

Procurement Policy & Strategy 2008-2011

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Introduction

Procurement supports the County Council's aims by improving the delivery and cost effectiveness of quality public services to citizens through the planned and skilful management of procurement. This procurement policy and strategy (2008-2011) sets out the priorities for the County Council taking lead from the recommendations set out by [The 2007 Comprehensive Spending Review \(CSR07\)](#), the [Independent Review of Public Sector and Efficiency](#) and the [Procurement Task Force National Action Plan](#) to combine these requirements with the priorities identified in the [Lancashire County Council Objectives](#) and the [Resource Directorate Business Plan](#).

This policy and strategy document plays a vital role in maintaining a focus on areas which will support and sustain both the Council's 'excellent, 4 star' Comprehensive Performance Assessment (CPA) Rating and contribute cashable savings to the [Lancashire Efficiency Initiative \(LEI\) Transformational Change Programme](#).

Throughout this document, technical terms are explained in the Glossary of Terms.

This document should be read as a companion document to the [Statutory EU Regulations](#), [County Council Standing Orders](#), [Financial Regulations](#), [Code of Conduct](#), [Procurement Code of Practice](#) and the [e-Procurement Strategy](#).

Applicability

The policies contained within this document;

- apply to all external procurement of services, supplies or works for (or on behalf of) Lancashire County Council;
- apply to all commissioning of services, supplies or works for (or on behalf of) Lancashire County Council;
- apply to internal procurement of a contractual nature (intended to cover internal trading such as that provided by the Commercial Group or other relationship where the customer has freedom to determine whether an internal or external provider is contracted with);
- are commended to School Governing Bodies for consideration (alongside ancillary procurement governance documents of the County Council) when procuring services, supplies or works.

Standard terms and conditions are available on the procurement intranet pages and should be reviewed for applicability to contract before requests for specific terms and conditions are made. The award of contracts, in particular the request to award to Most Economically Advantageous Tender as opposed to the default Lowest Price Tender is covered in SO 69(10) and the Code of Practice.

Part 1 – Procurement Policy and Strategy

1. Efficient Procurement and Value for Money

All procurement procedures and processes are to be transparent, accountable and auditable. Staff must ensure that adequate audit trails exist for all procurement activities which they undertake as part of their devolved procurement responsibility.

All members of staff shall take steps to ensure that this policy is implemented. They should ensure that their activities follow the County Council's procedures/processes as required by EU Regulations, Standing Orders, Financial Regulations, the Procurement Code of Practice, the Code of Conduct and any other supporting Directorate procurement codes.

Directorate procurement codes are subordinate to the other documents mentioned above and are intended to assist in their implementation. Directorate procedures may not change the other documents' intent or meaning.

1.1 Corporate Contracts

It is a management responsibility of each Directorate to see that all staff comply with Corporate Contracts wherever in existence. Failure to do so could have legal implications and could affect the spending power of the County Council. Failure may also increase transaction costs and hide inefficiencies.

If compliance is not deemed to be appropriate, you must first consult with the Corporate Procurement Team before any deviations from the corporate contractual arrangements take place to clarify the potential exposure and risk of non-compliance to the County Council.

Details of current [Corporate Contracts](#) are available on the procurement intranet pages.

1.2 National and European Law

The framework of rules for procurement is determined by UK and European Union law, and staff engaged in procurement work on behalf of the County Council must comply with these requirements without exception.

All audits should ensure that there has been compliance with the law.

The European procurement thresholds apply in aggregate for the County Council.

1.3 e-Procurement

All the Council's procurement activity shall be processed electronically via a single common solution ([Oracle Financial Integrated Systems](#)), in order to release resources for reinvestment in improved service delivery and managed procurement.

All e-procurement activity must prescribe to the corporate approach by utilisation of the [corporate e-tendering solution](#), use of [government p-cards](#) and electronic posting of OJEU (Official Journal of the European Union) notices via [the Corporate Solution](#).

The County Council has an [e-procurement strategy](#) that sets out how it can benefit from such electronic systems. It supports the Corporate Plan by releasing resources that can be re-invested in improved service delivery and better managed procurement.

1.4 Consultation with Stakeholders

Consultation should take place with stakeholders (as appropriate) when making procurement decisions that affect them. Stakeholders include Council Members, staff, suppliers, service users, representative bodies. As the stakeholder group is wide and disparate, it is unreasonable to expect consultation with all stakeholders and consultation with a representative sample is sufficient.

The involvement of stakeholders ensures that the procurement solution takes account of stakeholder aims and aspirations. In some cases, involvement might be very limited or possibly none at all. This would usually apply for low value procurement or routine and repetitive supplies, which are of little risk to the County Council.

The role of the stakeholders is to assist those responsible for procurement, so that the procurement achieves the most economically advantageous solution. In the spirit of Best Value, it is necessary for stakeholder representatives to take part in consultation meetings. Those undertaking procurement should therefore consult with their stakeholders and for stakeholders to challenge and compare what is being proposed to them.

1.5 Competition and Mixed Economy Provision

Competition is an important tool in the delivery of cost effective and efficient procurement and the principles of Best Value should be applied to all procurement exercises.

Competitiveness should be assessed when considering the various procurement options available and when considering any particular service provider/method of service delivery. Competitiveness and the achievement of efficiency, effectiveness and value for money should be evident in all aspects of a mixed economy provision.

1.6 Value for money and the Long-term

When considering the procurement of services, supplies or works, the County Council should take a long term strategic view of procurement rather than simply concentrating on the short-term to assist in the delivery of the Council's Aims and Commitments and should award contracts on either lowest possible price or on the basis of most economically advantageous offer. The criteria for award must be included in all invitations to tender.

1.7 Innovative Procurement

The County Council is committed to the use of high quality and innovative procurement as an integral instrument in the achievement of excellence and performance improvement. It is open to new methods of procurement provided they are consistent with its policies and strategies.

In order to achieve this Corporate Procurement shall; explore and adopt any appropriate procurement techniques and; maintain contact with other local authorities' procurement departments, the NW Centre of Excellence and other bodies in both the public and private sector.

In addition, all members of staff are encouraged to offer their suggestions for improvements to procurement. Any such suggestions will be reviewed by the Corporate Procurement Team and can be directed in person, by phone or email at procurement@fin.lancscc.gov.uk

1.8 Joint Working and Collaboration

Where it will assist in achieving best value, the County Council is prepared to consider working with others, in partnership and with consortia to widen its scope for value procurement to include maximising purchasing power and harnessing the economies of scale. This could include developing innovative ways of meeting the County Council's needs including funding.

The County Council recognises that there are occasions when its own demand for supplies, services and works is not sufficient to justify procurement by the County Council acting alone. In such cases, the opportunities for working with others to share both the transaction costs of the procurement and to maximise the value, possibly by consolidating demand and thus increasing purchasing power, could be a useful strategic option for the County Council and its partners.

1.9 Partnership working

Sustainable partnerships will be created between the Council and suppliers in the public, private, social enterprise and voluntary sectors for the delivery of services and the carrying out of major projects where the circumstances favour their use.

All partnering relationships, including those developed for the purposes of Best Value, must be formalised within a written agreement.

1.10 Performance Management

When managing the County Council's procurement activity, it is intended that procurement performance should be measured so that the most appropriate approach to procurement can be adopted, transaction costs minimised and the risk associated with possible procurement solutions assessed and taken into account.

Individual Groups and Units with devolved responsibility for procurement shall set individual performance indicators and monitor improvement.

1.11 Training and Development

The County Council is committed to the training of its staff in all aspects of modern procurement best practice appropriate to their procurement duties.

The Corporate Procurement Team will deliver any Procurement Training needs.

1.12 Process Management

Transaction costs are an unavoidable part of all procurement processes. However, all procurement processes should be designed so as to minimise transaction costs for both the County Council and, as far as possible, for its providers and suppliers.

Transaction costs should be assessed by the individual Groups and Units in Directorates for both routine day-to-day procurement and for special procurements such as those associated with projects. The County Council's policy is to minimise transaction costs and its strategy is to use modern methods of procurement such as purchasing cards and e-procurement to do so.

In addition, all Groups and Units are responsible for the management and minimisation of their procurement costs. Groups and Units should conduct planned reviews of processes to ensure that transaction costs are minimised. Plans should be updated regularly.

1.13 Payment of Invoices

The County Council recognises that a source of unfair treatment of suppliers is late payment of their invoices and in this regard, subscribes to the CBI Prompt Payment Code and also seeks

continuous improvement as measured by the Audit Commission's Best Value Performance Indicator (BVPI 008) relating to the percentage of undisputed invoices paid in 30 days.

Suppliers shall be paid on time provided there is evidence of receipt of the goods or services which matches the invoice and the order of contract. Minor discrepancies in invoices shall not be a reason to delay payment. Advance or stage payments may only be made with the appropriate authority. Any queries about invoices should be promptly dealt with.

All members of staff shall take steps to ensure that this policy is implemented and that processes designed to facilitate prompt payment are adhered to.

1.14 Controls, Standards and Risk

Business Continuity Planning

[Business Continuity Planning](#) is an integral part of the overall business planning strategy to be used throughout the authority and it is important that all employees within Lancashire County Council understand, not only the statutory duty placed upon us by the Civil Contingencies Act 2004, but also the strategic benefits of continuity planning and the mindset that it instils. Business Continuity will aim to protect all services and functions within the authority by increasing levels of preparedness and reducing the levels of risk to the organisation via a proactive, rather than a reactive approach.

Risk Management

Procurement risk should be assessed in line with the County Council's [Corporate Risk Management Policy and Strategy](#).

Procurement is subject to risk and uncertainty. The risk that procurement outcomes will not match procurement objectives needs to be recognised from the earliest stages of planning a procurement exercise, and suitable risk management responses developed.

All Groups and Units are responsible for managing risk effectively in their particular procurement areas.

Fraud Avoidance

The County Council is determined to prevent fraud. The County Council's policy is to have a sound and up to date Procurement Code of Practice to help protect against fraud and to minimise the risk of any unjustified accusations of fraud.

The County Council encourages staff to draw to its attention any suspicions which they may have about possible incidences of fraud. It undertakes to protect such staff providing such accusations are not maliciously motivated and are based on genuine grounds.

2. Social Responsibility

2.1 Sustainability and Environmental Procurement

The County Council's Environmental Management Strategy relates to environmental sustainability and all staff with procurement responsibility are required to support and implement environmentally friendly procurement practices.

To achieve Lancashire County Council's objectives relating to environmental sustainability, all staff with procurement responsibility must consider the [Environmental Procurement Policy](#).

In addition, the Waste Electrical and Electronic Equipment Directive ([WEEE Directive](#)) was introduced 2 February 2007 and requires consideration to be given to the disposal of electrical and electronic waste. [The Department for Business Enterprise and Regulatory Reform \(BERR\)](#) request large organisations, such as local authorities, only purchase electrical goods from companies that are registered as complying with the WEEE regulations and further notes on the [WEEE Directives Guidance](#) are available via the procurement intranet pages.

2.2 Equality, Diversity and Community Cohesion

The Council should make sure that public money is not spent on practices that lead to unlawful racial discrimination, but is used to support and encourage equality of opportunity and good community relations. The County Council has in place an [Equality and Diversity Policy](#) and a [Community Cohesion Policy](#) and is signed up to the [Small Business Friendly Concordat](#). In addition to these documents, consideration should be given to the use of [Reserved Contracts for Supported Factories or Businesses](#) for procurement exercises, especially where the contract to be awarded could be fulfilled by the utilisation of sheltered workshops.

A document offering guidance on [Equality, Diversity and Procurement within Lancashire County Council](#) can be accessed via the procurement intranet pages.

2.3 Fair Treatment of suppliers

In dealing with suppliers and providers the County Council will ensure that they are treated fairly and in all their dealings all concerned with suppliers and providers will ensure the highest standards of honesty, integrity, impartiality and objectivity.

Providers and suppliers should be treated equally and fairly. Section 9 of the [County Council's Code of Conduct](#) (Appendix F of the Constitution) must be observed.

Preferential use of local suppliers is permissible only so long as they provide the most economically advantageous solution and provided there is no legal impediment (such as the European Procurement Directives) to their use.

2.4 Workforce matters - TUPE

Important Note: TUPE can apply when selling, buying, outsourcing, transferring or taking over supplies, services, works, leases, or licences. Under such circumstances advice should be sought from the legal department at the earliest possible opportunity.

Where appropriate, the County Council will have regard to workforce matters when procuring services, supplies or works. However, the County Council can only take workforce matters into account where this is necessary to achieve Best Value and/or where it is necessary because of TUPE. The County Council will share with the appropriate Trade Union(s) or staff representatives all relevant information relating to workforce matters in respect of the procurement of services, supplies or works and will have regard to any comments made by the relevant Trade Union(s) or staff representatives.

Procurement decisions will take proper account of workforce issues. Where the potential transfer of County Council employees is involved, employees and Trade Unions should have been involved in the option appraisal stage, and where there is a decision to outsource, employees and Trade Unions will be involved in the selection process and in the subsequent detailed work around the transfer. Where TUPE applies and the County Council is the current employer it will make

information available to Trade Union representatives and to the new employer and will consult Trade Union representatives on matters relating to the transfer.

The County Council will comply with all legal requirements concerning the application of TUPE. Where the County Council considers that TUPE may apply to a procurement it will invite tenders on the basis that it does apply, and the tenderers will also be required to take account of appropriate pension provisions for any staff who might be subject to transfer. Trade Unions and employees will be consulted as required by legislation concerning the application of TUPE, i.e. the possible transfer of employees. The supplier or provider will be expected to meet its TUPE obligations in full and its track record in this respect will be a factor which will be taken into consideration in any evaluation of workforce matters in relation to this or any other County Council contracts.

2.5 Ethical Standards

When entering in any procurement activity on behalf of the County Council, all staff must adhere to act in accordance with [The Prevention of Corruption Acts 1889-1916](#), [The Local Government Act \(1972 amended 2000\)](#) and [Ethical Business Practices in Purchasing and Supply Management \(CIPS\)](#).

“gifts and other considerations other than of a small intrinsic value are automatically considered corrupt unless the individual can prove otherwise. In addition individuals must declare in writing any direct or indirect pecuniary interests that they or any close relation may have in a contract to be awarded by the authority”.

Local Government Act (1972)

2.6 Health and Safety Considerations

The procurement of goods and services is dealt with by the General Duty of Care and other Duties placed on the employer by [The Health and Safety at Work etc., Act 1974](#), together with the requirements of other various regulations such as [The Provision and Use of Work Equipment Regulations 1998](#) and [The Control of Substances Hazardous to Health \(COSHH\) Regulations 1999](#).

The [County Council's General Statement of Health & Safety Policy](#) seeks to achieve a co-ordinated and integrated approach to the management of occupational health, safety and welfare issues across the Authority, as per [The Management of Health and Safety at Work Regulation 1999](#). To achieve Lancashire County Council's objectives relating to health & safety, all staff with procurement responsibility must consider and document the relevant points within the [Health and Safety Considerations](#) when conducting procurement exercise(s).

2.7 No Smoking Policy

One of the County Council's corporate objectives is to make Lancashire a place where people can live healthy lives. To help to realise this objective, the County Council has approved the principle of being smoke-free in relation to the delivery of its services. In relation to how this impacts on suppliers and sub-contractors in addition to staff and members of the County Council, you must refer to the [Smoke Free Policy](#).

Part 2 – Procurement Objectives 2008-2011

The overriding procurement objective for the period 2007-2011 is to contribute to the success of both Lancashire Efficiency Initiative (LEI) and CSR07 to ensure that the maximum amount of cashable efficiency savings are achieved in order to balance the budget and, as far as practicable, protect front line services by:

- Providing excellent services
- Supporting our customers to help them achieve their objectives
- Enhancing procurement policy
- Maximising resources
- Promoting the effective use of resources
- Maintaining robust standards, processes and systems
- Meeting statutory requirements, and
- Providing sound yet innovative procurement advice

In order for procurement to contribute to and achieve these savings, work at the local level must include:

- Collaborative procurement with clusters of other councils
- Utilisation of shared procurement services where there is a clear business case for doing so
- Utilisation of and contribution to regional market intelligence data
- Increase the extent of sustainable procurement best practice approaches, including dealing with SMEs/VCFS/3rd Sector
- Regularly test competitiveness of services and use fair and open competition for underperforming services wherever practical

3. Sustainability and Environmental Procurement

All procurement activity within LCC must minimise the impact on climate change and the environment. Actions within the [Sustainable Task Force National Action Plan flexible framework](#) agenda are summarised below and must be achieved.

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

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

(Source: Sustainable Task Force National Action Plan)

4. Corporate Procurement and Specialist Hub Development

External drivers are forcing local Government to change the way it delivers its services. Customer expectations are increasing, and local government has to be responsive. As we have an obligation to deliver “the same for less”, it is not an option for local Government to stay the same and deliver services in the way it has in the past. CSR07 stipulates that authorities have to deliver 3% efficiency savings and the Local Government White paper and other agendas direct Local authorities to collaborate and share services in order to reduce costs. This means we have to be smarter about the way we do business.

In order for LCC to respond to external and internal drivers, the Head of Procurement will work together with Heads of Specialist Hubs across LCC to review and develop procurement processes to ensure a common consistent approach for procurement at LCC (2007/08 – 2008/09), and to deliver the maximum savings possible whilst protecting front line service.

Current procurement summary;

		eProcurement										
		Corporate Procurement	Office of the Chief Executive	Finance	ICT	Adult & Community Services	Children & Young People	Property Group	Environment	Engineering Services	Commercial Services	Care Services
Contracts Register and Corporate Reporting	Buildings											
	Social Care											
	Waste											
	Roads											
	Temporary & Agency Staff											
	Consultancy: IT											
	Consultancy: Construction											
	Consultancy: Business											
	Building Construction Materials											
	Banking											
	Passenger Transport											
	Telecoms											
	Insurance											
	Legal Services											
Software												

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Electricity	■					■				
Education Supplies	■					■				
Open Spaces							■			
Security		■								
Leisure Services					■	■		■		■
Taxi Transport								■		
Food & Beverage	■	■							■	
Hardware				■						
Business Travel		■						■		
Traffic Management								■		
Vehicle Leasing		■						■		

Standard Procurement Processes embedded

The aim of the Specialist Hub development is to enable the Hubs to streamline activities across LCC into standard processes and to develop stronger working links with the Corporate Procurement Team. Any training needs identified within Specialist Hubs will be supported by the Corporate Procurement Team to ensure equal procurement expertise within each Hub.

5. Smarter, Efficient Procurement (enabled by eProcurement)

All procurement activity within LCC must look to the most efficient ways of working and therefore must utilise the eProcurement systems in place.

	Objective	Delivery
Functionality: Sourcing	e-Tendering & eRFQ Rollout <ul style="list-style-type: none"> Increase Tender Usage & extend to RFQs Use more of existing system functionality Link to Contract/Supplier Management 	2007-2008
	Supplier Portal: <ul style="list-style-type: none"> Consolidation of contract, tender & supplier information (including adverts) centrally on LCC website in preparation for a future regional/national solution. Encourage adoption of e-Procurement by Suppliers 	2007-2008
	Review of PROJEct functionality (OJEU notices) <ul style="list-style-type: none"> Review possibility of consolidation of technology. 	2008
	Develop the use of e-Auctions <ul style="list-style-type: none"> Review suitability of existing Third Party Provider & whether increased volumes warrant in-house provision. 	2008-2010
Functionality: Transactions	Supplier Records <ul style="list-style-type: none"> Migration of Existing Suppliers to Oracle Centralisation of New Supplier Set Up Process Implement standardised Supplier Classification System 	2007-2008
	e-Contract & Supplier Management <ul style="list-style-type: none"> Contract Data & Tender Schedules Supplier KPIs & Performance Mgmt Electronic Document Mgmt 	2007-2008
	e-Ordering via LEO/OFIS & managing e-Receipting of delivered items by Officers <ul style="list-style-type: none"> Training Users Rolling out Functionality Increasing e-Catalogue availability 	2007-2010
	e-Catalogue Maintenance	2007-2011
	Procurement Card scheme moves to GPC and adopts Directorate-Level hierarchy	2007
	Automated P-card Reconciliation and On-line Error Correction	2007-2008
	e-Invoicing and e-Payments	2007-2008

	<ul style="list-style-type: none"> • Select supplier • Plan supplier recruitment campaign • Implement solution 	
Functionality: Management Information & Improving Performance	KPIs	2007-2010
	<ul style="list-style-type: none"> • Supporting LEI and demonstrating tangible savings 	
	Spend Analysis, Aggregating Demand & Tackling off-contract Spend	2007-2010
	Regional Collaboration	2007-2010
	<ul style="list-style-type: none"> • Commitment to ongoing programme of collaboration via NWCE and OGC. 	
	Programme of Business Process Re-engineering in Procurement across all Directorates	2007-2010
	Culture and Change Management Programme	2007-2011
	Supporting the Transformational Government Agenda and the introduction of shared services	2008-2011
	Supporting e-Procurement in Schools	2007 - 2010
	<ul style="list-style-type: none"> • Enhance School Portal • Promote LCC Contracts & Services 	
	Sharing Procurement Best Practice & supporting wider Corporate strategies.	2007 - 2010

6. Key Performance Indicators

Key performance indicators (KPIs) enable us to measure the success and breadth of e-procurement, and to quantify its contribution to efficiency savings. Currently all data is not available to calculate these KPIs. CPT is reliant on Oracle to provide the necessary data from 2008 onwards. We will then be able to measure and report fully on the following KPIs:

	KPI	Objective	Source
Functionality: Sourcing	% of all tenders processed electronically	Eliminate all paper tenders	OCE & In-Tend
	Total Annual Saving based on number of e-Tenders	Calculate contribution to LEI	In-Tend
	% of all corporate contracts (by number and by value) managed electronically	Calculate efficiency gains	In-Tend
	% of all suppliers that are registered with us electronically (incl. tenders & contracts)	Develop effective e-trading environment	In-Tend & Oracle
Functionality: Transactions	% of purchase orders created and transmitted electronically	Calculate efficiency gains	Oracle
	Number of electronic supplier catalogues hosted on LEO/OFIS	Calculate efficiency gains	Oracle
	Number of electronic supplier catalogues accessed via punch out to supplier sites	Calculate efficiency gains	Oracle
	% of orders processed by purchase card	Calculate efficiency gains	Oracle
	% value of orders processed by p-card	Calculate efficiency gains	Oracle
	% of p-card transactions reconciled automatically	Calculate efficiency gains	Oracle
	Reduction in total number of orders placed manually not on-line	Eliminate Manual Ordering	Oracle
	Reduction in number of paper invoices processed (both received & paid electronically) as a percentage of total invoices processed	Calculate efficiency gains	Oracle
Processes	Reduction in value of paper invoices processed as a percentage of total invoices processed	Calculate efficiency gains	Oracle
	Supplier Performance KPIs	Effective supplier development	In-Tend
	% of total spend identified as 'off contract'	Ensure appropriate Corporate Contracts exist	Oracle & In-Tend

	% of suppliers where annual spend is less than £500	Identify opportunities to consolidate spend where appropriate	Oracle
	% of suppliers where transactions were 10 or fewer.	Consolidate spend where appropriate	Oracle
	% of total suppliers (and spend) attributed to SMEs	Ensure selection process enables SMEs	Oracle
	% of total suppliers (and spend) attributed to 3 rd Sector	Ensure selection process enables 3 rd Sector	Oracle
	% of total suppliers (and spend) attributed to geographically local suppliers.	Ensure selection process enables 'local' suppliers	Oracle
	Profile of Top 100 suppliers by spend and by product category (indicating spend by Directorate/Commercial Group).	Identify potential for aggregating spend and to focus Relationship Management	Oracle

Appendix

Glossary of Terms

Best Value	the consideration as to how services, supplies or works might be best procured. The exercise will indicate which method of provision (for example: in-house provision, competitive tendering, joint venturing or partnership, or a combination of these in a mixed economy provision) is appropriate for what is to be procured.
Community Cohesion	the need for communities to share common values, whilst at the same time valuing and celebrating the inherent diversity that exists in all those communities.
Corporate Contract	a contract entered into by the County Council, for the benefit of the County Council as a whole, as opposed to an individual Directorate or Commercial Group.
CPA	Comprehensive Performance Assessment. A review carried out by the Audit Commission to measure a Council's effective and efficient use of public money to deliver high quality services.
CSR07	Comprehensive Spending Review 2007
Directorate	the Office of the Chief Executive, the Directorate for Children and Young People, the Environment Directorate, the Resources Directorate, the Directorate for Adult and Community Services and the The Commercial Group.
Commercial Group	Commercial Group
eAuction	Electronic reverse auctions (eAuctions) use secured Internet-based technology to increase competition bidding resulting in lowest price.
eProcurement	eProcurement is the term used to describe the use of electronic methods in every stage of the purchasing process from identification of requirement through to payment, and potentially to contract management.
Equality & Diversity	Equality and diversity are about valuing differences, and for Lancashire to be a place where everyone has an equal chance to live, learn and work, free from discrimination and prejudice.

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eTendering	the electronic automation of the advertising and evaluation of responses to a tender.
EU Regulations	Mandatory rules and legal requirements of governing public sector contracts.
External Procurement	the acquisition of all supplies, services or works from sources external to the County Council. This will normally involve the expenditure of money or the exchange of something of monetary value. This does not include services from employees for which wages are paid. Also excluded are wage related expenditure such as PAYE taxation, National Insurance contributions, pension contributions, business rates, levies and interest.
Internal Procurement	the provision of supplies, services or works by one part of the County Council to another part.
LEI	Lancashire Efficiency Initiative
MEAT (Most economically advantageous tender)	the optimum arising from a consideration of quality, the whole life cost (not just price) associated with its procurement, and any other factor material to its efficient, effective and appropriate use. In this context, 'Quality' includes the function of what is being procured, its timely delivery, the satisfaction and perception of its users and its environmentally sound use and disposal.
OJEU	Official Journal of the European Union. The main source for tender information in relation to public works, services and supply contracts across the EU.
pCards	an efficient method of payment, the Purchase Card is a simple and effective eProcurement business tool.
Procurement	the provision of supplies, services or works to the County Council, or to people and their communities either by or on behalf of the County Council.
Reserved Contracts	the reserving of contracts for supported factories and businesses/sheltered workshops can meet Corporate Social Responsibility objectives. By indicating in the EU advert (the OJEU notice) that this contract is “reserved for sheltered workshops under Article 19 of the Directive” we are stating that only organisations with more than 50% disabled employees (from anywhere within the EU) can bid for this work.
Services	those activities involving the use of a provider or contractor skills to deliver something of value which is not supplies or works.
Sheltered Workshops	Sheltered Workshops or where contracts are performed in the context of Sheltered Employment Programmes where most of the employees are handicapped persons (as defined by the Disability Discrimination Act 1995) who, by reason of the nature or the seriousness of their disabilities, cannot carry on occupations under normal conditions.
Stakeholders	People who have an interest in an organisation or process, including users, customers, partners, employees, residents, owners, government and regulators.
Supplies	means goods of any type, irrespective of whether they are purchased or hired. If goods and services are procured together, they should be considered to be supplies if the goods element of the procurement is paramount.
Supported Factories and Businesses	Factories or Businesses where most of the employees are handicapped persons (as defined by the Disability Discrimination Act 1995) who, by reason of the nature or the seriousness of their disabilities, cannot carry on occupations under normal conditions.
Sustainable Procurement	Sustainable procurement is the application of sustainable development principles to procurement and is a key activity in helping to ensure that the world remains habitable and sustainable for the future.
TUPE	the Transfer of Undertakings (Protection of Employment) Regulations
Works	the execution, (or both the execution and design) of building and civil engineering, installation and building completion work or the execution by whatever means of works corresponding to the requirements of the County Council.

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