Selective tendering** from approved contractors or appropriate companies where the contract value is less than £60,000.
- **Open Tendering Procedure** (all interested suppliers, contractors or service providers may submit tenders).
- **Restricted Tendering Procedure** (a process is undertaken to pre-select a limited number of suppliers, contractors or service providers to be invited to submit tenders).

- **Negotiated Tendering Procedure** (The authority consults suppliers, contractors or service providers of its choice and negotiates the terms of the contract with one or more of them. Note: the negotiated procedure may be used only in justified cases and if the conditions required for its use are fulfilled).

## Purchasing Cards

Purchasing cards are similar to debit cards, and allow an officer to purchase goods against the card either in person or over the telephone. The advantages of using purchasing cards include:

- quick receipt of goods
- reduced administration, invoicing and payment processes
- improved management information
- quick payment for the supplier

The use of purchasing cards is particularly suitable for low value items. They may also be used for payment for goods and services where electronic payment is required (i.e. used instead of a credit card). However, they are not suitable for the purchase of all commodities, and if used for high value supplies, the percentage fee that the supplier is charged by the bank on the transaction is likely to increase costs to the Council. Purchasing cards should not be used as an alternative to sourcing supplies which are covered by existing corporate arrangements, such as via the North Eastern Purchasing Organisation. Further information on the use of purchasing cards is available in separately issued guidance.

## Collaborative Procurement

Collaborating on procurement activities to realise increased buying power and reduced process costs may be through either an external or internal arrangement. External may take the form of joint procurement of similar products and or services with other authorities or public sector bodies.

Internal collaborative procurement should take place when services are buying the same or similar goods and services, which are not readily available through existing consortia arrangements.

## Partnering

Partnering is a form of contractual relationship in which there is an explicit commitment to working together, sharing risk and developing and sustaining a relationship which will ensure that the partnership works to the benefit of both parties. Successful partnering arrangements often include “gain share”,

a sharing of efficiencies (and additional costs) between the partners i.e. Telephony contract procured in collaboration with Allerdale Borough Council.

**Private Finance Initiatives**

Private Finance Initiative contracts (PFI) usually involve at least three parties; the client (Council), the delivery vehicle (usually a private sector organisation), and banking services. A PFI can provide capital investment, which would be beyond an authority's borrowing capacity. The lending organisation's investment is secured against a projected revenue stream, rather than against property or assets.

Service providers usually tender as consortia and then form a single contract company known as a special purpose vehicle. There are high legal and agreement establishment costs associated with PFI schemes and usually such a scheme will not be appropriate for projects of less than £5million in value.

**Lease & Hire**

This covers arrangements where an asset (for example, a vehicle) is purchased by a company and the Council makes a series of payments for its use. Examples would include vehicles, photocopiers and vending machines.

It is important that before entering into a lease agreement that it is an operating lease and does not have an adverse impact on the Council's capital borrowing (if in doubt, consult Finance Services), and that:

- prices are checked so that a proper appraisal can be made of relative costs

- the Council must not own the assets or vehicles to be leased

- lease agreements must be operating leases with at least 10% of the asset value remaining at the end of the contract (the terms and conditions of lease contracts vary widely and must be checked carefully)

- automatic rollover contracts should not be entered into; there should be a definite end date to the lease and the lease should not normally be longer than 5 years in length

- a supplier's right to alter prices must be strictly limited; fixed price contracts are preferable but any potential price increases, which are included, should be limited to no more than the prevailing retail price index

- other terms and conditions are carefully checked, especially rights of termination, penalties, documentation fees and suppliers' right of access.

## Commissioning

Commissioning is more than just the procurement of services or works. It involves clearly identifying all the needs of service users and working with potential service providers to develop a service to meet those needs. Specifications are often jointly developed and the commissioning process covers the whole process of acquisition from initial definition of need to the end of the need for the service.

## E-procurement

The Council is committed to meeting Government targets for e-government, and the development of e-procurement is a high priority area.

E-procurement can take a number of forms and the following are some current examples currently being used, or developed within the Council.

- the IDeA Marketplace: this is an online e-procurement portal, accessed via the Council's Finance system on officer's desktop computers. It enables authorised officers to place orders on-line against existing approved contracts

- purchasing cards

- undertaking tendering processes electronically through the Cumbrian Electronic Tendering System .

Wherever possible, new tenders and contracts should encourage the development and use of e-procurement for calling off goods and services against the contracts.

## 6. Maintaining Records and Access to Information

A record needs to be retained of all stages in a procurement process. The assumption should be made that such records may become public and therefore they need to be comprehensive, accurate, and non-defamatory.

Under the Freedom of Information Act, members of the public may request all non-restricted documentation.

The records should be retained for a minimum of six full years or the duration of the contract, whichever is the longer. Records relating to contracts signed under seal must be retained for twelve years. In many cases it may be appropriate to store documents electronically provided it is in a format that will maintain integrity and cannot allow for any changes or deletions to the records.

**Appendix A**

## Glossary of Terms

Glossary of PFI Terms & Abbreviations:
http://www.ipfa.org/mediafiles/library253.pdf

## Procurement information including the EU procurement process

First stop for public sector procurement is the **Society of Procurement Officers**:
http://www.sopo.org

The Office of Government Commerce is a valuable resource for all aspects of procurement in the UK
http://www.ogc.gov.uk/

The **Business Information Publications Limited** (BIP) site is a valuable source of information, including procurement news, EU directives and a lot more...
http://www.bipcontracts.com/

The main site for EU procurement information is **SIMAP**:
http://simap.eu.int/EN/pub/src/welcome.htm

The **Chartered Institute of Purchasing & Supply** (CIPS) is an international organisation, based in the UK, serving the purchasing and supply profession. Dedicated to promoting best practice, CIPS provides a wide range of services for the benefit of members and the wider business community.
http://www.cips.org

**Appendix B - Procurement Team Contact Details**

| | | |
|---|---|---|
| Malcolm Mark | Development & Support Manager | x 7353 |
| Mike Farren | Procurement Officer | x 7553 |
| Dawn Reid | Assistant Procurement Officer | x 7595 |
| | | |

**Other sources of internal advice and support:**

Legal advice (contracts and related issues): Mark Lambert (x 7019)

TUPE and HR advice: Jean Cross (x 7081)

Best Value Reviews and Options Appraisal: Carolyn Curr (x7017)

Performance Management Framework: Carolyn Curr (x 7017)

Data Protection Officer/ Freedom of Information: Fiona Musgrave (x 7258)

Internal Audit: Ian Becket (x7292)

Buildings and Facilities Maintenance: Gordon Nicolson (x8522)

**Appendix C**

**EU Thresholds and Timetables**

**THRESHOLDS (Local Authority)**

**Applicable from 31 January 2006:**

| | **SUPPLIES** | **SERVICES** | **WORKS** |
|---|---|---|---|
| Prior Indicative Notice (PIN) | £513,166<br>(€ 750,000) | £513,166<br>(€ 750,000) | £3,611,319<br>(€ 5,278,000) |
| Main Notice | £144,371<br>(€ 211,000) | £144,371<br>(€ 211,000) | £3,611,319<br>(€ 5,278,000) |
| Small Lots Exemption | £54,738<br>(€80,000) | £54,738<br>(€80,000) | £648,221<br>(€1,000,000) |

**TIME LIMITS FOR LOCAL AUTHORITIES:**

**Open Procedure:**

| Minimum period between dispatch of notice to the Official Journal and closing date for the receipt of tenders (tenders to be issued within 6 days of request). |
|---|
| 52 clear days (calendar days).<br>This can be reduced to 36 clear days (and where appropriate, not less than 22 clear days) if a PIN was issued between 52 days and one year prior to the main notice being published. |

**Restricted Procedure:**

**Requests to Participate:**

| Minimum period between dispatch of notice to the Official Journal and closing date for requests to participate. | |
|---|---|
| Whether a PIN was issued or not | 37 clear days (calendar days) |

**Responses to Invitation to Tender:**

| Minimum period between dispatch of invitation to tender and closing date. |
|---|
| This can be reduced to 26 clear days if a PIN was issued between 52 days and one year prior to the main notice being published. |

**Negotiated Procedure:**

| Minimum period between dispatch of notice to the Official Journal and closing date. | |
|---|---|
| Whether a PIN was issued or not | 37 clear days (calendar days) |

Note: In the case of a negotiated procedure **an invitation may not be issued**: e.g. when an open or restricted invitation to tender produces insufficient responses for competitive bidding it is possible to move directly to the Negotiated Procedure without further advertisement.

**Accelerated Procedure:**

The accelerated version of Restricted or Negotiated Procedures may be invoked in cases of genuine urgency. The cause of the urgency must lie **outside the control** of the body making the purchase, and there are specific limited criteria for using this process.

| Minimum period between dispatch of notice or invitation and closing date. | | |
|---|---|---|
| Restricted | Seeking requests to participate | 15 clear days (calendar days) |
| Restricted | Seeking tenders from selected bidders | 10 clear days (calendar days) |
| Negotiated | Seeking requests to participate | 15 clear days (calendar days) |

**Accelerated procedure using e-procurement**

The Public Contract Regulations 2006 include provision to reduce timescales if tenderers are provided electronic access to the tender documentation and the OJEU entries are placed electronically. These reduced timescales must **only** be used in exceptional circumstances as they could potentially cause problems to some prospective tenderers. Further advice should be sought from the Corporate Procurement Team on the use of reduced timescales.

**Contract Award Notice**

A Contract award notice must be placed in OJEU within 48 days of contract award (including contracts for Part B services – see below).

**Part A and Part B Services**

For EU procurement purposes, services are classified as either “priority” (Part A, in the Public Services Contracts Regulations 1993) or “residual” (Part B). All Part A service contracts that exceed the EU thresholds must be tendered in accordance with EU Directives. Part B services are not subject to the same requirements for advertising, although case law has established that all public sector contracts should have some advertising, proportionate to the nature of the contract. It is good practice to use the prescribed timescales to allow adequate time for responses. However, when a contract is awarded for a Part B service, a contract award notice must be sent to the OJEU.

Where there is a contract for both a Part A and Part B service then you will need to decide which takes precedence. Where the Part A service element is the greater proportion then all the provisions of the EU Directive will apply. Where the Part B service element is the greater then you may follow the less prescribed process for Part B services.

The following tables identify the categories of service:

***PART A***

| Category | Services | CPV Reference |
|---|---|---|
| 1. | Maintenance and repair of vehicles and equipment | 6112, 6122, 633, 886 |
| 2. | Transport by land, including armoured car services and courier services and courier services but not including transport of mail and transport by rail | 721 (except 71235), 7512, 87304 |
| 3. | Transport by air but not transport of mail | 73(except 7321) |
| 4. | Transport of mail by land, other than by rail, and by air | 71235, 7321 |
| 5. | Telecommunications services other than voice telephony, telex, radiotelephony paging and satellite services | 752 |
| 6. | Financial services<br>(a) Insurance services<br>(b) Banking & investment services other than financial services in connection with the issue, sale, purchase or transfer of securities or other financial instruments, and central bank services | 81 (Part) 812, 814 |
| 7. | Computer and related services | 84 |

| | | |
|---|---|---|
| 8. | R&D services where the benefits accrue exclusively to the contracting authority for its use in the conduct of its own affairs and the services are to be wholly paid for by the contracting authority | 85 |
| 9. | Accounting, auditing and book-keeping services | 862 |
| 10. | Market research and public opinion polling services | 864 |
| 11. | Management consultancy services and related services, but not arbitration and conciliation services | 865, 866 |
| 12. | Architectural services: engineering services and integrated engineering services: urban planning and landscape architectural services: related scientific and technical consulting services: technical testing and analysis services | 867 |
| 13. | Advertising services | 871 |
| 14. | Building-cleaning services and property management services | 874 82201 to 82206 |
| 15. | Publishing and printing services on a fee or contract basis | 88442 |
| 16. | Sewerage and refuse disposal service: sanitation and similar services | 94 |

***PART B***

| Category | Services | CPC Reference |
|---|---|---|
| 17. | Hotel and restaurant services | 64 |
| 18. | Transport by rail | 711 |
| 19. | Transport by water | 72 |
| 20. | Supporting and auxiliary transport services | 74 |
| 21. | Legal services | 861 |
| 22. | Personnel placement and supply services | 872 |
| 23. | Investigation and security services, other than armoured car services | 873 (except 87304) |
| 24. | Education and vocational education services | 92 |
| 25. | Health and social services | 93 |
| 26. | Recreational, cultural and sporting services | 96 |

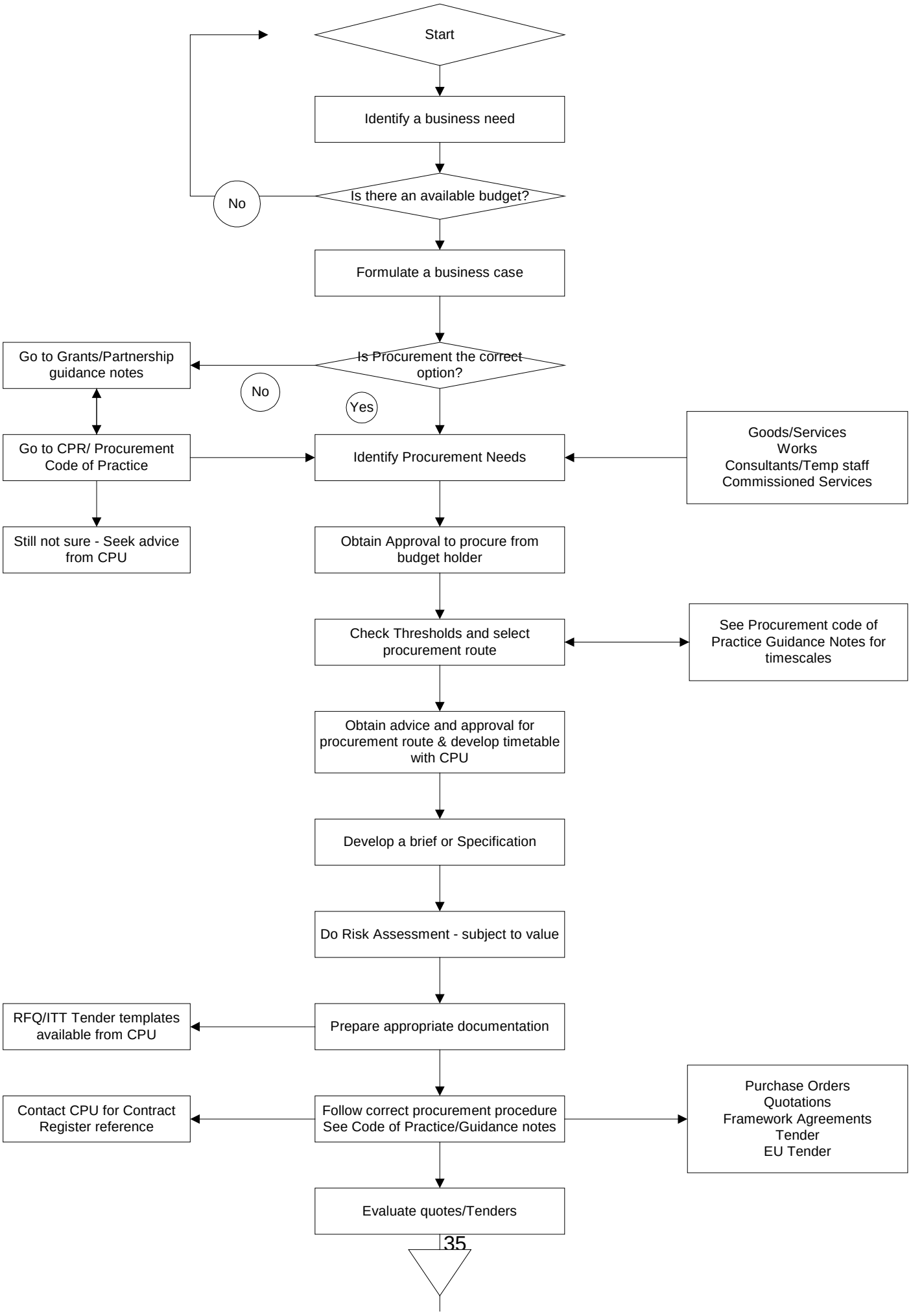
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|---|---|---|
| 27. | Other services | |

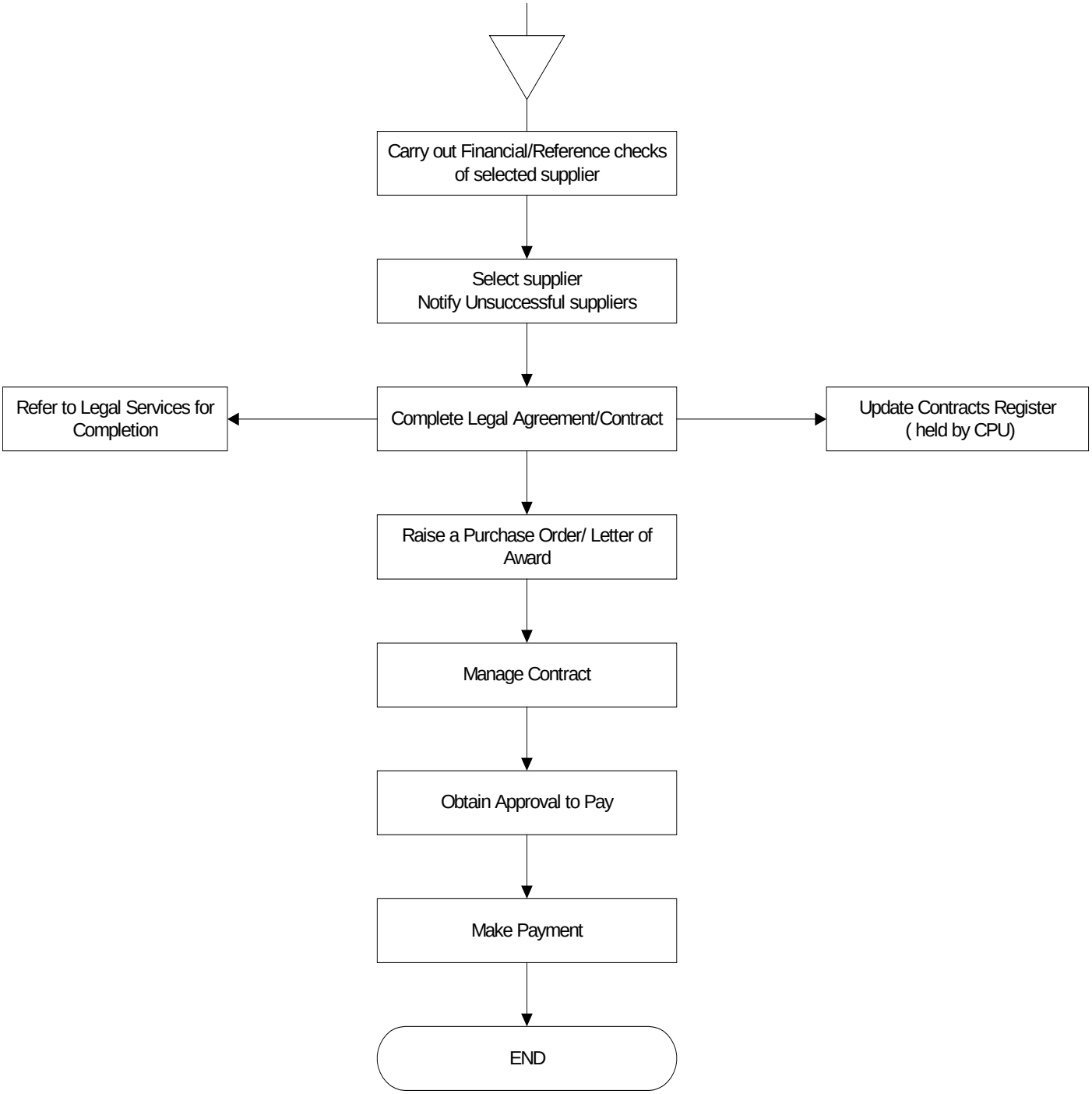
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## Appendix D – The Procurement Toolkit – Good Practice Guides

The following good practice guides will be published on the Procurement section of the Council's Public Folders and external website, as they become available during 2007-08:

1. Contract documentation including model contracts and questionnaires
2. Guide to specification writing
3. Guidance on producing notices for the European Journal
4. Targets and performance management
5. Risk management in procurement
6. Guide to tender evaluation
7. Negotiating skills
8. Contract management
9. E-procurement (including purchasing cards) and e-tendering
10. Equality issues in procurement
11. Ethical Procurement
12. Environmental management and sustainability
13. Procurement and the local economy
14. Consultants Guidance Notes
15. Consultants Tender templates
16. Project management
17. Partnerships, partnering and collaboration
18. Preparing for due diligence
19. Financial issues and affordability models
20. TUPE and staff transfer
21. Disposing of assets
22. Freedom of Information Act and Data Protection
23. Managing Contractors: Guidance for Officers
24. Contracts register
25. Gender equality
26. Whistle Blowing – Confidential Reporting Policy
27. Contracts Procedure Rules
28. Business Continuity Plan
29. IT Equipment Purchase & Replacement Policy.


Start
Identify a business need
Is there an available budget?
No
Formulate a business case
Is Procurement the correct option?
Go to Grants/Partnership guidance notes
No
Yes
Go to CPR/ Procurement Code of Practice
Still not sure - Seek advice from CPU
Identify Procurement Needs
Goods/Services
Works
Consultants/Temp staff
Commissioned Services
Obtain Approval to procure from budget holder
Check Thresholds and select procurement route
See Procurement code of Practice Guidance Notes for timescales
Obtain advice and approval for procurement route & develop timetable with CPU
Develop a brief or Specification
Do Risk Assessment - subject to value
Prepare appropriate documentation
RFQ/ITT Tender templates available from CPU
Contact CPU for Contract Register reference
Follow correct procurement procedure See Code of Practice/Guidance notes
Purchase Orders
Quotations
Framework Agreements
Tender
EU Tender
Evaluate quotes/Tenders


Carry out Financial/Reference checks of selected supplier
Select supplier
Notify Unsuccessful suppliers
Refer to Legal Services for Completion
Complete Legal Agreement/Contract
Update Contracts Register ( held by CPU)
Raise a Purchase Order/ Letter of Award
Manage Contract
Obtain Approval to Pay
Make Payment
END