



**To:**  
**All members of the**  
**Audit Committee**

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Date: 19 March 2018

### Supplementary Agenda

#### **Audit Committee - Thursday, 22 March 2018**

Dear Councillor

I enclose the following items which were marked 'to follow' on the agenda for the Audit Committee meeting to be held on Thursday, 22 March 2018:

- |   |                |
|---|----------------|
| <b>5. Annual review of Procurement Strategy</b>   | <b>3 - 32</b>  |
| To receive an update on the prioritised procurement work programme and the Annual Procurement Strategy. |                |
| <b>7. Partnerships update</b>   | <b>33 - 38</b> |
| To receive an update on partnerships from the Group Head, Commissioning and Transformation.             |                |

Yours sincerely

Chris Curtis  
Corporate Governance

To the members of the Audit Committee

Councillors:

M.J. Madams (Chairman)  
D. Patel (Vice-Chairman)  
T.J.M. Evans

J.G. Kavanagh  
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**Audit Committee****22 March 2018**

<b>Title</b>	Procurement Strategy		
<b>Purpose of the report</b>	To note		
<b>Report Author</b>	Sandy Muirhead/Damola Aladesium		
<b>Cabinet Member</b>	Councillor Tony Mitchell	<b>Confidential</b>	No
<b>Corporate Priority</b>	Financial Sustainability		
<b>Recommendations</b>	<b>To note the Procurement Strategy and action plan.</b>		
<b>Reason for Recommendation</b>	Procurement is more important today as local authorities have experienced significant cuts in central government funding but is also making significant purchases. We need to procure effectively and ensure good contract management.		

**1. Key issues**

- 1.1 Local communities and taxpayers depend on the Council's ability to effectively commission essential public services and to commercially manage suppliers.
- 1.2 The Council needs to take a leadership role and modernise and commercialise our approach to procurement in terms of technology, practices and procedures. This not only involves e-procurement but identifying opportunities for partnership and cross-section working to maximise effectiveness and identification of savings.
- 1.3 Procurement's role in an organisation is both 'strategic' and 'operational' but its ability to bring strategic direction is not always recognised either from within or outside our own organisations. Due to ongoing financial pressures we need to ensure money is spent wisely and strategically look at, and set, clear objectives for procurement and contract management to help deliver savings. The attached strategy (Appendix 1) aims to provide direction.
- 1.4 As Councils there is a need to make greater contributions to local economies and maximise the economic, social and environmental benefits to communities from every pound that is spent. In procuring goods and services therefore need to consider that spend with SMEs and VCSEs can make a very significant contribution to local economic growth. This assists in meeting our duties under the Social Value Act.
- 1.5 As of September 2017 the appointment of a Procurement and Contracts manager has enabled us to start fully implementing the strategy (and

associated actions on procurement) including ensuring our contract register is up to date.

- 1.6 The strategy (Appendix 1) and the action plan (Appendix 2) provide a strategic approach with practical implementation through the action plan to improve our commissioning and procurement approaches. It also enables implementation of audit recommendations from July 2017. Appendix 3 proposes changes to contract standing orders to improve transparency. These require constitutional approval if they are to be implemented so it is intended to submit to Cabinet and then Council in due course.

## **2. Options analysis and proposal**

- 2.1 The strategy proposed in late 2016 required updating with the arrival of the procurement and contracts manager, not to do so would negate the positive effects of having a fully qualified procurement and contract manager.
- 2.2 It is therefore recommended the strategy is adopted and the action plan noted.

## **3. Financial implications**

- 3.1 There are no direct financial implications at this time but a better appreciation by the organisation of effective procurement should result in future financial savings and better delivery to our communities

## **4. Other considerations**

- 4.1 The proposed sustainability policy is incorporated into the strategy and social value and Equality and Diversity, is also covered following the National Procurement strategy Guidelines

## **5. Timetable for implementation**

- 5.1 Appendix 2 provides the action plan for implementation of the strategy  
Appendix 3 Proposed Contract Standing Orders

### **Background papers:**

### **Appendices:**

**Appendix 1 Procurement Strategy**

**Appendix 2 Action plan 2018-2021**

**Appendix 3 Proposed changes to contract standing orders**



# Procurement Strategy

**April 2018 – March 2021**

Spelthorne Borough Council  
Procurement Services  
01784 44626

Document Profile			
<b>Strategy Reference:</b>	Procurement Strategy February 2018		
<b>Version:</b>	3.0		
<b>Author:</b>	Damola Aladesiun		
<b>Executive sponsor:</b>	Sandy Muirhead		
<b>Executive sponsor sign off:</b>	<i>Portfolio Holder</i>		
<b>Target audience:</b>	All staff (including temporary staff) who procure goods, services and works on behalf of the Council		
<b>Date issued:</b>	21.2.18		
<b>Review date:</b>	4.1.19		
Consultation and approval			
<b>Key individuals and departments consulted during updating</b>	Commissioning & Transformation	<b>Dates</b>	Ongoing
	Legal	<b>Dates</b>	13 February 2018
	Other Services	<b>Dates</b>	14 -21 February 2018
	-	<b>Dates</b>	-
Ratification			
<b>Ratification Committee:</b>	Cabinet		
<b>Date:</b>	April 2018		

Document History			
Version	Date	Review date	Reason for change
1.1	12.2.18	22.2.18	Update wording
1.2	1.3.18	-	Take account of comments
1.3	-	-	-

**Procurement Strategy**  
**April 2018 to March 2021**

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## **1. Introduction**

- 1.1. In this strategy document, the term procurement has the widest possible meaning, covering all aspects of securing services, products or works, whether through external means, or internally through the Council's own resources, on a whole life basis. This is from the identification of needs through to the end of a service contract or the end of the useful life of an asset and its disposal. It is concerned with securing goods and services that best meet the needs of users and the local community whilst providing best value, in order to help achieve the Council's key priorities.
- 1.2. The principles will also apply where the Council is party to the provision of a service to the community but may not have initiated the process or be the main body recognised as accountable for the provision of the service or activity. It is crucial that the procured services, goods or works be appropriate in terms of quality, quantity, time delivered and delivery location. It should also be sourced at the best possible cost to meet the Council's needs
- 1.3. The procurement strategy is an overarching plan of action from which the direction of resources will be organised and utilised to implement the Contract Standing Orders and achieve the desired objectives set by the Organisation.
- 1.4. Johnson, Scholes and Whittington (Exploring Corporate Strategy) define strategy as *'the direction and scope of an organisation over the long term, which achieves advantage in a changing environment through its configuration of resources and competencies, with the aim of fulfilling stakeholder expectations'*
- 1.5. Kenichi Ohmae, in 'the mind of a strategist' wrote that strategy is about enabling the company achieve some competitive advantage over its competitors
- 1.6. This Procurement Strategy applies to the procurement of goods, services and works undertaken by Spelthorne Borough Council (SBC) and seeks to ensure that the best procurement management practice is applied consistently throughout the Council. The strategy sets out:
  - The procurement vision and aims
  - The strategic context
  - The procurement objectives
  - The principles that underpin the Council's procurement activity

## **2. Vision**

The Procurement function needs to be seen as a strategic partner by all groups, capable of supporting all stakeholders to better deliver best value and curb all aspects of waste in the process of achieving the stated goals of the Organisation.



### **3. Context**

The Spelthorne Borough Council Corporate Plan 2016 – 2019 outlines 4 sets of strategic priorities:

- **Housing** - To strive towards meeting the housing needs of our residents
- **Economic Development** - To stimulate more investment, jobs and visitors to Spelthorne
- **Clean & Safe Environment** – To provide a place where people want to live, work and enjoy their leisure time
- **Financial Sustainability** – To ensure that the council can become financially self-sufficient in the near future

The Procurement Strategy will aim to assist the delivery of these priorities.

The Procurement function has moved from being a tactical sourcing process to becoming a function capable of delivering strategic contributions supporting the achievement of Organisational goals. Procurement must therefore be seen in the context of all the Council's overall objectives and priorities.

**3.1.** The driving force in the recent past in determining the procurement strategy relative to the strategic objectives of the Council has solely been the vagaries of the economy and its effect on council funding. Whilst this consideration remains an essential one in achieving best value, it is also important, that procurement decisions are taken in the light of the broader objectives, which the Council is seeking to achieve, rather than concentrate on just one of them.

### **4. Objectives**

**4.1.** The Council recognises that it has a vital role to play in furthering sustainable development and addressing the issue of climate change, through its procurement of buildings, goods, works and services. Procurement decisions have a major socio-economic and environmental implication, both locally and globally, now and for future generations.

**4.2.** To ensure that an effective procurement system makes a significant contribution to delivering efficient and effective services at an appropriate cost, a clear and agreed policy is required in relation to the way the Council goes about procuring works, goods and services which will:

- Produce better value (quality and costs)
- Provide a consistent and overall approach to commissioning and purchasing
- Enable more effective monitoring of procurement and outcomes
- Enable processes and activities to be more joined up
- Enable 'cross-cutting' issues to be better addressed / incorporated

- Make visible, measurable reduction in waste of resources
- Make a more effective contribution to the social, environmental and economic well-being of the Borough
- Promote and embed best practice for sustainable procurement

**4.3.** Ensure that the adoption and implementation of the strategy and the associated action plan for achieving it, will address the following for the Council:-

- being customer driven/focussed
- provide value for money and contributions to the Council's savings and efficiency targets
- equality and fairness
- Competition drivers and regulations (e.g. European Directives, Standing Orders, etc.)
- risk management
- Continue to support the council to further embrace community engagement
- sustainable and ethical purchasing issues, including climate change
- Communicate the sustainable procurement policy to all staff, suppliers and stakeholders
- Working in partnership with other South East Region councils to maximise sustainable procurement efficiency gains
- Educate, train and encourage internal purchasers to review their consumption of goods and services, reduce usage and adopt more environmentally friendly alternative products.

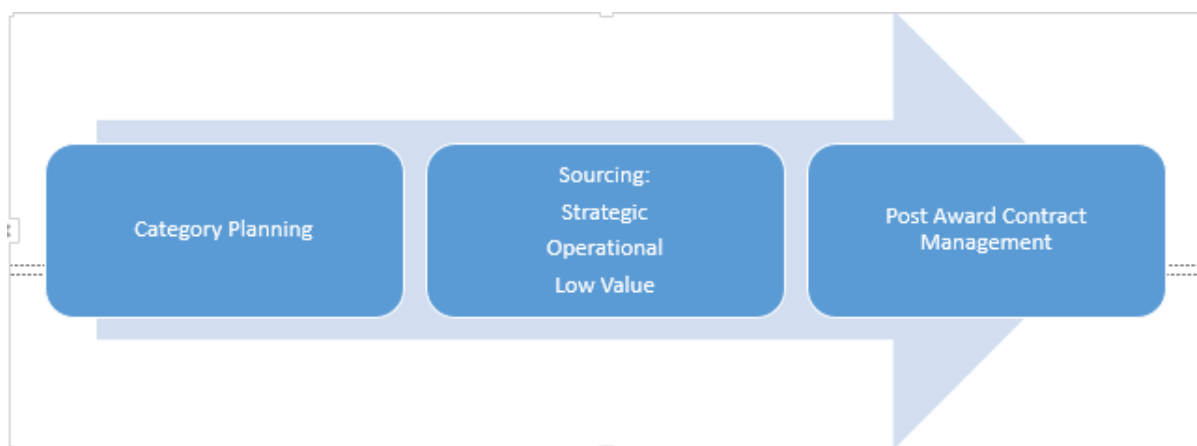
**4.4.** Ensure that the Public Services (Social Value) Act 2012 is adhered to in our procurement process

- The act requires Commissioning public sector organisations to consider how their procurements that fall within OJEU rules will improve the social, economic and environmental wellbeing of related areas

## **5. How we will achieve our objectives**

- 5.1. Ensure that the council's Standing Orders relating to contracts are continually updated to ensure relevance and compliance to current related regulations and cascade updates to all stakeholders within and without the council.

- 5.2. Introducing Strategic, Operational and Low value spend categories with different sourcing strategies to show an a – z roadmap on best practise procurement processes
- 5.3. Taking a long term strategic view of Procurement to enable clear forward planning.
  - Introducing strategic category/group planning into the procurement cycle with a view to identifying procurement opportunities well in advance and planning the best route to market that would deliver the goals of the procurement
  - Category Planning is a core element of Category Management. The purpose of Category Planning is to understand the demand to ensure that sourcing/contract strategies are effective and deliver the best requirements
  - Category Planning is a collaborative activity which relies on the best available information from the annual business planning and the budgeting process to create a category plan
  - Investigate, with neighbouring local authorities and other agencies, opportunities for joint working / initiatives / contracts to provide economies of scale and improved market responses.
  - Take a strategic view of long term contract and supplier relationship management



- 5.4. Developing and embedding the use of data analytics of procurement information such as category, product, supplier and contract analysis in the procurement process
- 5.5. Being a driver of sustainable savings, constantly looking to identify opportunities to aggregate supply and harness real cash savings by employing the benefits derivable from economies of scale within the procurement process
- 5.6. Ensuring that value is realised through contract management and supplier relationship management. Proactively ensuring contracts visibility and

following a procurement/contracts management plan that enables a seamless flow of the procurement/contract management cycle

- 5.7. Finding a midpoint between centralised and decentralised procurement systems that ensures an effective and efficient procurement process and procurement outcomes for service users.

## **6. Policy**

In making decisions about procurement/commissioning of all activities and carrying out its procurement functions at all levels, the Council will:

### **6.1. Apply the principles of best value to all procurement**

This will help the council achieve efficiency, effectiveness and value for money and continuously challenge the status quo arrangements, ensuring quality assurance in its procurement processes.

The following key actions will contribute to this policy objective and are expanded/clarified in the Action Plan:-

- Resource now in place to lead a cross-service procurement function, to provide on-going support, oversee and monitor procurement activities across the Council and link with programme / project and contract management.
- Work with neighbouring local authorities and in partnership with the private sector for the provision of specific procurement expertise, where appropriate.
- Regularly review procurement procedures to develop consistency with other local authorities and enhance opportunities for collaborative working e.g. through shared suppliers/ supplier rationalisation/optimisation as the case might be.
- Implement contract and supplier relationship management systems

### **6.2. Strive for continuous improvement**

In quality, price and processes by researching and developing a detailed understanding of potential products and providers.

The following key actions will contribute to this policy objective and are expanded/clarified in the Action Plan:-

- Map all current and identified future procurement activities, indicating value and introduce a procurement/contract management plan aimed at identifying low/high risk (impact) and low/high value matrices with the corresponding procurement strategy. To identify where procurement resources should be directed and any skills gaps identified.

- Continue to develop e-procurement, by implementing electronic tendering ensuring that our contracts standing orders are complied with as regards requirements for value of spend to be advertised on e-sourcing website. Keep under review the business case for moving to an electronic marketplace.
- Identify and deliver improvement through work with relevant networks, e.g. Surrey Procurement Network, Improvement and Efficiency South East, Society of Procurement Officers, Office of Government Commerce (OGC), National e-procurement Project (NEPP), other networks / initiatives.

### **6.3. Operate legally and to the highest ethical standards**

With respect to European Union and United Kingdom law and the Council's standing orders, financial regulations and professional codes of conduct.

The following key actions will contribute to this policy objective and are expanded/clarified in the Action Plan:-

- Seek appropriate external verification of Procurement Processes from relevant bodies. (E.g. IDEA procurement fitness check).
- Initiate a Statement of Ethical/Professional Standards required of officers to undertake procurement and incorporate into procurement element of the general skills framework.

### **6.4. Actively pursue and demonstrate fair and open competition**

Conduct procurement in line with the public sector transparency code, particularly where goods or services are to be sourced externally. We will also develop intelligent and mutually beneficial long term relationships with providers, where this is appropriate.

The following key actions will contribute to this policy objective and are expanded/clarified in the Action Plan:-

- Provide guidance to officers involved in procurement, to set out standards for fair procurement processes.
- Review processes for advertising work opportunities and make comprehensive use of the Intend e-procurement Portal to advertise contract opportunities, to ensure maximum accessibility to all potential suppliers.
- Encourage mutually beneficial partnership arrangements in external tendering exercises, where both parties benefit from realisation of good outcomes.

### **6.5. Test our effectiveness**

By monitoring 'whole life' outcomes of the procurement process and benchmarking performance against other authorities and private sector providers.

The following key actions will contribute to this policy objective and are expanded/clarified in the Action Plan:-

- Develop guidance/training regarding evaluation of whole life costs associated with procurement.
- Review approach to stakeholder consultation and engagement in procurement issues and develop a Supplier Engagement Plan.
- Benchmark procurement outcomes with other similar Local Authorities using the opportunities offered by such groups as the Surrey Procurement Group (SPG).

### **6.6. Achieve a reputation for fairness**

Embedded in the decision making processes, commissioning and award of contracts and by honouring responsibilities to providers and suppliers.

The following key actions will contribute to this policy objective and are expanded/clarified in the Action Plan:-

- Review current tender evaluation methodology to align with procurement policy objectives.
- Evaluate the impact of the Council's procurement activity on equality/ equal opportunities and provide guidance on Spelthorne Borough Council equalities policies for organisations wishing to do business with the Council ensuring contractors support the Council in meeting our equality legal obligations
- To ensure contractors meet our commitment to equalities, contractors (depending upon the size of the contract or company) will be required to complete an equality checklist (new contractors only).
- Review and update 'Selling to the Council' web pages and ensure that suppliers understand that they have access to competing for the council's business by registering on the council's e-procurement Portal.
- Ensure all requests for quotations, tenders, etc. result from a sound business case through applying project management methodology.

### **6.7. Encourage environmentally advantageous products and services**

Where appropriate, we would achieve this by working with providers to minimise the environmental and social impacts associated with products and services, with reference to the Council's environmental and sustainability objectives (e.g. the Sustainable Development and Climate Change Strategy).

The following key actions will contribute to this policy objective and are expanded/clarified in the Action Plan:-

- In all procurement decisions, ensure appropriate consideration is given to the costs and benefits of environmentally preferable goods, suppliers and services and wherever possible and practicable, requirements, in line with nationally or regionally agreed minimum specifications, are specified.

In construction procurement ensure targets are set for carbon management, Building Research Establishment Environmental Assessment Method (BREEAM) and sustainable construction, refurbishment and maintenance.

- Fulfil obligations under the Biodiversity duty as part of Sustainable Development plans.
- Ensure that where appropriate and allowable, Sustainability Criteria are part of the supplier evaluation process and are used in the award of contracts and encourage suppliers to adopt environmentally friendly processes and supply environmentally friendly goods and services as part of their Corporate Social Responsibility.
- Provision of training and guidance for officers regarding green purchasing.
- Continue to reduce the need for paper records and systems through the consistent application of e-procurement solutions.
- Work with principal suppliers to communicate the Council's climate change objectives and get 'buy-in'.

## **6.8. Support local business and economy**

Whilst recognising that the Council needs to procure its goods and services in a clear and transparent manner and that for larger value contracts it needs to comply with European Union contract regulations, the Council will encourage a strong and diverse local economy to promote employment and lifelong learning opportunities

The following key actions will contribute to this policy objective and are expanded/clarified in the Action Plan:-

- Investigate partnership working with Surrey Chamber of Commerce, to develop relationships between the Council and local businesses to facilitate joint procurement and establish local suppliers/contracts.
- To promote awareness of the Council's procurement approach through the Spelthorne Business Forum
- Identify and address barriers to the Council doing business with Small Business & Voluntary sector organisations
- Complete the process to implement the good practice guidance for commissioning with the voluntary and community sector published by the Home Office and Office of Government Commerce 'think smart... think voluntary sector'
- Develop a means of easing the ability of local businesses to do business with the council while also growing the ability to efficiently measure and monitor the effectiveness of the initiative on a regular periodic basis.

## **6.9. Develop Effective Procedures**

This will guide procurement; enable transparency of decision making and involve users in the process of identifying and realising their procurement needs.

The following key actions will contribute to this policy objective and are expanded/clarified in the Action Plan:-

- Develop and integrate procedures for project-based procurement and supplier sourcing arrangements within the Work-Together environment
- Continue to integrate procurement, project management, contract management and risk management procedures, systems and skills.
- Further develop guidance online to support all officers with involvement in Procurement Activity.
- Produce an 'easy to read' summary of the Procurement strategy for dissemination within the Council and with relevant external stakeholders.
- Create template procurement documents for use council wide
- Progressively work towards achieving a point where all procurement within the council pass through the central contracts register, helping us better comply with the transparency codes

## **6.10. Develop procurement competencies**

By providing training and professional support to all people with responsibility for making procurement decisions and/or purchasing goods and services.

The following key actions will contribute to this policy objective and are expanded/clarified in the Action Plan:-

- Investigate opportunities (internal and external) to provide training and development programmes / opportunities to officers with involvement in procurement. Undertake skills audit and training needs analysis, to ensure that officers have the necessary knowledge.
- Provide an Intranet resource to enable Council Officers to ask questions and share experiences with regard to procurement, also to provide signposting to advice and information, and to include case studies of good practice in procurement from within the Council and from external organisations.
- Develop and maintain criteria for procurement competencies, ensuring individual job descriptions reflect procurement competency and skills requirements.



## **7. Guidance and Procedures**

**7.1.** Procurement should be considered as a cyclical process and the following diagram illustrate the process application. Full details of each number on the procurement cycle enumerated below.

- ❖ 1. Understand need and develop a high level specification
- ❖ 2. Understand Market/ Commodity and options (including make or buy assessment )
- ❖ 3. Developing a strategy/plan
- ❖ 4. Pre-procurement/market test and market engagement
- ❖ 5. Develop documentation, pre-purchase questions,
- ❖ 6. Supplier selection to participate in ITT/RFQ
- ❖ 7. Issue ITT/RFQ
- ❖ 8. Bid/Tender Evaluation and validation
- ❖ 9. Contract award and implementation
- ❖ 10. Warehouse logistics and receipt
- ❖ 11. Contract Performance review and continuous improvement
- ❖ 12. Supplier Relationship Management (SRM) and Supply Chain (SC) management and development
- ❖ 13. Asset Management/end of life and lessons learnt

**7.2.** A Procurement/Project Board will continue to provide over-arching strategic direction and monitor the implementation of this Strategy.

### The Procurement and Supply Cycle



- The above actions are common to all procurement/commissioning activities.

### **Appendices**

Action Plan

### **Key References**

- Contract Standing Orders
- Corporate Plan 2016 – 2019
- CIPFA code of practice - commissioning local authority work and services
- BYATT report
- appropriate section of ODPM circular 03/2003
- national procurement strategy for local government
- The Chartered Institute of Procurement & Supply text on Corporate and Business Strategy – 2012
- Ernst and Young publication on the 5 basics of procurement
- Several council's procurement strategies
- <https://www.cips.org/en-gb/knowledge/procurement-cycle/>

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Appendix 2 Proposed Procurement Action Plan  
**Spelthorne Borough Council**  
**April 2018- March 2021**

This Action Plan accompanies the Procurement Policy to set out the key tasks, milestones, target dates and task ownership for facilitating the council's approach to Procurement.

No.	Action	Owner	Target Date	Progress/Outcome
1.1	<p><b>Carry out regular analyses of spend</b> -            Develop and embed the use of data analytics in the procurement process. Using the generated data to better support aggregation of our demand which is expected to help realise some savings, enhance efficiencies and improve the procurement/contract management/ supplier relationship management process as quantitative KPIs are more easily measured and managed</p>	CTG/Finance	Ongoing	Quarterly and Ongoing
1.2	<p><b>Training of key staff</b> in Procurement practices and Contract Relationship Management to ensure that key staff are aware of and kept up to date with procurement and contract rules. To develop opportunities to deliver efficiencies through effective contract management. Communicate Procurement Policy to all staff, key suppliers and key stakeholders. To adopt the council's goals in supporting Local companies to do more business with the council.</p> <p>Training to be cascaded through teams as appropriate.</p>	CTG/Economic Development	Ongoing	Initial training May 2018 then ongoing
1.3	Deliver new template procurement documents for general use within the council once approved by management. Update guidance on Spelnet	CTG/Legal	September 18	Template documents available for use
1.4	<p>Ensure that all tenders for services will have the appropriate KPIs and provisions that allows for effective management of the contract</p> <p>This will ensure that the execution of the contracts are measurable and make it easier to compare actual performance to contractual agreements.</p>	CTG/Group Heads	Ongoing	CTG to assist

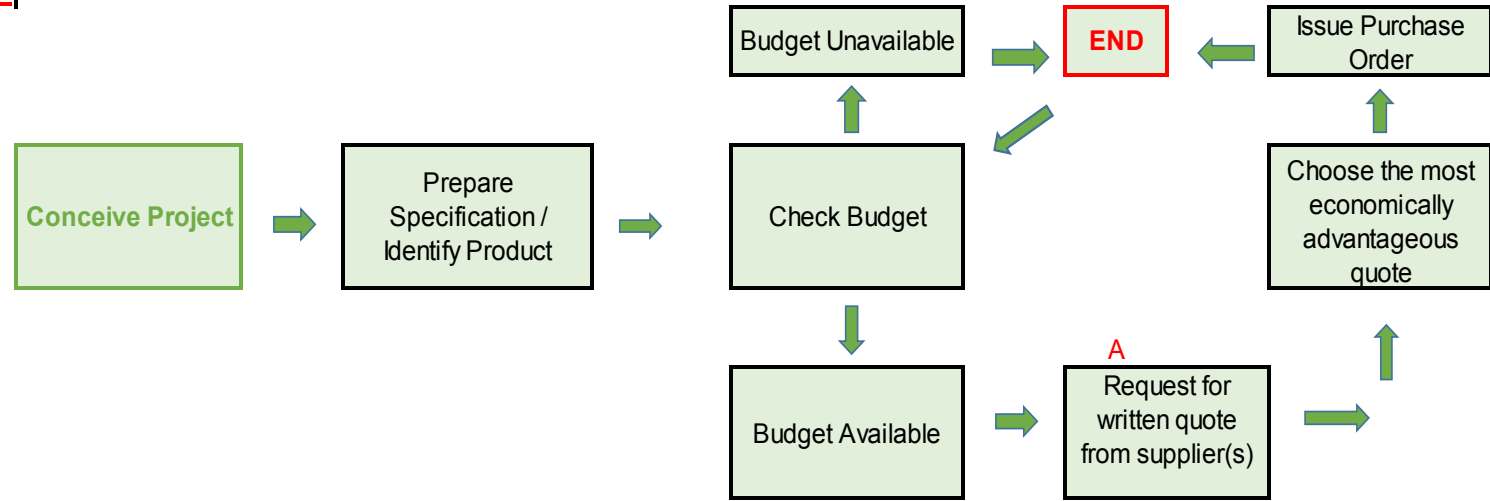
	<p>Typical risks that will be assessed include (subject to contract value):</p> <ul style="list-style-type: none"> <li>• Financial stability</li> <li>• Quality control</li> <li>• Technical skill</li> <li>• Supply chain (where appropriate)</li> </ul>			
1.5	<p>To provide good governance and ensure contract performance outcomes are given visibility in regular monitoring reports.</p> <p>This will ensure that Members and others with governance responsibilities are provided with regular data on contract performance and any necessary action taken or required.</p>	CTG	Ongoing	Six monthly report
1.6	<p>Regular update and maintenance of risk registers</p> <p>Need to ensure risks are identified assessed and mitigated throughout the life of the contract.</p> <p>Contract risk register to feed into the Corporate risk register providing an additional mechanism for periodic monitoring of risk mitigating actions for reporting to members</p>	Audit/CTG/Group Heads	Early 2018	Risk register
1.7	<p>Encourage Suppliers and Contractors to attend appropriate Business Breakfasts, annual meetings etc:-</p> <p>By engaging with Suppliers and Contractors we will be able to build relationships and provide the opportunity for businesses to talk to us about sustained and innovative business offers.</p>	Economic Development/ CTG Team	Ongoing	Use Heathrow Business Summit, Intend Procurement Live summit e.t.c.
1.8	<p>Updating the contract standing orders to eliminate expired information, add current information requirement and to make it suitable and fit for purpose</p>	Legal / CTG	Ongoing	
1.9	<p>Set up, draw up terms of reference and populate an effective and efficient procurement board</p>	CTG/Finance/Legal and tie in with Project Board	April 2018	Ongoing
2.0	<p>Take a longer term strategic view of procurement, introducing category/group planning into the</p>	CTG/ Finance/ Groups	May 2018	Ongoing

	procurement cycle with a view to identifying procurement opportunities and planning the best route to market well in advance			
2.1	Collaborate with similar councils/ public sector organisations to better attain the benefits obtainable from economies of scale and to enable the benchmarking of procurement services within the council and enable a push for constant improvement	CTG		Ongoing
2.2	Develop the process of Contract Management, Supplier Relationship Management and contract visibility within the council starting with an up to date contract register	CTG	July 2018	Ongoing
2.3	Do a gap analysis of the procurement to pay process of the council, identifying opportunities for updating best practise and ensuring the good governance culture is introduced	CTG	April 2018	Ensuring good governance culture is Ongoing
2.4	Propose a lowering of the thresholds for inputting procurement transactions on intend to further enhance our adherence to the public sector transparency requirements	CTG	March 2018	for Cabinet approval
2.5	Ensure a regular audit of the procurement process to continuously identify opportunities for improvement	CTG/Audit		Ongoing
2.6	Collaborate with the Economic Development team to boost the profile of local businesses within the council and put in place a system to regularly measure the volumes of the council's business that goes to local businesses on a periodic basis.	CTG/Economic Development	April 2018	Ongoing
2.7	Introduce a contract/procurement management plan document to support the management of the end to end procurement process in the action plan	CTG	October 2018	Ongoing
2.8	Produce an 'easy to read' summary of the Procurement strategy for dissemination within the Council and with relevant external stakeholders	CTG	August 2018	
3.0	Introducing the compulsory periodic credit analysis of high value suppliers and all new suppliers as part of due diligence checks within our contracts management process	CTG/Finance/Departments as required	June 2018	Ongoing

3.1	Proposal to limit the contract standing order threshold for advert on the procurement system to £5001 from the present value of £40,001	MAT/Cabinet	Ongoing	Proposal submitted for MAT approval
3.2	Proposal to have someone within each of the groups as point's person to relate to procurement. To be trained on the job as buyer if no previous experience	CTG	Ongoing	Submitted for MAT's approval
3.3	Circulate simplified flow charts as attached in scheduled training with stakeholder groups and subsequent regular trainings on procurement	CTG	May 2018	Ongoing



Low Value Spend up to £5k



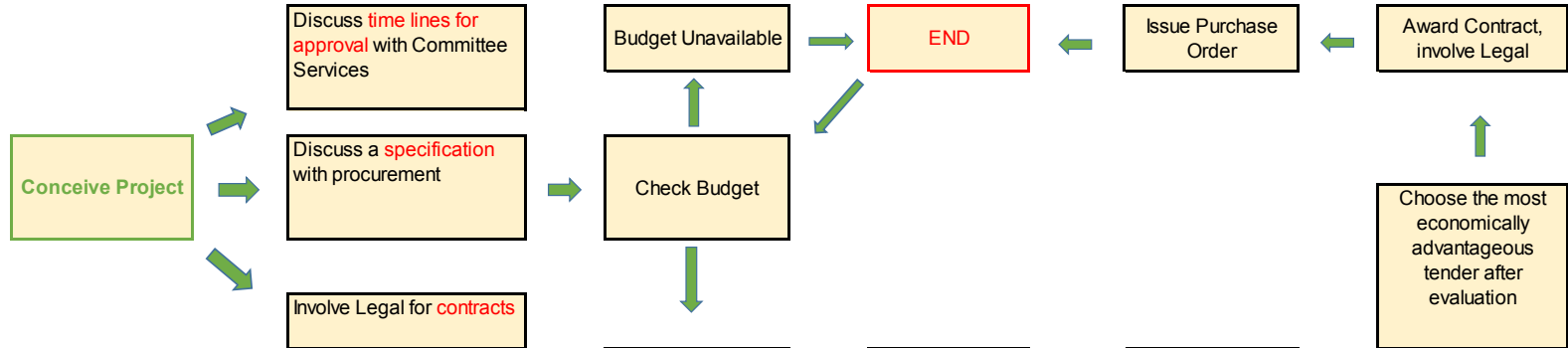
Notes

**A.** Always consider the council's social value requirement to support local businesses especially SMEs

**B.** SMEs are Small and medium size enterprises. SBC's payment terms are 30 days from receipt of invoices, however, SBC has generally recently averaged 93% invoices paid within terms. £49% paid within 10 days and average total payment terms of 13 days for all invoices which would positively impact SMEs

**C.** are some local businesses on your list of companies to request quotes from?

- 1 Operational Value Spend up to £100k
- 2 Strategic Value Spend in excess of £100k



**Definitions**

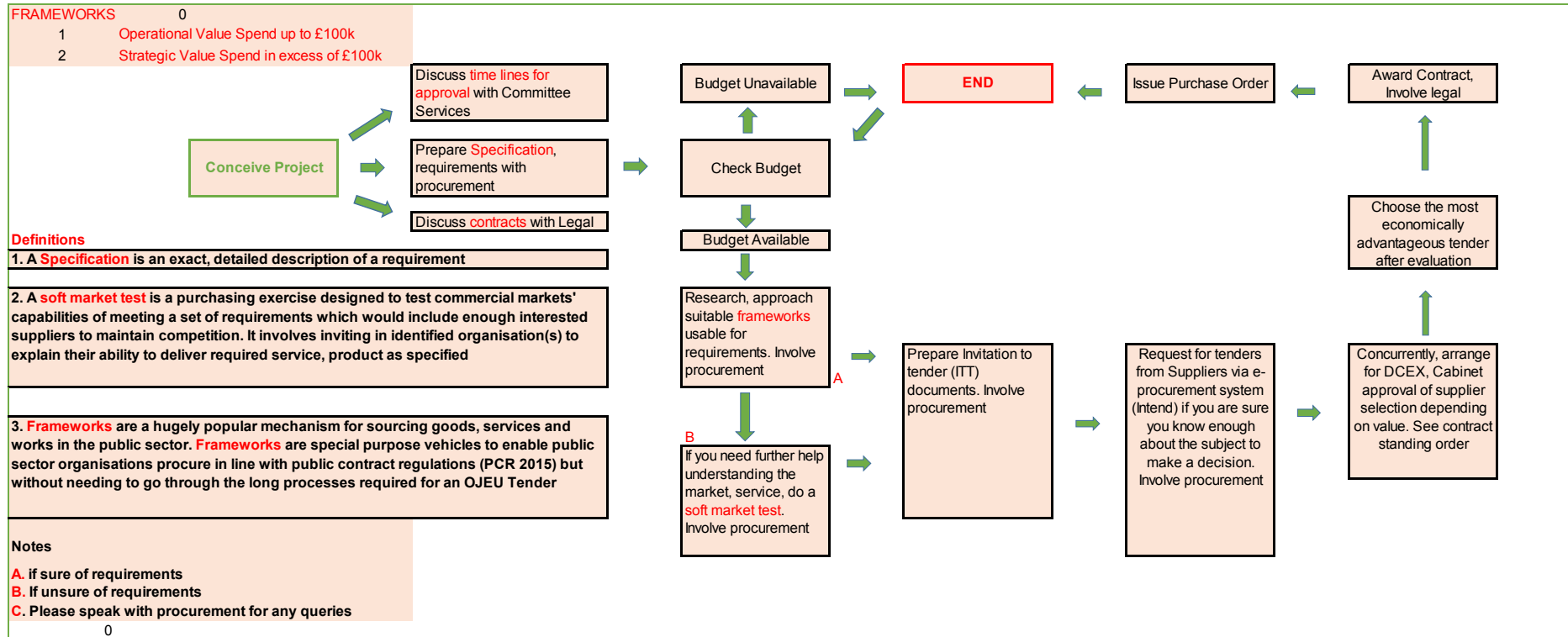
1. A **Specification** is an exact, detailed description of a requirement

2. A **soft market test** is a purchasing exercise designed to test commercial markets' capabilities of meeting a set of requirements which would include enough interested suppliers to maintain competition. It involves inviting in identified organisation(s) to explain their ability to deliver required service, product as specified

3. We need to be aware of the **social value act** in our procurement processes

**Notes**

- A. if sure of requirements
- B. If unsure of requirements
- C. Please speak with procurement for any queries



This part of the action plan sets out the key tasks, milestones, target dates and task ownership for facilitating the council's move to greater adoption of Sustainable Procurement principles<sup>1</sup>.

Workstream	No.	Action	Owner	Target Date	Progress/Outcome
<b>CORE MEASURES</b>					
People	1.1	Key procurement staff to attend Sustainable Procurement Training. At a minimum, this could include all members of the	CTG	June 2018	

<sup>1</sup> The Sustainable Procurement principles include consideration of financial, environmental and social factors in procurement decisions, and includes The Public Service (Social Value) Act 2013

		Procurement Board. It is expected to be onsite, and cost approximately £2k for ~15 staff			
	1.2	Ensure Sustainable Procurement is included in new staff induction for key staff	Terry Collier / CTG	April 2018	
	1.3	Review Sustainable Procurement training needs. This should include training for new staff who are heavily involved in procurement decisions; and should consider whether existing staff require advanced/in-depth/specialist training	CTG	Late 2018	
Policy, Strategy and Communications	2.1	Agree the Procurement Policy and Action Plan	MAT/Terry Collier /Cabinet	March 2018	Document to Cabinet
	2.2	Obtain Procurement Policy sign-off and Chief Executive endorsement	MAT	March 2018	Strategy submitted
	2.3	Communicate Procurement Policy to key suppliers, staff and key stakeholders	CTG	June 2018	Ongoing
	2.4	Review Sustainable Procurement Policy. Enhance it where possible		Early 2018	
	2.5	Ensure Sustainability criteria are considered early in the procurement process of most contracts	CTG	Ongoing	
Engaging Suppliers	3.1	Identify current top 10 suppliers, and establish their sustainability credentials	CTG	May 2018	Ongoing
Measurement & Results	3.2	Ensure Sustainable Procurement activity is measured for impact	CTG	March 2018	
<b>ADDITIONAL MEASURES</b>					
Legislation	4.1	Comply with all relevant legislation	CTG/Legal	Ongoing	
Consortium Contracts	5.1	Review the sustainability criteria within consortium contracts	CTG	Jun 2018	
	6.2	Seek to influence the sustainability criteria in consortium contracts for even greater gains with regards sustainability	CTG	Dec 2018	
Guidance Criteria	7.1	Produce guidance criteria against which tenders can be evaluated on sustainability	CTG	Mid 2018	

		grounds (to include environmental, economic and social criteria) <sup>2</sup>			
Future Opportunities	8.1	Investigate future opportunities for recycling, reduced usage, bulk delivery and reduced packaging	CTG	March 18	

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<sup>2</sup> This will only apply to products/services not covered by the Government Buying Standards, or in instances where the Government Buying Standards are felt to be out of date, incomplete, or insufficient.

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**Appendix 3 Table 1: Proposed Revised Procedural steps of the Procurement**

1 Value over 4 years	2 Advertising required	3 Specification	4 Method	5 Receipt of quotes/ tenders?	6 Selection of contractor	7 Contract required	8 Who Signs contract	9 Exemption agreed by	10 Error subsequent signed off by?
Under £5000	None	Communicated to bidder and confirmed in writing	1 quote	Procurement Manager	Procurement Manager	No. Keep records of quotes/invoices on file	Procurement Manager	HoS	HoS
£5001 - £100,000	Contract placed on council's e-sourcing website	Detailed in Request for quote (RFQ)	At least three written quotes	Received via the e-procurement systems	HoS up till £40,000 and then DCEX	Yes, for contracts in excess of £20,000 , agreed with Legal <sup>3</sup>	HoS	CFO	CFO
£100,001 – OJEU Values	Contract placed on council's e-sourcing website	Detailed in invitation to tender (ITT)	At least three tenders	Received via the e-procurement systems	DCEX in consultation with Portfolio Holder	Yes, Agreed with Legal and under seal <sup>3</sup>	HoCG	Cabinet	Cabinet
Over OJEU Values	Advert placed on e-sourcing website and OJEU contract notice generated	Detailed in invitation to tender (ITT)	At least three tenders <sup>2</sup>	Received via the e-procurement systems	Cabinet	Yes, Agreed with Legal and under seal <sup>3</sup>	HoCG	Cabinet	Cabinet
Framework Agreements	Advert placed on framework's or Council's e-procurement systems as required	Detailed in invitation to tender (ITT)	As specified by framework	Received via the e-procurement systems	DCEX and Cabinet for contracts in excess of £100,000	Yes, Agreed with Legal and under seal <sup>3</sup>	HoCG	Cabinet	Cabinet

**Notes –**

- Contract values to determine procurement strategy is calculated by considering the whole life costs of the project. So a project that costs £50,000 in one year and £200,000 in 4 years, being the life cycle of the project, should be run via the OJEU process in line with public contract regulations. Please check with procurement if you require further information

2. Different procedures may apply - open, restricted, negotiated, competitive dialogue, with and without negotiation and innovative partnership. Please check with procurement if you require further information
3. All contracts in excess of £20,000 must be agreed with legal prior to signature. All contracts in excess of £100,000 in addition to signature need to be under seal. Please check with legal if you require further information

### Further Change Request

- There is a provision in the constitution, article 13. 3 (b) which a key decision as '*any executive decision which results in a significant expenditure or saving of £164,000 or more*'. This statement is at variance the actual contract standing order which requires escalation for cabinet approval only for OJEU value spend (presently £181,302). The 2 statements need to be matched



**Audit Committee****22 March 2018**

<b>Title</b>	Update on Partnerships		
<b>Purpose of the report</b>	To note		
<b>Report Author</b>	Sandy Muirhead		
<b>Cabinet Member</b>	Councillor Tony Mitchell	<b>Confidential</b>	No
<b>Corporate Priority</b>	Financial Sustainability		
<b>Recommendations</b>	<b>To note the report</b>		
<b>Reason for Recommendation</b>	<b>To ensure good governance and performance of partnerships and fulfil the recommendations of the internal audit report.</b>		

**1. Key issues**

- 1.1 In 2016 Audit undertook an internal review of partnerships within Spelthorne Borough Council with completion of that report in May 2017 and a review in the summer of 2017.
- 1.2 The audit report highlighted a number of recommendations which have been followed up.
- 1.3 Originally there was a lack of clarity in terms of partnerships across the organisation. A list of current partnerships has been put together (Appendix 1). However, it is evident that some originally considered as partnerships are either contracts, secondments or service level agreements so are not classed as partnerships.
- 1.4 Partnerships are arrangements where parties, known as partners, agree to cooperate to advance their mutual interests. From the list in Appendix 1 it is evident that there is a real mix of partnership arrangements from the informal to Memorandums of Understanding (MOU). As a result a number of groups working together have terms of reference but the informality of the group suggests in many cases they are used for sharing information, mitigating duplication and initiating joint actions which are then carried out by other individuals associated with the organisations involved.
- 1.5 The third main item the audit report recommended was to ensure Overview and Scrutiny Committee are aware so they can question any partnerships. Audit have to date have had the main interest in this area.

**2. Options analysis and proposal**

2.1 To note the report

2.2 Not to act on the report.

2.3 To ensure good governance and awareness of the performance of partnerships it is suggested that the option in 2.1 is followed.

**3. Financial implications**

3.1 None at this stage

**4. Other considerations**

4.1 Good governance and knowledge of partnerships will assist in ensuring they are performing effectively and delivering on their aims.

**5. Timetable for implementation**

5.1 Report to Audit 22 March 2018.

**Background papers:**

**Appendices: Appendix 1**

## Appendix 1 Summary of Council Partnerships

Partnership	Type	Started	Ended	Comments
Surrey Waste Partnership	Strategic	2006	Ongoing	Strategic partnership – grouping of Surrey authorities to discuss and take forward waste issues MOU in place
Spelride	Operational		Ongoing	Working with Elmbridge
Safer Stronger Community Partnership	Strategic		Ongoing	Working with police and other partners to protect the Community
Safeguarding Children's Board And Safeguarding Adults Board	Strategic	Ongoing For several years	Ongoing	All boroughs and districts are part of this partnership. We pay an annual financial contribution.
Surrey Arts Partnership	Operational	Ongoing for several years	Ongoing	Several boroughs and districts are part of this partnership. We pay an annual financial contribution.
Winter shelter and Hersham road winter shelter / hostel arrangement between us Elmbridge and Runnymede	Operational	Ongoing for several years	Annual	Centre provided to help homeless people during the winter though issues this year in keeping it open due to difficulties in recruiting staff.
Partnership housing fraud A2D and housing options	Operational		Ongoing	Spelthorne and A2D
Various Surrey wide protocols on housing needs and benefits matters	Strategic	10 years	Ongoing	Joint work undertaken to ensure effective delivery to residents

Rentstart	operational	Over several years		undertake lots of work in partnership with Spelthorne in the housing sector
Various three way nomination agreements SCC housing associations and us e.g. For extra care	Operational	8 Years	Ongoing	SCC and Spelthorne (being reviewed in 3 months –June18)
Wellbeing Prescribing	Operational	2016	Ongoing	SBC working with SCC and CCG's to deliver
Work in partnership with the Diocese of Guildford	Operational	2014	Ongoing	Community Connector in the faith sector and for older / vulnerable people provides service linking community activities and charities across the Borough
Spelthorne Schools Together – ;	Operational		Ongoing	Working with the borough schools' federation, on events eg Citizenship and mutual signposting
Health & Wellbeing Group	Strategic	Over 8 years	Ongoing	networking – representation and on joint Runnymede & Spelthorne group
CCG group	Strategic	5 years		To work jointly on health issues
Joint Commissioning Group	Strategic	4 years	Ongoing	Overview of better care funding and strategic funding locally for health related matters
Locality Hubs	Strategic/ operational	5 years		Joint partnership on health involving a number of Councils and health bodies.
Business Improvement District	Strategic/ Operational		Ongoing	Assisting with helping the town centre to thrive
Spelthorne Business Forum	Strategic		Ongoing	Assist with economic growth in Borough
Heathrow Strategic Planning Group	Strategic	2016	Ongoing	Data and evidence sharing, agreeing evidence base, looking at impacts and mitigation, co-ordinated responses, lobbying



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