

**East Sussex County Council**  
**Health Check against the National Procurement Strategy for Local Government**  
**April 2004**  
**Based on a series of workshops with procurement and other key staff**

<b>Theme 1</b>	<b>PROVIDING LEADERSHIP AND BUILDING CAPACITY</b>
Target 1.1	Every council should adopt a corporate procurement strategy, based on a Best Value or other review. The strategy should be owned by members and senior officers. By <b>2004</b>
Current position	<p>The Council has an existing Procurement Strategy which was put in place after the Best Value Review of Procurement in 2000. This strategy is currently under review in the light of the National Procurement Strategy and developing local priorities. The review process has begun with a series of workshops examining current strengths and areas for improvement in the Council's procurement approach. This has engaged a wide group of officers, both those involved in procurement and from other areas such as community planning, communications, economic development and scrutiny.</p> <p>The Cabinet Lead Member for Corporate Resources has the lead for procurement. Major procurement decisions are made by the Cabinet. Members are involved in scrutiny and best value reviews which can make recommendations on procurement solutions. There is a specific policy steer for procurement.</p> <p>The Deputy Chief Executive and Director of Corporate Resources has lead responsibility for procurement. The Procurement Steering Group, which is chaired by the AD Audit and Performance and includes a lead officer from each department, will report through the DCE to COMT. Procurement Champions have been identified across the Council.</p> <p>The Council has had a Corporate Procurement team since 1998 which has been strengthened in 2003 to include 3 permanent posts and a further 2 temporary posts funded by the CBOSS project to work on e-</p>

	<p>procurement. Each department (excepting Chief Executive's) has strong contracting / commissioning expertise generally centred on a single team (excepting CRD where the expertise lies across 3 separate divisions).</p> <p>The Council has already completed a skills audit and has rolled out the 1<sup>st</sup> phase of a training and development programme which is receiving wide support from departments. This includes both entry level provision through the Certificate in Purchasing and higher level skills in Negotiation and PFI/PPP.</p> <p>The Council publishes comprehensive procurement information on both its web and intranet pages, and through its regular procurement newsletter which is circulated widely within the Council (including schools).</p>
Action required	<p>Complete the review of the Corporate Procurement Strategy.</p> <p>Ensure that the Procurement Strategy is approved by PSG, COMT and Cabinet to ensure corporate ownership by both officers and Members.</p> <p>Develop the role of the PSG to ensure that it operates effectively as the key officer body accountable for procurement.</p> <p>Put in place a programme of engagement with Procurement Champions to include an annual procurement conference.</p> <p>Review the information and training on procurement available to Members.</p> <p>Ensure regular briefings on procurement issues are given to the Lead Member for Procurement</p> <p>Review the implementation of 1<sup>st</sup> phase of the Procurement Skills Programme and plan phase 2. This should include consideration of the development of procurement competencies, improving access to training provided other providers and extending the scheme to other groups e.g. Members, schools, District / Borough Councils.</p> <p>Review the procurement information available on the intranet</p>
Target 1.2	The corporate procurement strategy's implementation should be regularly monitored. By <b>2004</b>
Current position	<p>Monitoring of the existing Procurement Strategy has been carried out primarily within the Corporate Procurement Team with periodic reports to COMT.</p> <p>The new Procurement Strategy will include an improvement plan with clear actions, timescales and accountabilities.</p>

Action required	<p>Annual review of progress against the Procurement Strategy to COMT and Cabinet.  Monthly updating and monitoring of progress against the Procurement Strategy by the PSG.  Strategy and improvement plan to be available on the intranet and updated on a regular basis.  All projects which form part of the Improvement Plan to be delivered according to the Councils project management guidelines with the PSG acting as Project Board.</p>
Target 1.3	<p>The Strategy should be underpinned by robust procurement processes (Note – this is not a target within the National Strategy, but captures a number of detailed areas set out within the National Strategy which are not covered elsewhere)</p>
Current position	<p>The Council is mapping its purchase to pay processes as part of the CBOSS project and will re-engineer them to minimise cost and process time.</p> <p>The Council had recently improved significantly its Contract Standing Orders to introduce more commercial flexibility and had in place a Most Economically Advantageous Tender regime rather than lowest price. However compliance with CSO's is still not consistent.</p> <p>The Council has in place a range of processes for managing risk within the procurement process:</p> <ul style="list-style-type: none"> <li>- a local "Gateway Process"</li> <li>- Annual Health-check for business critical suppliers</li> <li>- Corporate risk assessment database</li> <li>- Project management guidelines (based on PRINCE 2)</li> <li>- Financial assessments of prospective suppliers</li> </ul> <p>These processes have not been consistently applied and there is an apparent lack of awareness across the Council.</p> <p>Performance management of contractors is a developing area with evidence of good practice in some services.</p> <p>Currently the Council does not significantly measure its procurement performance as opposed to measuring the performance of its suppliers/ contractors. The quality of information available from current financial systems makes monitoring of spend and cost base difficult.</p>

	<p>The Council already publishes a forward procurement plan through a PIN, notifies contract award criteria in advance, keeps a corporate contracts register, publishes a selling to the Council guide on the website and makes the required statistical returns to ODPM.</p> <p>The Council already has a robust relationship between Audit and Procurement. Procurement and contract management is a key theme in the Strategic Internal Audit Plan and an internal audit representative is invited to attend the PSG.</p>
Action required	<p>Ensure that clear guidance is given on all new impending legislation</p> <p>Review access to legal expertise both for observing new legislation and for specific procurement projects.</p> <p>Review training and awareness on Contract Standing Orders.</p> <p>Review the Council's processes for managing procurement risk to ensure that they are proportionate and robustly applied.</p> <p>Identify and roll out best practice in performance management of contractors.</p> <p>Adopt the proposed National KPIs for Procurement.</p> <p>Examine the potential to use the Performance Plus system for monitoring procurement performance.</p> <p>Carry out detailed analysis of spend on goods and services using SAP (once it is implemented) and identify priority areas for reviewing current purchasing / procurement arrangements.</p> <p>Produce a 5 year forward Procurement plan</p> <p>Establish a corporate capital projects contracts register as recommended by Business Analyst report Feb 2004</p>
Target 1.4	Every single tier and county council should carry out a health check on progress against the National Strategy and the associated guidance as part of their corporate procurement strategy. By <b>2005</b>
Current position	An initial health-check against the National Strategy has been carried out as part of the process for developing the Council's new Procurement Strategy.
Action required	<p>Health-check against the National Strategy to be included as part of the Annual Report to COMT/Cabinet.</p> <p>Consider use of peer review or IDEA after 1<sup>st</sup> year of the new Strategy.</p>
Target 1.5	Every council should be involved with a regional centre of excellence in procurement and project management. By <b>2005</b>
Current position	The ODPM has announced the host councils for the Regional Centres of Excellence. For the South East

	Region this will be Kent CC supported by Surrey CC, Hampshire CC and the Berkshire Unitaries.
Action required	Establish clear links with the South East Centre of Excellence.
<b>Theme 2</b>	<b>PARTNERSHIP AND COLLABORATION</b>
Target 2.1	Every council's corporate procurement strategy should set out the council's approach to partnering in service delivery and construction. By <b>2004</b>
Current position	<p>The Council carries out option appraisal for all major procurement exercises and through Best Value Reviews. Guidance is given in the Procurement Manual, the Council's Gateway process and the Best Value and Scrutiny Review Guide. However there is evidence that this guidance is not adequate and is not consistently and visibly applied in all cases. In order to ensure that the process is robust it should be reviewed.</p> <p>The Council has adopted the partnering model of service delivery in a number of key areas for example, the PFI contract for the Integrated Waste Management Services Contract, the outsourcing of the School Improvement Service to CfBT and the letting of framework agreements for Buildings Maintenance, Design and Construction. It is not clear how far the use of partnering is embedded into the Council's option appraisal and procurement processes.</p>
Action required	<p>Review the Council's use of option appraisal in procurement to ensure that it is robust.</p> <p>Review the effectiveness of current arrangements for the early engagement of the CPT with Best Value Reviews.</p> <p>Re-examine the Council's use of partnering models and give clear guidance on how they should be considered within the procurement process.</p>
Target 2.2	Every council's corporate procurement strategy should set out the council's approach to collaboration (including purchasing consortia, joint procurement and commissioning and shared services), and how it intends to use new trading powers. By <b>2004</b>
Current position	Collaborative procurement is currently an underdeveloped area. There are some examples where it has been successfully used, e.g. joint procurement of the integrated waste management services PFI contract with

	<p>Brighton and Hove City Council, some e-government developments (via the East Sussex E-government Partnership) and a number of corporate goods and services contracts.</p> <p>The Council is not currently a member of a formal buying consortium, but does have links with a number of other local authorities for joint sourcing of some goods and services.</p> <p>The Council is currently formalising its links with procurement officers in the East Sussex districts and boroughs, through the East Sussex Local Authority Purchasing Group.</p> <p>The Council has not yet used its trading powers under the Local Government Act 2003.</p>
Action required	<p>Give clear guidance on the Council's approach to collaboration.</p> <p>Continue to support the development of the East Sussex Local Authority Purchasing Group as a mechanism for collaborative procurement.</p> <p>Review the Council's position in relation to buying consortia.</p> <p>Improve awareness of the Council's new trading powers.</p> <p>Ensure that service delivery models based on new trading powers are included within procurement option appraisals.</p>
Target 2.3	<p>Every Best Value or strategic review of a service should include a robust and challenging appraisal of the different service delivery models available. <b>By 2004</b></p>
Current position	<p>The Council's approach to procurement in Best Value Reviews is set out in the Best Value and Scrutiny Review Guide and a report to COMT (17 December 2001). These arrangements have not been reviewed to assess their effectiveness in ensuring that robust appraisal of service delivery models is included in BVRs.</p>
Action required	<p>Review the effectiveness of current arrangements for including appraisal of service delivery models in BVRs.</p>
Target 2.4	<p>The average time taken from OJEU notice to contract award in a project of more than one year's duration should be reduced by 10% by <b>2005 and 25% by 2006 on the 2003 base.</b></p>
Current position	<p>The Council must ensure that its annual PIN is as realistic and inclusive as possible. The effect of the PIN is to reduce the Restricted EU process time period by 19% against current. When the EU Consolidated Procurement Directive comes in it will offer more flexible timescale through use of "Competitive dialogue" with</p>

	bidders, and secondly, for Council's such as ours using electronic public notice transmission, a reduced timescale, increasing the overall saving to 28%
Action required	Further work required to establish current position and potential improvements to meet the specified target. Clarify impact of EU Consolidated Procurement Directive.
Target 2.5	Councils should identify opportunities for collaboration with neighbouring councils for shared commissioning and/or delivery of services. By 2005
Current position	See Target 2.2 above.
Action required	See target 2.2 above.
<b>Theme 3</b>	<b>DOING BUSINESS ELECTRONICALLY</b>
Target 3.1	Every council should have implemented an appropriate e-Procurement solution as part of its e-Government programme. By 2005
Current position	As part of the CBOSS Project the Council is currently implementing SAP as its core e-procurement solution. Basic purchase to pay functionality will go live for corporate users from July 2004. Aligned with SAP implementation will be significant process re-engineering for procurement across the Council. The benefits to be realised from this process have been set out in a detailed paper following the LoGOL model and include both savings from improved/streamlined processes and those resulting from a review of purchasing activity in relation to £28m of supplies and services spend for which there are currently no corporate contracts in place. A programme of feasibility studies has been carried out to assess a range of additional e-procurement solutions that will either be delivered as additional functionality within later phases of SAP implementation or outside of the SAP system. EU public notices are issued through BiP Solutions and this service has been upgraded with the implementation of an ESCC portal which allows companies to electronically express interest in ESCC public notices.
Action required	Successfully implement phases 1 and 2 of CBOSS. Successfully deliver the agreed BPRE benefits from CBOSS. Successfully deliver additional e-procurement projects: - implementation of GPC and extension of credit card scheme

	<ul style="list-style-type: none"> <li>- pilot e-invoicing</li> <li>- progress e-tendering developments potentially through future phases of CBOSS</li> <li>- central contract register</li> <li>- continue to develop use of e-catalogues and consider move to e-marketplace</li> <li>- agree approach to supporting the e-enablement of suppliers</li> </ul>
Target 3.2	For low value purchases, every council should be making appropriate use of a procurement card, the Government Procurement Card (GPC) or a suitable electronic alternative. By <b>2005</b>
Current position	The use of the GPC and potential extension of the Council's current credit card scheme will be considered once the initial phases on the CBOSS project have been implemented
Action required	Consider the use of the GPC and potential extension of the Council's current credit card scheme once the initial phases on the CBOSS project have been implemented
Target 3.3	Progress being monitored by means of the e-procurement transaction type within BV157. 100% compliance by <b>2005</b>
Current position	BVP 157 applied to procurement transaction types such as purchase orders, payment, quotations and tenders will be achieved through roll-out of CBOSS/SAP during 2004/5 Consider also take up of National e-Procurement Project (NePP) deliverables.
Action required	Ensure roll out of CBOSS / SAP and impact on BV157 monitored
Target 3.4	Every council should be using an appropriate e-Marketplace. By <b>2006</b>
Current position	The use of an appropriate e-marketplace will be considered once the initial phases of the CBOSS project have been implemented. Initial work will focus on maximising access to e-catalogues through SAP.
Action required	Consider the use of an appropriate e-marketplace once the initial phases on the CBOSS project have been implemented.
<b>Theme 4</b>	<b>STIMULATING MARKETS AND ACHIEVING COMMUNITY BENEFITS</b>
Target 4.1	Where relevant, all council should consult staff during procurement projects and build employment considerations into procurement processes and contracts, including compliance with the Local Government Act 2003, Circular 03/2003 and the associated codes of practice. By <b>2004</b>
Current position	Further work required to assess compliance with Local Government Act 2003 (TUPE and Pensions), ODPM circular 03/2003.

Action required	Assess compliance with Local Government Act 2003 (TUPE and Pensions), ODPM circular 03/2003.
Target 4.2	Every council should publish a 'Selling to the Council' guide on its corporate website together with details of bidding opportunities and contact details for each contract. By <b>2004</b>
Current position	The Council publishes comprehensive information for businesses on its website: <a href="http://esc website/business/purchasingandcontracts/default.htm">http://esc website/business/purchasingandcontracts/default.htm</a> There is, however, no co-ordinated marketing of the Council to suppliers / potential suppliers. There is no comprehensive information on how suppliers / potential suppliers rate the Council.
Action required	Monitor hits on website pages Review communication and feedback mechanisms with suppliers / potential suppliers
Target 4.3	All procurement strategies should address: <ul style="list-style-type: none"> <li>- the relationship of procurement to the Community Plan, workforce issues, diversity and equality and sustainability</li> <li>- how the council will encourage a diverse and competitive supply market, including small firms, social enterprises, ethnic minority businesses and voluntary and community sector suppliers. By <b>2004</b></li> </ul>
Current position	The Council has adopted guidelines on environmental procurement: <a href="http://esc website/business/purchasingandcontracts/rulesregulationsandpolicies/environmental.htm">http://esc website/business/purchasingandcontracts/rulesregulationsandpolicies/environmental.htm</a> The Council has carried out an equalities audit of procurement and put in place a mandatory contract clause on equalities: <a href="http://esc website/business/purchasingandcontracts/rulesregulationsandpolicies/equalities/default.htm">http://esc website/business/purchasingandcontracts/rulesregulationsandpolicies/equalities/default.htm</a> Further work is required in both these areas to agree clear policies on equalities and sustainability in procurement and set out how equalities and sustainability issues can be taken into account in the procurement process.
Action required	Develop a policy on sustainable procurement and clear guidance on how environmental / sustainable considerations can be used as evaluation criteria. Review the Green Design Brief for building projects. Develop a policy on equalities in procurement using the CRE/ODPM Guidance and Checklist as a benchmark. Consider how to encourage engagement with small firms, social enterprises, ethnic minority businesses and voluntary and community sector suppliers as part of a diverse and competitive supply market.

	Establish how best to ensure that procurement can deliver community benefits and add value to the Council's Community Plan.
Target 4.4	Every council should build sustainability into its procurement strategy, processes and contracts. By 2004
Current position	See 4.3 above
Action required	See 4.3 above
Target 4.5	Every council should conclude a compact with the local voluntary and community sectors. By <b>2004</b>
Current position	The Council has established a compact with the local voluntary and community sectors.
Action required	Consider whether / how the existing Compact could be expanded to include a protocol for procurement.
Target 4.6	Procurement processes for partnerships should include: <ul style="list-style-type: none"> <li>- issuing an information memorandum to prospective bidders setting out the background to the project, the council's objectives and an outline of the procurement process and timetable, with role and responsibilities made clear</li> <li>- inviting bidders to demonstrate their track record in achieving value for money through effective use of their supply chain, including the use of small firms; this should continue to be examined as part of contract management. By <b>2004</b></li> </ul>
Current position	Information memoranda not currently used in a consistent manner across the Council
Action required	Examine options for implementing information memoranda and action on supply chain management
Target 4.7	Every council should include in invitations to tender/negotiate for partnerships a requirement on bidders to submit optional, priced proposals for the delivery of specified community benefits which are relevant to the contract and add value to the community plan. By <b>2005</b>
Current position	Not currently in place.
Action required	Examine options for requiring bidders to submit proposals for community benefits.

Target 4.9	Every council should have signed up to the national concordat for SMEs. By <b>2005</b>
Current position	Some ad hoc work has been carried out to engage with local suppliers and Sussex Enterprise.
Action required	Develop a policy on local procurement and clear guidance on local supply considerations can be used as evaluation criteria. Work more closely with the Strategic Economic Development Team especially through Sussex Enterprise's Annual Business Survey. Consider signing the national concordat for SMEs once it has been published by the Local Government Procurement Forum