

CORPORATE PROCUREMENT STRATEGY

2009 - 2012

FIRST DRAFT

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Section A - Strategy & Vision

1. Harrow's Vision & Objectives

1.1. Harrow's Vision

"To be recognised as one of the best London Councils by **2012**, in a borough that is **cosmopolitan, confident** and **cohesive.**" ...

1.2. Harrow's Corporate Priorities

1. Deliver cleaner and safer streets
2. Improve support for vulnerable people
3. Building stronger communities.

1.3. Objectives

- 1.3.1. To achieve the council's vision. Procurement is a fundamental function by which the council can achieve cost savings through efficiencies and improvement.
- 1.3.2. To ensure a procurement service that contributes to the attainment of the council's priorities contained in local and national strategies. To deliver Responsible Procurement excellence, value for money, giving consideration to Harrow's diverse community.
- 1.3.3. The Council faces future funding gaps in the MTFs of around £10m each year and is simultaneously seeking to improve service quality standards. Harrow has launched a Transformation Programme to achieve this and procurement's objective is to support the council's transformation programme. The Programme includes a cross council efficiency review which will lead to rigorous service reviews and redesign that will result in some services being provided differently. The Corporate Procurement function will play a key part in these strategic service reviews, supporting the Council with the market knowledge and procurement options available to facilitate informed decisions.
- 1.3.4. A key aspect of the strategy is to explore partnership opportunities prior to commencing any procurement. Seeking to build close working relationships with PCT, Police, the voluntary sector and WLA locally, and Capital Ambition, LCSG and OGC centrally to deliver shared priorities and to secure more and better services for less.
- 1.3.5. The Procurement Strategy is designed to address sustainability in order to reduce the negative impact on social, economic and environmental issues and hence enhance the local economy. The strategy also facilitates effective service delivery across the priority areas on a continuing basis, for instance social care, transportation, refuse collection, recycling and leisure.

- 1.3.6. To increase the contractual spend from 70% to 85% and achieve a savings target of 3% on the non contractual spend.
- 1.3.7. To engage with local communities and stakeholders in planning and identifying needs. To increase service user satisfaction by procuring goods and services that meet the end users needs.
- 1.3.8. To develop an e-sourcing function within SAP and to embed better procurement practices and control across the council.

2. Introduction

2.1. Definition of 'Procurement':

"The acquisition of goods and/or services which meet the customers' and service users needs at the best possible price, in the right quantity and quality, at the right time, in the right place and from the right source, whilst ensuring value for money throughout the life of the product including disposal"

- 2.2. This document sets out the Council's strategic approach to procurement. The principles contained in the strategy should be applied to all procurement activity. Compliance with the strategy is mandatory and should be read in conjunction with the Contract Procedure Rules¹,
- 2.3. The Corporate Procurement Strategy provides a framework for the Council to obtain value for money in all its procurement activities. The strategy addresses all elements of procurement activity from identifying a need, considering options, procuring the appropriate goods, services or works, effective supplier and contract management, through to disposal of assets. The strategy also addresses the many solutions available to the Council, from establishing corporate contracts, using collaborative and consortia arrangements, through to developing long-term strategic partnerships.
- 2.4. This Strategy will ensure that the authority achieves a high score in the Audit Commission's Use of Resources assessment, as it is underpinned by key lines of required standards demanded by the assessment and should form a useful tool in developing our practices to ensure that the Council continues to improve.
- 2.5. Economic trends and Market conditions have a strong influence on the council's spend. Through constant market reviews, procurement plays an active role in identifying opportunities and savings, taking advantage of situations for example energy.
- 2.6. Value for money and efficiency targets will not be achieved if the Council fails to approach competition positively, taking full account of the opportunities for innovation and genuine partnerships which are available from working with

¹ Contract Procedure rules

others in the public, private and voluntary sectors. Importantly, the strategy seeks to achieve a balance of three priorities:

1. Delivering efficiencies and improved quality
 2. Socially Sustainable/Responsible procurement
 3. Developing the local market
- 2.7. The targets for efficiency gains through procurement are agreed with Directorates as part of their Directorate service improvement plans.

3. Background

- 3.1. The Government launched a new national procurement strategy in October 2003 and a final report in April 2008. The national Procurement Strategy (NPS) has been a catalyst for procurement in Harrow and the principles contained are applied to all procurement activity. The strategy emphasises the importance of 'Responsible' procurement, assessing whole life costs, social, economic and environmental impacts. The other key driver is the 2007 Comprehensive Spending Review (CSR07) which challenges us to improve public services within a tight fiscal context achieving at least 3% p a cash releasing efficiency gains. It also incorporates recommendations from the Glover report – "Accelerating the SME economic engine – through transparent, simple procurement processes"
- 3.2. The Council manages procurement via the Corporate Procurement Team. The service is a corporate resource which leads on letting corporate contracts and supporting projects over the value of £50,000, whilst allowing departmental purchasing officers (who have the best knowledge of local requirements) to procure locally within the law, using the clear corporate framework, provided in the Contract Procedure Rules and Shop Local guidance notes. Resources such as templates, tips and procurement guidance notes are provided on the intranet. The team provides support wherever required to departmental purchasing officers, and monitors procurement activity across the Council. The Procurement Team is comprised of skilled and experienced officers, the activity of the service will be predicated on maximising benefits for all directorates. The head of the procurement team is active in working with the West London Alliance procurement group and is pro-active in engaging with partners, e.g. PCT, voluntary sector and police.
- 3.3. The Council has made a significant investment in electronic procurement – P2P and financial management systems through SAP. Expenditure on the SAP system is recorded under commodity spend categories and the Council's approach is to manage these categories by aggregating spend and sourcing the best suppliers to meet service users' needs.

4. Scope of this Procurement Strategy

- 4.1. The Strategy is a key component of the Transformation Programme. In addition to this, in autumn 2008 the Council's Chief Executive, Michael Lockwood developed a CIP – Council Improvement Programme, in order to improve the management of finance, IT, HR, risk, performance and procurement and to enhance customer service. This procurement strategy is committed to meet the milestones of the CIP in maximising the effectiveness of the Council's procurement spend.
- 4.2. The strategy has delivered significant efficiency savings through rationalizing suppliers by aggregating costs where there are synergies in spend and continues to focus on this area.
- 4.3. In July 2008, procurement implemented a Quick wins project to explore commodity categories under the EU threshold of £139,893, where suppliers were rationalised and spend aggregated to identify savings. An initial saving of 0.5m over the next three years has been delivered. Buyers will take advantage of market conditions and collaborative initiatives to secure further quick win opportunities.
- 4.4. Directorate Supply base reviews - is another key aspect of this strategy. Buyers in working with service managers will review their list of current suppliers to identify procurement opportunities and establish target savings. These can be achieved by re-testing the market for their suppliers either through mini-competitions on existing frameworks or tendering for goods and services. Additional savings can be achieved by rationalising suppliers where there may be synergies in purchasing across the council.
- 4.5. Procurement through robust supplier relationship management will challenge suppliers by ongoing benchmarking services to ensure competitiveness and engage with them to jointly reduce costs and improve performances.
- 4.6. In supporting the council's Business transformation programme, the procurement team will play an active role in meeting targeted savings and service delivery improvements. Where relevant seeks to influence and develop the market to meet the council's demand.
- 4.7. Value for money can be achieved by increasing the percentages of the council's contractual spend, Historical data shows that in 07/08 and 08/09 Contractual spend was approximately 70% of the total Influential spend. This is shown clearly in the below table.

Financial Year	Total Influential spend	Contractual spend	Percentage (Total spend that was Contractual)
07/08	£147million	£102 million	69.39%
08/09	£164 million	£114 million	69.51%

If we use the total spend figure from 08/09 (£164 million) as an indicator of

future total Influential spend, we can calculate the amount of Contractual Spend needed to attain our outlined targets of increasing the percentage of Contractual spend by 5% every year for the next 3 years. Once we have calculated the desired amount of Contractual Spend for the next 3 years we can calculate the value of spend that has been converted from Non Contractual to Contractual and hence as we expect to save 1% through contracting spend we can infer what we expect to save.

Financial Year	Projected Total Influential Spend	Desired percentage of Contractual Spend	Contractual spend figure needed to meet target	Spend converted from Non Contractual to Contractual (from previous year)	1% Target Savings from Non Contractual Spend
09/10	£164 million	75%	£123 million	£9 million*	£90,000
10/11	£164 million	80%	£131.2 million	£8.2 million	£82,000
11/12	£164 million	85%	£139.4 million	£8.2 million	£82,000

* Based on Contractual spend in 08/09 being £114 million.

We can hence anticipate that if Total Spend remains around £164 million, we should save a figure of about £252,000 (£90,000 + £82,000 + £82,000 from years 09/10, 10/11, 11/12) through saving 1% on spend that has been now been Contracted as opposed to remaining as Non Contractual.

- 4.8. In addition to the above, under the council's cross efficiency review, each Corporate Director, in reviewing its services will also review its supplier base and set aggressive savings targets to be achieved by applying effective procurement techniques.
- 4.9. Procurement is a key part of the Service Efficiency strand of the Transformation Programme where procurement policies, strategic procurement initiatives and business transformation can be developed, monitored & evaluated. Key procurement decisions are challenged and non compliance is addressed.
- 4.10. Procurement will work in partnership with PCT, Police, voluntary sectors to achieve benefits from joint procurement, sharing information and resources.
- 4.11. Procurement will promote collaborative working and actively participate in projects/initiatives run by West London Alliance, Capital Ambition.
- 4.12. Procurement will through supplier management and strategic partnership, work to drive innovation and efficiencies.
- 4.13. Procurement will develop and implement local economic regeneration by simplified procurement processes, offering opportunities and encouraging

local, small and medium enterprises access public contracts through “Shop Local”.

- 4.14. Procurement to offer corporate contract deals to the voluntary and community sector.
- 4.15. Procurement to improve processes and enhance the effectiveness of procurement through the use of IT. To develop, an electronic tendering and e-sourcing module within SAP.
- 4.16. E-tendering and e-auctions will be introduced in 2009/10

5. Targets to be achieved

In taking this strategy forward, the Council can expect to achieve the following targets-

- 5.1. Value for Money and Use of Resources – The Audit Commission is an independent body responsible for ensuring that public money is spent economically, efficiently and effectively to achieve high quality local services for the public. Procurement is aiming to achieve level 3 for its performance (performing well - consistently above minimum requirements) in 09/10 by implementing the following methodology.



KLOE – Underlying principles	Evidence Required	Methodology	Measurable targets
<p>KLOE 1.2</p> <p>The Organisation has a sound understanding of its costs, performance and achieve efficiencies in its activities</p>	<ul style="list-style-type: none"> - Understands its costs, including whole life, transaction, unit costs, the main factors that influence these and how they link to performance - Identifies the scope for making efficiencies and is on track to achieve planned efficiencies. <p>UNSPSC (United Nations Standard Products and Services Code)</p>	<p>Spend Data Analysis based on SAP and Capital Ambition spends data.</p> <p>The strategy is to:</p> <ul style="list-style-type: none"> a) Implement Commodity Category management; understand whole life costs and unit costs. b) Identify efficiencies through rationalising suppliers and aggregating spends. Promote collaborative procurement with WLA and Capital Ambition. c) Manage vendors for Directorates and aggregate spend across Directorates where there are synergies in spend. <p>Tender for goods and services to increase contractual spend within the council.</p>	<p>By 2012, Procurement target is to achieve – 3% Cashable Savings</p> <p>85% of the council’s spend will be contractual and savings of</p> <p>Increase in joint partnership procurements with PCT and voluntary sector.</p>



KLOE – Underlying principles	Evidence Required	Methodology	Measurable targets
KLOE 2.1 The organisation commission and procure quality services and supplies, tailored to local needs, to deliver sustainable outcomes and value for money?	<ul style="list-style-type: none"> - Has a clear vision of intended outcomes for local people which shapes its commissioning and procurement, that is undertaking an ongoing analysis and understanding of needs 	Achieve Corporate priorities based on the feedback from service user consultations, establish procurement needs analysis. Procure goods and services following the sustainable procurement guide. Appendix A displays the integration between commissioning and procurement.	2010/11 Score level 3 in the Audit commission's Use of Resources.
	<ul style="list-style-type: none"> - Involves local people, partners, staff and suppliers in commissioning services 	Consultation process – internal and external customer satisfaction surveys, service user surveys. Conclusions to be incorporated into procurement needs analysis	2010/11 Score level 3 in the Audit commission's Use of Resources.
	<ul style="list-style-type: none"> - Seeks to improve the customer experience, quality and value for money of services and service redesign, making effective use of IT 	Through Business transformation, efficiency review of services and redesign, to meet the council's corporate priorities. Procurement to offer support with tendering for goods and services. Implement e-tendering to increase the procurement capacity and offer a transparent and seamless tendering process and offering support to supplier's bidding electronically	2010/11 Score level 3 in the Audit commission's Use of Resources.
	<ul style="list-style-type: none"> - Understands the supply market and seeks to influence and develop that market 	Buyers to develop and specialise in specific directorate supply chain in order to offer good market intelligence, in supporting the council with its procurement	2010/11 Score level 3 in the Audit commission's Use of Resources.
	<ul style="list-style-type: none"> - Evaluates different options (internal, external and jointly with partners) for procuring services and supplies 	Information sharing with PCT, police and voluntary sector. Develop a Joint WLA Business plan. Seek to build close links with Capital Ambition and LCSG	Significant Increase in percentage of collaborative contracts
	<ul style="list-style-type: none"> - Reviews the competitiveness of services and achieves value for money, while meeting wider social, economic and environmental objectives 	Efficiency Service Reviews, and in Complying with Public contracts regulations 2006, tender for goods and services to meet council's corporate priorities	2010/11 Score level 3 in the Audit commission's Use of Resources.


KLOE – Underlying principles	Evidence Required	Methodology	Measurable targets
KLOE 3.1 The Organisation is making effective use of natural resources, physical assets, and people to meet current and future needs and deliver value for money.	<ul style="list-style-type: none"> - Understands and can quantify its use of natural resources and can identify the main influencing factors - Manages performance to reduce its impact on the environment and manages the environmental risks it faces, working effectively with partners 	<p>Embed the sustainable procurement guide across the council to achieve value for money and sustainability.</p> <p>In promoting local economic regeneration use the Shop Local guide to procure goods and services.</p> <p>Embed climate change and sustainable community strategy</p>	<p>Green Procurement code – progress from Bronze to Silver grade</p> <p>Increase in SME spend by 20%</p>

5.2. Sustainability - Green Procurement Code Audit - By implementing this strategy, the council is committed to aiming to progress from bronze to silver grade.

5.3. Public Sector Corporate Services VfM Indicators Procurement – Procurement effectiveness will be measured against these indicators annually. Based on the council's 07/08 report, targets have been identified to ensure progress will be made on the following primary and secondary indicators.

VFI Indicator	Harrow 2007/08 Scores		Methodology	Target Score 2012
Economy and Efficiency				
PP1(a) Cost of Procurement Function as a percentage of Organisation Running costs (expenditure)	For this indicator a low cost is good performance Harrow score is 7% Average is 24%		Business transformation. Procurement service review across the council's purchasing function	Maintain a low % score
PP1(b) Cost of procurement function as a percentage of non pay spend	For this indicator a low cost is good performance. Harrow score is 0.2% Average 0.6%		Business transformation. Procurement service review across the council's purchasing function.	Maintain a low % score
PP2 Actual spend committed against pre established contract arrangements as a % of non pay spend	For this indicator a high % score is good performance Harrow score 46% Average 55.7%		Commodity spend category management and Directorate supply chain management to increase contractual spend.	85% by 2012

PS2 Average Invoice Value	For this indicator higher value is good performance Harrow invoice value is £2703 Average is £2980		With the implementation of SAP – more consolidated invoices and self billing to be implemented.	Increase performance score to best quartile by 2012
PS5 The percentage of spend of total non-pay spend channelled through collaborative arrangements with other buying organisations	For this indicator a high % is good performance Harrow 8.6% Average 20%		Partnership working with PCT, police and voluntary sector. Joint procurement with WLA, LCSG and Capital Ambition.	Increase performance score to best quartile by 2012
PS6 Management of supplier base	For this indicator a high % score is good performance		Commodity Spend Category management – The strategy is to aggregate spend and tender for contracts. Increase contractual spend followed by effective supply relationship management.	Increase performance score to best quartile by 2012
PS7 The use of technology within procurement – percentage of total goods and services spend that is sourced electronically			E-Sourcing solution to be implemented and embedded	Increase performance score to best quartile by 2012
Impact on organization				
PP3 % of non pay spend that is actively managed by procurement professionals	For this indicator higher value is good performance Harrow score 53.9% Average 49.9%		Business transformation service review	Increase performance score to best quartile by 2012
PP4 Average percentage savings achieved through procurement for the largest procurement projects delivered in the previous financial year	For this indicator higher value is good performance. Examines effectiveness in procurement Harrow score 26.1% Average 18.3%		Market intelligence to review categories, contract management to identify savings on an ongoing basis	Maintain high performance
PS4 The percentage of non-pay spend channelled through	For this indicator a high % score is good performance		SAP to measure SME spend. Shop Local to increase	With the implementation of shop local, increase

SMEs	Data not recorded.		local supplier spend. Advertise on Supply2gov offering fair access to public contracts.	performance levels
Satisfaction Survey				
PP5 Commissioner & user satisfaction average score	Organizations should seek to increase this score. Harrow scored below average		The council will aim to procure goods and services to meet the end users needs to be evaluated by effective customer satisfaction process. Implement a Consultation process, Internal customer satisfaction survey, External customer satisfaction survey and Service user satisfaction survey. Feedback from surveys to feed into ongoing long term strategy	Measure customer satisfaction – commissioners and service users to increase to medium quartile by 2010 with a review each year.
Key: Green light indicates performance in the best quartile Yellow indicates performance between median and best quartile Amber indicates performance between median and worst quartile Red indicates performance in the worst quartile				

6. Ownership and Governance

- 6.1. The Strategy is owned by the Corporate Director of Finance, who has a clear leadership and functional responsibility for its implementation across the council. At Member level, this responsibility is under the remit of the Leader who is the Portfolio Holder for Partnership Finance and Strategy.
- 6.2. The strategy and the action plan will be reviewed annually in accordance with the progress to date.

7. Probity

- 7.1. It is extremely important that the council can demonstrate that public money is spent in a way which achieves best value for money, which is seen to be fair open transparent and lawful.
- 7.2. All staff are required to comply with the financial regulations and contract procedure rules when purchasing goods and services, which set out processes to achieve fair, open and transparent competition.
- 7.3. Procurement, like any other council activity, is subject to the council's whistle blowing policy. The policy implements the Public Interest Disclosure Act 1998.

- 7.4. Procurement activity is subject to audit by the council's internal audit. Audit findings are reported to the Council's Governance, Audit and Risk management Committee.

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Section B - Procurement Operating Framework

8. Principles of Procurement

All procurement wherever undertaken in the Council will follow the following guiding principles: -

- 8.1. The Council will ensure compliance with EU legislation, the National Regulations, Council's Contract procurement rules and Financial Regulations. Officers must be fully conversant with these before undertaking any procurement exercise or otherwise seek appropriate advice.
- 8.2. The Council believes in a procurement process that demonstrates openness, transparency, propriety, probity, fairness and consistency to all providers. Suppliers and service providers will be paid in a timely manner, in line with the Council's corporate performance measures
- 8.3. The Council will take a long-term view regarding the procurement of its requirements, including the potential for innovative funding, as well as the management and balance of risk.
- 8.4. Effective risk management will be applied at every stage of the procurement process.
- 8.5. The procurement team will continue to evaluate and improve current procurement practices, in order to achieve better value for money and ensure customer/client needs are met.
- 8.6. Procurement will be based on a partnering approach in which the Council and its partners will seek to gain mutual advantage through longer term, continually improving relationships.
- 8.7. In promoting the council partnership branding, procurement officers will ensure that Harrow Council's identify is represented appropriately and strategic partners are in agreement to the council's branding requirements at the very offset of a contract.
- 8.8. The Council will foster relationships with the Third Sector and Social Enterprises to build capacity and remove barriers.
- 8.9. Procurement officers will seek to develop packaging solutions for contracts, which consider the most attractive and cost efficient way of presenting service and supply requirements.
- 8.10. Where the decision is taken that the best value option is to aggregate supplies or services, or where a framework agreement is decided upon, bidders will be invited to demonstrate their track record in achieving value for money through effective use of their supply chain.

- 8.11. Accountability and responsibility are key elements in a procurement process. All council officers must recognise their responsibilities before embarking on a procurement process.
- 8.12. Where appropriate, the Council will seek to work with relevant consortia to procure its requirements, in order to widen the scope of its experience, maximise purchasing power and harness any economies of scale which may be achievable.
- 8.13. The Council will use its position and procurement power to influence and stimulate the marketplace concerning capacity, the latest innovative methodologies and funding opportunities.
- 8.14. The Council will require its suppliers, contractors and partners to actively listen to their customers and potential customers when making decisions that will affect them and to adopt standards for consulting which are equal to the council's own consultation standards. The Council will require all its suppliers, contractors and partners to adopt a customer care approach at least equal to and compatible with the Council's own policy in this area.
- 8.15. All Harrow officers will ensure that all procurement activity undertaken will consider the principles laid out in Harrow's sustainable procurement guide Appendix A.

9. Balancing quality and cost

- 9.1. The implementation of this strategy will ensure that value for money is being achieved in relation to the substantial expenditure on the purchase of goods and services.
- 9.2. It is important to consider the optimum combination of whole life cost and quality (or fitness for purpose) to meet the user's requirement. Whole life costs can be defined as the total resources required for putting together, equipping, maintaining and operating a purchase such as a piece of equipment, vehicle or building. It is made up of the costs to develop, acquire, own, operate and preferably re-deploy or less preferably dispose of the equipment or property when no longer required for the purpose for which it was purchased.

10. Environmental & Sustainability Improvements

- 10.1. The environmental impacts of procuring goods and services are deep and wide ranging. The key principles to consider are "reduce, reuse, recycle and rethink" – including thinking about whole life costs, where consideration to be given to the method of disposal minimising any impact on the environment and society.
- 10.2. Sustainable development means that economic growth, social cohesion and environmental protection must go hand in hand. The Government's National Procurement Strategy requires every Council to build sustainability into its

procurement strategy, processes and contracts. Sustainability lies at the heart of the council's corporate plan. In line with this, it is important to acknowledge that the procurement framework and the need to achieve the government's sustainability objectives are compatible.

- 10.3. In order to embed sustainability across the Council, Harrow, as part of this strategy, developed a step by step guide on Sustainable procurement – Appendix A. The council has also signed up to the Mayors Green Procurement Code, which is being delivered by London Remade. Annual audits by London Remade are carried out to measure the progress.
- 10.4. The early consideration of green issues with an emphasis on whole life costings may result in a differing requirement providing better value for money. Invitations to Tender and Pre Qualification Questionnaires should include a requirement for potential suppliers to identify the environmental impacts of their organisations products and how they propose to minimise them. This will allow a wider consideration of the issues during the evaluation of tenders and may result in new ideas.
- 10.5. Wider costs (e.g. long term pollution on local communities) should be considered at the specification of requirements stage. In addition, whole-life costs provides the means of determining if it is cost effective to invest in a more expensive product initially to reduce costs in the long run. The environmental impact in each stage of a product or service's lifecycle needs to be taken into account.
- 10.6. The business case in each procurement project must address sustainability issues and identify whether there is scope to improve the environmental, economic and social impacts of the proposed contract.
- 10.7. The Council must work with its supply chain to continually seek improvements and to address ethical issues, for example, adopting the use of Fair Trade products and supporting local suppliers.

11. Positive impact on local and third sector suppliers

- 11.1. Procurement legislation limits the Council's ability to favor local businesses, but there are numerous ways in which it can legitimately support local businesses, including:
- 11.2. Working with the national Small Business Concordat and in implementing Glover recommendations, a series of commitments that aim to increase the local regeneration impacts of procurement decisions, including promoting the use of the Councils website to advertise tenders.
- 11.3. Packaging contracts in a manner, where possible, that does not preclude the following from tendering:
 - Local and regional companies
 - Small and medium sized enterprises
 - Newly formed businesses

- The voluntary and community sector
- 11.4. When the Council prepares to re-tender major contracts, the potential impact upon local suppliers must be identified as part of the process. Based on this analysis it may be appropriate to work with (small) suppliers to see how they might be supported to submit collaborative tenders. This will normally be considered on a case by case basis.
 - 11.5. An area which the Council wishes to develop further is to encourage tenderers for large contracts to work with the local supply chain to increase the local economic impact of the contract.
 - 11.6. Procurement plays a vital role in promoting the social and economic wellbeing by improving access to public contracts and supporting the local economy, SME's and voluntary organisations. Harrow managers, when procuring low value goods and services should create competitiveness in the market. The Council is promoting the Government's "Accelerating SME's economic engine through transparent, simple and strategic procurement"² reviewed and simplified its procurement process to offer open fair access to public contracts by advertising on supply2gov and the Harrow Council website. Individual managers must use the Shop Local guidance notes – Appendix B and identify suppliers from the Business Directory to procure low value low risk goods and services.

12. Dissemination and Sharing best practice

- 12.1. The procurement team effectively monitors the expenditure data extracted from SAP business warehouse reporting. An in-depth analysis of the Council's spend data such as volume, frequency, types of spend, supply method, supplier base and partnership developments determines the key elements for future planning.
- 12.2. Periodical data cleansing and validation is required to ensure data quality standards are maintained and are accurate.
- 12.3. The analysed information continues to identify opportunities for improvement, aggregate expenditure to achieve economies of scale and provide information on suppliers that can be shared across the Council and regional authorities.
- 12.4. 32 London authorities have shared their spend data with Capital Ambition (London Centre of Excellence) to enhance collaboration and benefit from economies of scale and supplier relationship.
- 12.5. The West London Alliance procurement group has a four year Business Plan that uses the Capital Ambition cumulative spends to influence and develop the market.

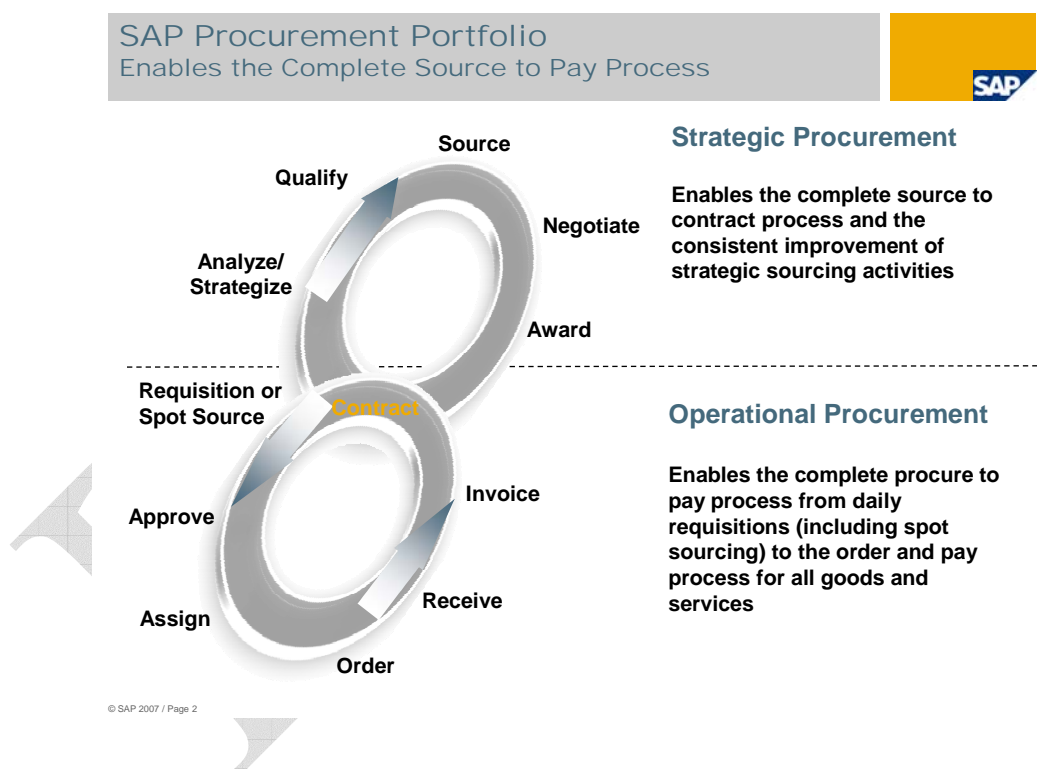
² http://www.hm-treasury.gov.uk/d/pbr08_economicengine_2390.pdf

13. Consortia and Joint Negotiations

- 13.1. The opportunities identified within this strategy become more powerful when shared with other local authorities, agencies and private sector partners to identify areas of common interest. There are many opportunities (e.g. via the West London Alliance, Capital Ambition or similar forums) to join together to share expertise, realise administrative efficiencies and economies of scale for mutual benefit.

14. e- Sourcing

- 14.1. Under the Local e-Gov agenda, the Council has embedded the operational procurement P2P process through SAP, and there is a need now to develop the strategic procurement function by utilizing the bidding engine and SUS functionality to achieve a Source to Pay, an automate processes wherever possible to ensure effectiveness in procurement. The diagram provides an overview of the processes.



15. Effective partnerships with suppliers and service providers

- 15.1. Partnership is more about the approach undertaken than a specific method of procurement. The Council is committed to working with public, private and voluntary sector organisations to develop co-operative procurement arrangements and develop supplier effectiveness. Exploring further opportunities to work in partnership with the PCT, Police and voluntary sectors to achieve benefits from sharing resources, skills and expertise will evidence this commitment. The Council has already engaged in strategic long-term

partnerships with Capita (Business Transformation Project) Kier and Enterprise Mouchel Parkman (Public Realm Infrastructure) amongst others.

- 15.2. Partnership is a term widely used both within the public and private sectors but has no commonly agreed definition. The aim of a partnership is for clients and service providers to work together to achieve best value for all parties by adopting a flexible and motivated approach unrestrained by artificial barriers and in a non- confrontational manner.

16. Supplier management and Contract Management

- 16.1. Effective supplier management is key to procurement's effectiveness. The council is committed to managing its suppliers to ensure that they meet their contractual obligations. The level of management will depend on the criticality and dependability of that supplier. The following categories of supplier will be subject to more active contract management
- 16.2. Strategic Suppliers – Relationships with strategic suppliers will be managed at a senior director level within the authority with an aim to operate in partnership for mutual benefits, whilst maintaining tight contractual control over what is to be delivered. In the management of strategic partnerships, these suppliers will participate actively with the council in meeting its objectives.
- 16.3. Reputation critical risk suppliers – Suppliers who deliver services which have a direct effect on the council's reputation (because they are safety-critical, or because they have the potential to seriously inconvenience the public). They include care providers, transport providers, providers of children's services and highways and construction providers. The council will put in place plans for monitoring these contracts.
- 16.4. Business critical suppliers – Suppliers on whom the council is dependent for delivery of its critical services. They include suppliers of fuel, utilities, accounting services etc. These contracts are critical to business continuity. Management of these supplier relationships is critical.
- 16.5. Project suppliers – Suppliers who are responsible for delivering particular projects – such as consultants. They will be actively managed by the responsible project sponsor to ensure that they deliver both value for money and the required outcome.
- 16.6. Procurement team have implemented a supplier relationship toolkit which outlines the objectives of Supplier Relationship management to be:
- Reduction in costs
 - Service Improvement
 - Solution development
 - Flexibility and mutual benefits

With robust supplier relationship strategy the council can achieve the following outcomes:

- Reduced joint costs
- Identification of wider supply chain issues
- Opportunities to integrate operations
- Ongoing benchmarking to ensure competitiveness
- Potential for open book accounting arrangements

17. Proactive Project & Programme Planning / Implementation

- 17.1. Procurement undertaken needs to be managed to formal project and programme management principles, based on MSP and Prince2 methodology, with its responsibilities clearly outlined. Project plans must be in place with clear set targets, milestones, timescales and resources required for successful completion. This applies not only to tendering processes but also to the performance of the contract once in place to ensure the desired outcomes are achieved and the Council's objectives met. Appropriate training should be given to key employees undertaking this work to ensure that the relevant project management skills are in place.

18. Annual Procurement forward Plan

- 18.1. It is necessary to ensure that an Annual Procurement forward Plan of strategic procurement reviews is developed to provide a framework for the realisation of benefits from implementation. This annual forward plan must form a part of the Service Delivery Plan. This requirement is in line with the EU requirements for an online buyer profile – including a procurement plan and a selling to the Council guide to be published on the Council's website.
- 18.2. A proposed Procurement Forward Plan must be developed to ensure that the authority maximises the opportunities for procurement revenue savings in the next three years. Each of these must be project managed to assure a robust approach that challenges the status quo, through an options appraisal offering better quality for less. Planned savings will be entered into a savings measurement report presented to the Efficiency board.
- 18.3. The Procurement Forward Plan is driven by a number of triggers that may stimulate the inception of a procurement project. The Procurement Team will work with directors to review the opportunities around service reviews. These are depicted in the diagram below:-



19. Better risk management

19.1. Applying Risk Assessment Principles

All procurement should be subject at an early stage to the identification, quantification and subsequent management of risk, so that risk is retained or transferred to the party who can manage the risk most effectively. This analysis should be completed in line with the Council's Risk Management Policy and Strategy.

19.2. Examples of the type of risk that may need to be considered include:

- financial risk
- risk of service failure
- risk of customer dissatisfaction
- risk of poor service delivery
- risk of being locked to one provider
- risk of difficult or costly relationship management
- risk of permanent loss to access to skilled resources or assets

20. Health and Safety

20.1. As part of the risk assessment carried out, Health and Safety considerations must be included. This relates both to ensuring the Council's Health and Safety policies and procedures are met, particularly in the supply of services and also ensuring that items purchased meet appropriate Health and Safety requirements/standards.

21. Diversity in its suppliers

- 21.1. The Race Relations (Amendment) Act 2000 gives public authorities a statutory duty to promote race equality. There is a legal requirement to have due regard to the need to eliminate unlawful racial discrimination and to promote equality of opportunity between people of all race groups.
- 21.2. Harrow Council is committed to equality and diversity in all its activities, encouraging a diverse and competitive supply market, including small firms, social enterprises, ethnic minority businesses and voluntary and community sector suppliers. Any contractor / organisation working for and on behalf of the Council, or any organisation receiving grants from the Council, should demonstrate its compliance with all current legislation and support the achievement of the Equalities Standards the Council is working towards.
- 21.3. More transparency regarding the consideration of equality and diversity is required at each stage of the procurement process, enabling the Council to give constructive feedback on each project phase in order to demonstrate commitment to the standards the Council is working towards.
- 21.4. The legislation listed below, which is incorporated in the Council Policy and Procedures is not exhaustive but includes:
- Disability Discrimination Act 1995
 - Disability Discrimination Act 2005
 - Employment Equality (Age) Regulations 2006
 - Employment Equality (Religion or Belief) Regulations 2003
 - Employment Equality (Sexual Orientation) Regulations 2003
 - Equality Act 2008
 - Equal Pay Act 1970
 - Human Rights Act 1998
 - Race Relations Act 1976
 - Race Relations (Amendment) Act 2000
 - Sex Discrimination Act 1975
 - Special Educational Needs and Disability Act 2001

22. Review

- 22.1. This Procurement Strategy will be reviewed annually to:
- monitor the progress on the actions identified
 - update the Strategy as building blocks are put in place to set new performance targets
- 22.2. This will involve periodic performance reports to the Council's Corporate Management Team, Portfolio Holder and Cabinet.

APPENDIX A - HARROW'S SUSTAINABLE PROCUREMENT GUIDE

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1. Introduction

What is Sustainability?

“Sustainable Development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs”

Gro Harlem Brundtland, “Our Common Future”, March 1987

The key values of sustainability are universal responsibility, interconnectedness and the health and wellness of not just people, but our culture and our planet. Sustainable development is underpinned by three pillars, Environmental, Economic, Social development.

What is ‘sustainable procurement’?

Harrow Council encourages sustainability within all procurement procedures to ensure that the goods and services the Council provides achieve best value without having a negative impact on the future generations. The Government’s national action plan “Procuring the Future” defines sustainable procurement as:

“Sustainable Procurement is a process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy, whilst minimising damage to the environment.

Sustainable Procurement should consider the environmental, social and economic consequences of: Design; non-renewable material use; manufacture and production methods; logistics; service delivery; use; operation; maintenance; reuse; recycling options; disposal; and suppliers’ capabilities to address these consequences throughout the supply chain. “

Procuring the Future, June 2006

Sustainable procurement is commonly associated with environmental impact which is limited in its outlook; instead one should have a much wider focus that recognises the importance of all three aspects. In particular, buyers should focus on the following aspects of **social**, **economic** and **environmental** sustainability:

London Borough of Harrow is committed to support environmental issues in accordance with the Government’s Framework for Sustainable Development, *Securing the Future*, which can be found at the following website:³ www.sustainable-development.gov.uk

There are now many recycled content materials and environmentally responsible products (water saving, energy saving and responsible sourced), which are fit for purpose, available at affordable prices and can help achieve the council’s visions. However there are still many barriers to the purchasing of green alternatives. Common examples include perceptions and beliefs about the quality of green

³ <http://www.defra.gov.uk/sustainable/government/publications/uk-strategy/>

products, procurement legislation and a lack of requisite knowledge and skills to effectively consider environmental criteria in purchasing.

This guide aims to explain what sustainable procurement is and its importance. It also provides practical guidance on how to buy green (these are products or services with a low adverse environmental impact) or how to “green” procurement (ensuring that procedures support corporate and national environmental policy and objectives by considering environmental criteria)

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2. Harrow Council's Vision – Corporate Priorities

Harrow Council is committed to environmental sustainability, social responsibility and economic development. This vision is outlined in a number of key policy documents and procurement is instrumental in achieving the Council's corporate priorities:

Harrow Council's Vision

"To be recognised as one of the best London Councils by **2012**, in a borough that is **cosmopolitan, confident** and **cohesive**. ...

Harrow's Corporate Priorities

- Better Streets
- Improve Support for Vulnerable people
- Build Stronger Communities

The Corporate Procurement Strategy

This document ties in with the Council's Procurement Strategy

"The environmental impacts of procuring goods and services are deep and wide ranging. The key principles to consider are "reduce, reuse, recycle and rethink" – including thinking about whole life costs (noting in particular the cost of disposal". "

Influence suppliers and service providers to reduce their environmental impact and to provide goods that have been traded fairly and safely. This may involve working with suppliers to reduce the environmental impact of their services and products, together with others in their supply chain. This can be mutually beneficial to both parties."

Additionally, it commits the Council to using whole life costs and benefits analysis as part of the award criteria for contracts.

Harrow Council has signed up to the Mayor of London's Green Procurement Code and adopts a climate change strategy for the Council. (Please refer to the attached document

3. Key Drivers of Sustainability

Social responsibility

- Employment conditions – levels of pay, including minimum acceptable levels of pay, working hours, treatment of employees under 18 years, freedom of association, use of bonded labour, protection from harassment, written contracts of employment
- Ethical supply including fair trade
- Health and Safety – use of standards and policies affecting health and safety in the work environment, safety at work, the training & protection of employees, the health and well being of customers or other stakeholders
- Discrimination – equality, absence of bias in terms of age, religious belief, sexual orientation, gender, race or disability
- Local community and cultural identity
- Credit Crunch - Local business, SME's, BME's, Voluntary and Community Sectors
- Skills and Training – the skills agenda - literacy, language and numeracy

Economic responsibility

- Ethical practices – personal conduct, conflict of interests, disclosure of sensitive or confidential information, misrepresentation, payment of incentives or inducements, giving or receipt of gifts or hospitality
- Legal compliance – the law, fulfilling contractual obligations
- Abuse of power – dominance of relationships, potential distortion of the market or competition
- Competitiveness – collusion, diminution of free/fair competition, free access to markets
- Economic development & Local Economy – benefits of local spending and wealth generation. Encouraging Training, education and employment
- Supplier Diversity – actions affecting diversity in the market, explicit or implicit bias against particular types or size of enterprise - for example Social Enterprises, Small to Medium Sized Enterprises (SME's) or Minority Owned Businesses
- Fair dealing – responsible behaviour, meeting obligations e.g. payment terms

Environmental responsibility

- Waste reduction, reuse and recycling.
- Climate change & pollution – CO₂, other emissions (including noise and light), waste products, energy use, the impact of DNA modified species on the natural environment, loss of natural habitat or eco-systems
- Use or production of dangerous or hazardous substances and minimum use of pesticides
- Vehicle emissions and transport.
- Depletion of resources including water and energy. e.g. chemicals derived from oil, resources that are used faster than the natural process of replenishment.(illegally logged timber and tropical hardwood deforestation),

- Bio diversity, the depletion of species either directly or through loss of habitat
- Animal Welfare – treatment, transport and use of animals, DNA modification and animal testing.

National context

There is a clear message from Central government on the importance of sustainable procurement. In the 2005 UK Sustainable Development Strategy, the government set out its aim for this country to become a leader within the EU on sustainable procurement by 2009 ('Securing the Future': March 2005, DEFRA).

The importance of sustainable procurement is also reflected in the way Local Authorities will be assessed in the future. From 2009, the Council's performance will be measured by the new Comprehensive Area Assessment (CAA). There will be 190 National Indicators for assessing performance, which will include indicators relating to environmental sustainability, for example:

- CO reduction from local authorities operations
- Planning to adapt to Climate Change
- Per capita reduction in CO emissions in the LA area
- Municipal waste landfill
- Level of air quality – reduction in NO₂ and primary PM10 emissions through local authority's estate and operations

Further to this, a key component of the CAA will be the Use of Resources judgement. To assess this there will be 10 Key Lines of Enquiry (KLOE) to be followed, including: *'The organisation commissions and procures quality services, tailored to local needs, to deliver sustainable outcomes and value for money'*.

Here, the economic and social aspects of sustainability are also taken into account of, as evidence will be required that the local authority in achieving long term savings *'evaluates different options (external and internal) for providing goods and services and chooses the best option for meeting the need, wider social, economic and environmental objectives, and providing good value for money'*.

Therefore, it is essential that sustainability considerations are included in all of its contracts and that these issues play a significant role in both the tender process and subsequent contract management.

The Council still needs to make 3% cashable efficiency savings each year for the next three years, however, the two aims of sustainability and making financial savings are not incompatible. The sustainable option might not be the cheapest option initially but if the whole of life costs are calculated and resources managed more efficiently the result could well be long-term savings.

Local context

Sustainable Procurement will help to achieve the objectives of the Council's Environmental and Community Strategies. For example, the Council's aim to improve the employment prospects of residents can be achieved by inserting local labour and training clauses into construction and maintenance contracts.

*Accelerating the SME economic engine: through transparent simple and strategic procurement –November 2008*⁴ The Glover report recommends improving SME participation in public contracts through simplified procurement opportunities that are fair, equal, open and transparent process.

The Council has recently signed up to the Local Authority Carbon Management Project; sustainable procurement can support the aims of this project by encouraging suppliers to be more innovative in the reduction of their carbon emissions.

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⁴ http://www.ogc.gov.uk/documents/Accelerating_the_SME_Economic_Engine.pdf

4. Embedding sustainability within procurement processes

As procurement professionals one has to be aware that all public procurement of products, goods and services, including works must be based on value for money, its whole life costs being all aspects of cost including purchase price, running and disposal costs.

Stage 1: Identifying the requirement and challenging the decision to buy

Sustainability task: *Analyse and challenge the need to buy; establish how important sustainability issues are in relation to the service being procured; where they are important, establish whether there are any specific and significant sustainability issues that should inform the procurement.*

Sustainability should be taken into account in any procurement exercise. The first step in planning the procurement should be to analyse the need and challenge it by considering the following questions:

- Is the procurement of the goods or services essential?
- What would prevent the need for the goods or services?
- Can existing assets be refurbished or repaired instead of buying new ones?
- Does the capability to deliver the service or provide the goods already exist elsewhere within the council?
- If the goods are disposable, what re-usable alternatives exist?
- Could smaller quantities of goods/smaller scale services be procured without affecting the quality of the end product/service?
- Can the product/service be specified to serve a useful purpose after its initial use?
- Is it possible to use goods or services already procured (another department may already have this in place)
- Is it possible to purchase refurbished or recycled/reused goods instead of purchasing new without affecting the quality of the end product/service?

Considering these issues should help to determine whether the purchase is really necessary, thus potentially saving money and avoiding the waste of resources.

Once you have established that the procurement is essential, you should carry out a **Sustainability Impact Assessment**⁵ (SIA) to assess what sustainability issues the procurement will impact upon and the extent of these impacts.

A toolkit has been produced by London Centre of Excellence – ‘Building Sustainability into Tendering’ to highlight sustainability issues that will be most affected by the

⁵ http://ec.europa.eu/sustainable/welcome/index_en.htm

procurement by doing a risk assessment and steps to mitigate the negative impacts or enhance the positive impacts can be taken ⁶.

The results of this assessment should inform your decision as to how sustainability should be included in the specification and evaluation of the tenders. Opportunities for providing the service or product differently from current arrangements to make it more sustainable should also be considered in light of the results.

Stage 2: Identifying the market and packaging the contract

Sustainability task: *Where appropriate, the buyer should consider how to encourage Small and Medium-Sized Enterprises (SMEs) and Voluntary & Community Sector Organisations (VCSOs) to tender. The feasibility of reserving the contract for sheltered workshops should also be considered.*

Aggregating spend and cashing in on economies of scales are commonly fundamental to procurement, but SME's and Voluntary & Community Sector have lower overheads and shorter management chains so can respond quickly to changing requirements offering a personalised service, your custom is more important to them than to larger organisations and they are more willing to tailor a product or provide specialist products. In research conducted by the EU, smaller UK companies rank above larger UK companies in league tables of innovation.⁷

One of the major barriers for SMEs and VCSOs wanting to tender for the Council's contracts is the value of a contract. SMEs and VCSOs do not have the resources to be able to take on a high value contract and are therefore disadvantaged by authorities tending towards letting fewer, higher value contracts to rationalise their supply base.

Buyers should therefore consider how their contracts are packaged. If contracts are divided up into lots it is more likely that smaller organisations would be able to tender. The EU rules should be observed carefully on this point: spend on a particular commodity or service across an organisation **must** be aggregated into one contract; however this is a valid option provided all lots are included in the total contract sum and the EU regulations followed if the total value is above the thresholds. This advice comes with the caveat that Buyers must still be aiming for financial savings and the benefits gained from dividing a contract into lots to make it accessible to SMEs and VCSOs must be balanced against the savings that could be made through the economies of scale if the contract were to be awarded to just one supplier. Therefore the decisions around packaging a contract must be made on a case by case basis.

Local economy: Supporting local economy can provide community benefits including helping to provide employment, reduced carbon footprint, reduced crime and a vibrant community with a local identity. In the current financial crisis Harrow procurement is instrumental in supporting this by revising the Council contract procurement rules to

⁶ <http://www.lcpe.gov.uk/Library/Sustainable/Sustainable%20Procurement%20Toolkit%20draft.pdf>

⁷ OGC: 'Smaller supplier... better value?' pg 6

offer low value low risk purchases directly to the local market. Buyers can procure goods and services for the value of £5000, directly from a local supplier, for further information see 'Shop local' guidance notes⁸.

Consideration should also be given as to whether a contract could be 'reserved' for sheltered workshops as allowed in the EU rules. This means that only supported factories and businesses with over 50% of their workforce registered as disabled are allowed to tender for the contracts. Reserving contracts helps to open up the marketplace to those with disabilities and therefore encourages the breakdown of barriers to employment for those who might otherwise be unable to work. To reserve a contract the advert must state that 'this contract is reserved for sheltered workshops under Article 19 of the Directive'.⁹

Stage 3: Specification

Sustainability task: *Where sustainability is a significant issue for the service being procured, specify sustainability requirements, as far as possible as a set of outcomes or performance targets; and include environmental and community benefits clauses.*

The specification should reflect the sustainability priorities identified in the impact assessment.

A process or attribute specification allows the buyer to specify the exact attributes of the product or service that is needed and the way in which it is manufactured or delivered. Tools to help with building up these specifications with an emphasis on the importance of sustainability issues include the use of model specifications and accreditation marks as described below.

A performance specification is another way of specifying sustainability requirements. Such specifications describe the end product, without specifying the processes along the way, for example, a new school might have a performance specification requiring that the building is rated Excellent in the BREEAM environmental assessment, but will not indicate exactly how this should be achieved. This allows contractors to be more innovative in their solutions and the Council benefits from the contractor's experience and knowledge.

Clearly written invitations to tender and specifications are vital so that SMEs/VCSs with little or no experience of tendering for local authority contracts are able to understand the requirements in full.

Eco-labels and Certification Marks

Another tool that can be used to put together specifications that support sustainability aims is the use of certification marks that guarantee that certain environmental or social standards are met in the full life-cycle of the product. The advice from the EU on the use of such labels is that 'contracting authorities cannot require that purchased products/services bear the eco-label as such. They can, however, request that

⁸ Please refer to reference document (i)

⁹ OGC Guidance: Supported Factories and Business

products comply with underlying technical specifications, and then recognise the label as one possible (not exclusive) way for the bidder to prove compliance of its bid with the said specifications'.¹⁰

Although there are many different certification marks available, caution should be exercised as not all are independently verified and some have more rigorous standards than others. However, the following are well-known and respected:

- **General Environmental Marks:**
 - The EU's Eco-label 'The Flower' (Europe-wide)
 - The Nordic Swan (Scandinavian)
 - The Blue Angel (German)
- **Energy:**
 - EU Energy Labels
 - Energy Saving Recommended (The Energy Saving Trust)
 - Energy Star
- **Food:**
 - Soil Association Organic Standard
 - LEAF Marque
 - Public Sector Food Procurement Initiative
- **Recycling:**
 - Mobius Loop: Indicates that a product can be recycled if the facilities are available. If a percentage is shown in the label then it indicates the percentage of recycled material used to make the product
- **Timber Products:**
 - FSC: Forest Stewardship Council
 - PEFC: The Programme for the Endorsement of Forest Certification
- **Socially responsible:**
 - Fairtrade Mark
 - Rainforest Alliance ,
- **Carbon footprint:**
 - Carbon Reduction Label: A brand new label from the Carbon Trust that indicates the carbon footprint of a product or service over its lifetime as a total amount of CO₂ and other greenhouse gases. Organisations that commit to the label have to reduce the carbon footprint of their products continually over a two-year period or the label is withdrawn. For more information see the website www.carbon-label.co.uk.

To comply with EU regulations when using an eco-label, the specification must state that, for example, the product must have the EU Eco-label guarantee **or equivalent**. Gaining eco-label accreditation can be expensive and the cost might be prohibitive to SMEs; therefore specifying eco-labelled products is not only against EU rules but also goes against the principle of sustainability that a more diverse marketplace should be

¹⁰ http://ec.europa.eu/environment/gpp/gpp_and_eco_labels_en.htm

encouraged. More guidance on how to use ECO labels in specification can be found on the European Commission's Green Public Procurement Toolkit¹¹

Model Specifications

To assist with the sustainable procurement of commonly-purchased goods (e.g. PCs, photocopiers, central heating systems), OGC Buying Solutions has produced a list of minimum environmental standards and best practice standards relating to, for example, energy consumption, recycled content and biodegradability¹² (Buy Sustainable – Quick Wins)

They can simply be copied and used to build up specifications for Quick Wins on everyday items.

For building materials, the Building Research Establishment Ltd (BRE), publishes the 'Green Guide to Specification' which assesses the lifetime environmental impacts of building materials and provides generic specifications¹³.

For procurement of timber and wood derived products CPET (Defra's Central point of expertise on timber procurement) has developed a set of specifications see *Timber Procurement Advice Note (April 2009) Annex B and C* on CPET's¹⁴ website.

CPET's website provides detailed information and advice on how public sector buyers and their suppliers can meet the UK Government's timber procurement policy requirements in practice. In addition, background information is available on how these practical solutions were developed, including the types of evidence that demonstrate legality and sustainability and the criteria for evaluating such evidence.

Contract Clauses

There is scope for achieving sustainability objectives through the contract terms and conditions, although again there are legal restrictions that need to be taken into consideration. Conditions for the benefit of the environment, economy or community must be **relevant to the subject matter of the contract, must not favour the local community** (for example, recruitment might be targeted at the long-term unemployed but the particular locality of the unemployed people must not be specified), and **must not be disguised award criteria**. If you have any doubt whether a clause is permissible, you should contact Legal Services for further advice.

Contract clauses for sustainable issues should therefore be considered on a contract by contract basis.

However, in some of the Council's standard terms and conditions there are clauses setting out environmental requirements for the contract. Standard terms and

¹¹ http://ec.europa.eu/environment/gpp/pdf/toolkit/module1_factsheet ecolabels.pdf

¹¹ <http://www.sustainable-development.gov.uk/publications/pdf/QuickWins2007vr3.pdf>

¹² http://ec.europa.eu/environment/gpp/pdf/toolkit/module1_factsheet ecolabels.pdf

¹² <http://www.sustainable-development.gov.uk/publications/pdf/QuickWins2007vr3.pdf>

¹³ www.thegreenguide.org.uk

¹⁴ <http://www.proforest.net/cpet/uk-government-timber-procurement-policy/change>

conditions can be found on the Procurement intranet page but they must be customised to the relevant contract by the Council's Legal services.

Where relevant to the subject of the contract, community benefit clauses may also be inserted. Examples of these can be found in Appendix 2; although, again, Legal Services **must** be consulted as to whether these can be used to avoid any potential legal challenges.

Key Performance Indicators

In order to allow monitoring of the contract once it has been let, it is important to include key performance indicators (KPIs) in the tender documentation. These should include some that are related to sustainability issues, for example:

- Measuring the percentage of waste that is recycled
- Measuring energy consumption
- Measuring water consumption
- Measuring initiatives for improving biodiversity (implementation of green roofs, use of wildlife enhancing planting schemes)
- Measuring reduction in transport emissions
- Measuring use of sustainable sourced materials such as timber
- Measuring the uptake of targeted training and recruitment schemes
- Measuring expenditure on sustainability training per employee

As with all KPIs, they must be specific to the contract, easily measurable and realistically achievable. Targets should be set each year to measure the improvement in performance over the life of the contract.

Stage 4: Drafting the OJEU Notice/Advertisement

Sustainability task: *Where sustainability is a significant issue for the service being procured, include relevant sustainability information in all adverts.*

If sustainability requirements are to be included in the tender evaluation criteria, the advertisement or notice must indicate that this will be the case and list social and environmental performance within the evaluation criteria, for example:

"Under this [procurement/project] the [contractor/developer] will be required to support the authority's economic and social objectives. Accordingly, contract performance conditions may relate in particular to social and environmental considerations."¹⁵

Advertisements and notices should give basic information on sustainability requirements and should indicate the kind of evidence you will be looking for in the pre-qualification questionnaire.

¹⁵ See 'Community Benefits in Public Procurement' Scottish Government

Stage 5: Pre – Qualification – Selecting Tenderers

Sustainability task: *Where sustainability is a significant issue for the service being procured, include suitable questions in the pre-qualification questionnaire*

Standard questions for inclusion in the pre-qualification questionnaire are in Appendix. However, as with contract clauses, these should not be applied in blanket fashion as they must be relevant to the subject of the contract under the EU regulations. Buyers should also be aware that any factors used to assess tenderers at pre-qualification stage are not permitted to be used again at a later stage in the evaluation process.

In general, the following can be asked for at pre-qualification stage:

Details of Sustainability Policies/Management Systems

Evidence of sustainability policies can be requested, to ensure that the tenderer has policies in place that are of a similar (or even higher) standard to those of the Council's Environment and Community Strategies. As a contractor acts as a representative of the Council it is important that it keeps up with the high standards set by the Council.

Accreditation schemes exist that certify that an organisation has high quality environmental management systems and social policies in place, such as the ISO 14001, which sets the standards for environmental management systems, and the ETI Base Code, which sets out principles for ethical business practices such as requiring that employees are paid a 'Living Wage'.

However, to specify that tenderers must have a particular accreditation would be against EU procurement rules as this would restrict the number of eligible organisations. Instead it is permissible to specify that tenderers must have policies that are of an equivalent standard.

Details of any legal judgements made against the tenderer

Tenderers may be disqualified from further participation in the tender process if they have been found guilty of an offence. With particular regard to sustainability issues, they could be excluded under laws relating to:

- the environment, for example the Environment Act 1995, Environmental Protection Act 1990
- equalities and diversity (see Annex F of the Equalities and Diversity guidelines in the Procurement Code of Practice ¹⁶)
- employment and workers' rights. Organisations that have contravened the International Labour Organisation's Conventions on workers' rights and have been convicted under the laws of their country of operation can be disqualified

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<http://teamareas/corporateservices/finance/Procurement/Final%20draft%20of%20procurement%20guidelines%20May%202007.doc>

Details of previous relevant experience and qualifications

Tenderers should be asked to provide details of work or services they have carried out in the past that have involved similar sustainability issues. These should be verified by appropriate referees.

Evidence of qualifications should also be requested where the works involve specialist skills in relation to sustainability. For example, if a consultant was commissioned on a regeneration project, evidence that they had appropriate knowledge of regeneration issues through formal academic training as well as practical experience would be expected.

Stage 6 – Invitation to Tender

Sustainability task: *Include suitable information to help suppliers to understand the sustainability issues that need to be addressed. Request written method statements from tenderers to demonstrate proposals for contributing to sustainability objectives*

You will want to provide potential suppliers with the information they need to understand the sustainability issues in the borough in general, and in relation to the specific service being tendered. The invitation to tender should therefore include:

- The Environment Strategy including the Climate Change Strategy; Harrow Sustainable Community Strategy¹⁸ and any other relevant strategies that are forthcoming.
- Facts about the borough that is relevant to the contract.
- Details of the current provision of service in question, including any information relating to monitoring, consultation, or other assessment relating to its impact on the promotion of sustainability.
- Based on your review of current provision, what you see as the key challenges to improving sustainability performance under the proposed contract.

As part of the invitation to tender, tenderers should be asked to produce written method statements, in which they can expand upon their proposals for the carrying out the contract. This should enable the tenderer to demonstrate their understanding of sustainability issues and explain in detail how they intend to approach them in the context of the particular contract. Tenderers could be asked to describe their response to typical scenarios that might occur during the running of the contract, for example:

On a building construction project, the building's insulation needs replacing – describe the processes you would go through to decide on the best replacement product and the environmental considerations involved.

¹⁷ http://www.ilo.org/dyn/natlex/natlex_browse.home?p_lang=en

¹⁸ Please refer to reference document 2 & 3

The method statements provided should enable the evaluator to decide which tenderer has the most pro-active and innovative approach to a range of issues, including sustainability.

Stage 7 – Tender evaluation – quality and price

Sustainability task: *Include evaluation criteria that incorporates sustainability issues to evaluate the quality of tenders; carry out whole of life costing to ensure that value for money is achieved.*

Evaluation Criteria

All contracts should be awarded to the Most Economically Advantageous Tender (MEAT). This must be stated, along with the relative weighting of each criterion, in the OJEU notice and the invitation to tender; otherwise the Council could be challenged if the contract is not awarded to the tenderer with the lowest price. Awarding the contract on the basis of MEAT will allow sustainability issues to form part of the evaluation criteria, providing certain rules are observed.

The criteria must be in line with EU regulations and must therefore:

- Be **relevant** to the subject of the contract
- Be **specific and objectively quantifiable**
- Represent an economic benefit to the authority
- Be **distinct** from the selection criteria

Whole Life Costing (WLC)

Whole Life Costing and/or Life Cycle Costing is an important part of evaluating tenders on their sustainability and ensuring that Value For Money (VFM) is achieved. When a WLC process is undertaken the economic benefits of sustainability to the Council can be realised.

WLC involves looking at a wider range of costs than simply comparing initial purchase costs. To analyse the WLC of a product or service, one must take into account as many of the following costs as applicable:

- production costs
- initial purchase cost
- transport costs
- installation costs
- cost of training staff to use the product or service
- maintenance and servicing costs
- energy consumption
- disposal and recycling costs
- replacement costs

As sustainable procurement encourages the use of longer-lasting, more energy efficient products, costs due to energy consumption, disposal costs and replacement

costs should be reduced, even if the initial purchase price is higher. As part of this process, you should also look at the savings that can be made elsewhere as a result of the purchase of a particular product or service; for example, there will be initial costs involved in purchasing a system that automatically switches off electronic equipment, but this would be offset in time against reduced electricity bills. Again, this might encourage the buyer to purchase a more expensive product that would generate longer term savings than a cheaper model that would only provide short-term benefits.

Stage 8: Contract Management and continuous improvement

Sustainability task: Monitor sustainability requirements and take action on any breaches.

The monitoring of compliance with sustainability requirements should form part of the overall monitoring of the contract. Where sustainability performance is inadequate invoke default provisions or warn the contractor that they may not be considered for future contracts.

5. Appendix 1 - Electronic tendering

The Council is currently exploring options to procure an e-tendering system in collaboration with the West London Alliance with a view to using it to let all Council contracts in the future. Using an e-tendering system should lead to efficiencies in terms of cost and officer time, as well as having a positive environmental impact. Currently the Council is piloting an online Pre Qualification Questionnaire which will simplify the tendering process and offer opportunities to SME's, voluntary and community sector.

The system would allow buyers to conduct the entire process electronically, with all invitations to tender and responses being submitted in soft copy. This should save time as officers will no longer need to manage the process of printing, copying, despatching and receiving hard copy documents in connection with a contract. Environmental benefits will be realised in that the tender process will no longer involve the use of large volumes of paper, ink, associated energy consumption and transportation, thereby reducing the carbon footprint of a contract.

For further information on how to let contracts electronically, please contact the Procurement Team.

6. Appendix 2 – Standard Contract Clauses

When drafting contract documentation, Buyers can refer to OGC's building sustainability into Tendering and can use the relevant standard clauses stated herewithin.

Environmental clauses:

The Contractor shall in providing the Service observe good environmental practice and shall comply with any relevant statutes, codes of practice, industry guidance, the Council's Environmental Policy and any amendments or modifications thereof.

The Contractor shall ensure in its performance of the Service that it uses where ever possible working methods, equipment, materials and consumables which minimise environmental damage.

OR

The Contractor shall, when working on the Council's Premises, perform the Agreement in accordance with the Council's environmental policy, which is to conserve energy, water, wood, paper and other resources, reduce waste and phase out the use of ozone depleting substances and minimise the release of greenhouse gases, volatile organic compounds and other substances damaging to health and the environment¹⁹

Social clauses:

Human Rights:

The Contractor acknowledges that it is unlawful to exercise functions deemed to be of a public nature which are incompatible with those rights contained in the European Convention of Human Rights Act 1998.

In providing the Service the Contractor shall throughout the Contract Period and at its own cost be subject to the same duty in respect of a Convention Right in the same way as if it were the Council.

The Contractor shall release and keep the Council indemnified on demand against all proceedings, claims demands, and all other liabilities whatsoever which may arise out of or are connected with a claim or action brought by any person against the Council under the Act whether arising out of or connected with the Contractors performance of the Service.

Except that the Contractor shall be under no obligation to indemnify the Council in respect of any actions or claims made against the Council under the Act that arise directly as a result of prior instructions given by the Council.²⁰

Child Labour:

The Contractor represents and warrants that neither it, its parent entities (if any), nor any of the Contractor's subsidiary or affiliated entities (if any) is engaged in any

¹⁹ OGC

practice inconsistent with the rights set forth in the Convention on the Rights of the Child, including Article 32 thereof, which, inter alia, requires that a child shall be protected from performing any work that is likely to be hazardous or to interfere with the child's education, or to be harmful to the child's health or physical, mental, spiritual, moral, or social development. The Contractor acknowledges and agrees that the provisions hereof constitute an essential term of the Contract and that any breach of this representation and warranty shall entitle the Council to terminate the Contract immediately upon notice to the Contractor, without any liability for termination charges or any other liability of any kind.²¹

Targeted Recruitment and Training:

The [Contractor/Developer] agrees to secure the creation of training opportunities in connection with the [Project] of a total of [number] training weeks in accordance with the [Service Delivery Plan/Method Statement for economic development activities].

The [Contractor/Developer] agrees to secure the creation of at least [number] employment opportunities in connection with the [Project] which are aimed specifically at [detail target group, for example, people who have been unemployed for at least 6 months (including people who first take advantage of training opportunities created under Clause X.1)] and use all reasonable endeavours to fill those posts with such persons.

The [Authority] undertakes to assist the [Contractor/ Developer] and their sub-contractors to provide training and employment opportunities by providing lists of agencies that can assist in the recruitment of suitable trainees/employees, and the identification of potential sub-contractors and suppliers. Any action taken by the Authority or their agents does not imply, and must not be deemed to imply any promise to provide suitable labour/ firms/agencies, and does not imply and must not be deemed to imply that any individuals/ firms/agency referred to the contractors or sub-contractors are suitable for engagement²²

Local businesses/SMEs:

The Service Provider shall also need to be mindful of the need to promote local business, and with due regard to cost, quality, and service levels should therefore seek to actively promote supply from second tier local vendors. This should not be to the long term detriment of prices, quality, or service levels, so the Service Provider may need to consider programmes to increase the capabilities of local vendors.

²¹ United Nations General Conditions of Contract for Contracts for Goods and Services

²² Scottish Government

7. Appendix 3 – Pre-Qualification Questions

Selection of the Question must be relevant to the contract.

Environmental

1. Does your company have a written environmental policy committing the organisation to a programme of improvement in the environment?²³
2. Does your organisation have a recognised environmental management system such as ISO14001, EMAS BS8555(for businesses and public bodies) or PQASSO (for voluntary organisations)?²⁴
3. Do you have written environmental procedures for staff on protecting the environment e.g. waste management, oil storage, emergency preparedness, business continuity, and could you provide examples if required?²⁵
4. Does your organisation set environmental performance targets and objectives?

If the answer is YES, please give examples of the targets and objectives and how these are monitored.²⁶
5. Has your company ever had legal action taken against it under environmental legislation, including prosecutions or notices served by the Environment Agency, local authorities or HM Inspectorate of Pollution?
6. If yes, are you able to demonstrate the steps you have taken in response to this legal action, to ensure you comply with environmental legislation?
7. Is your company in compliance with the Environmental Protection Act 1990, including relevant Regulations under the Act, relating to licensing and registration requirements?

If the answer is YES, please state the licence and/or registration number(s) and date of registration.²⁷

If the answer is NO, please state the reason:

8. Does the type of work for which you wish to be considered involve the production, storage, carrying or disposal of waste? ²⁸

If YES, please answer the following:

If you transport waste, has the Environment Agency issued you with a Waste Carriers Licence?

²³ London Borough of Croydon

²⁴ East Midlands Centre of Excellence

²⁵ London Borough of Croydon

²⁶ London Borough of Croydon

²⁷ 5,6 and 7: London Borough of Croydon

²⁸ EMCE

If you store waste, has the Environment Agency issued you with a Waste Management Licence? ²⁹

9. In the delivery of your services what positive steps have you taken to reduce (for example)?

- Energy consumption
- Water consumption
- air pollution (including vehicles)
- carbon emissions
- production of waste

Social and Economic

10. Is your company an SME (less than 50 employees), a social enterprise or sheltered workshop?

If No, have you worked with such organisations in the past?

Do you have any policies to encourage SMEs forming part of your supply chain?

11. Please give examples of your involvement in each of the following:

- generating employment and training opportunities for long-term unemployed people
- providing training opportunities
- the development of trade skills in your existing workforce

What was your exact involvement in each of these activities?

Which examples have been more successful and which less successful and why? ³⁰

12. Does your organisation have a written policy on ethical business practices covering the following:

- Freedom to choose employment
- Freedom of association and the right to collective bargaining
- Safety and hygiene of working conditions
- Child Labour
- Payment of 'Living Wages'
- Working hours

13. Does your organisation conduct awareness-raising training for employees covering the subjects listed in question 12?

²⁹ EMCE

³⁰ Scottish Government

8. Appendix 4 - Carbon Emissions and Carbon Trading

The Local Government White Paper for 2008/9 sets out 3 new indicators to be added to the CPA process:

- CO2 reductions from Local Authority operations
- Per capita CO2 emissions in the Local Authority area
- Progress towards integrating climate change adaptation into Local Authority business.

A Climate Change bill is also in the process of passing through the House of Commons.

In 2007, the Energy White Paper announced that a mandatory Carbon Reduction Commitment (CRC) scheme would introduce carbon emissions trading for commercial and public sector organisations that use over 6000 megawatts per annum. This will include Royal Borough of Kensington and Chelsea.

The scheme is not due to start until 2010; however this is something that should be taken into consideration when letting longer-term contracts starting in the near future.

The CRC scheme involves a financial incentive to cut emissions, not simply because quotas will have to be purchased. The revenue that is raised from the auctioning of credits will be returned to participants; however the amount that each participant gets back will depend on their performance in reducing emissions.

9. Appendix 5 – Voluntary and Community Sector Organisations, nationally

The benefits of awarding contracts to VCSOs has already been discussed above; this appendix will concentrate on the different organisations that come under the umbrella term of VCSO and the organisations within the context of London Borough of Harrow.

VCSOs within the borough are represented by Harrow Strategic Partnership. The partnership has representation from Harrow Police, Harrow Council, Primary Care Trust, Harrow Business and Voluntary sector. It helps with building capacity, providing training and information resources as stated within the Harrow Sustainable community plan, for further information see 'Harrow community sustainability plan'³¹ guidance notes

Apart from charities, VCSOs can also be social enterprises, community interest companies (CICs) or sheltered workshops (see OGC for attached link).

Social enterprises have been defined by the UK Department of Business, Enterprise & Regulatory Reform works as “a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners.” The investment back into the community means that social enterprises support the aims of sustainable development and they should therefore be encouraged to participate in tenders wherever possible. A directory of social enterprises based in London can be found online at <http://www.sel.org.uk>; this directory can be searched by borough making it easy to find organisations based in Harrow.

Sheltered workshops or sheltered businesses have over 50% of members of staff with disabilities. The 2006 Consolidated Procurement Directive included a provision for reserving contracts specifically for supported workshops, and in response to this the online Supported Business Directory³² was set up. A further useful resource for the employment of people with disabilities is the British Association for Supported Employment (www.afse.org.uk)

³¹ Please refer to reference document 3

³² <http://www.supportedbusiness.org.uk>

10. Reference Documents

b) Climate Change Strategy



O:\A (Varsha)\
++Policies\LB Harrow

c) Sustainability Community Plan



O:\A (Varsha)\
++Policies\Sustainabl

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APPENDIX B – LOVE HARROW SHOP LOCAL



Harrow Council – Important Information

Essential Guide for all managers involved in procurement

SHOP LOCAL

Introduction

The Council has a procurement strategy and a set of Contract Procedure Rules that departments comply with to ensure Best Value for Money to the Council on the following Principles:

- Ensuring transparency, you must have a clear and robust monitoring process
- Fair access
- Fair competition
- Efficiency

Legal advice – “Managers must ensure the above principles are followed throughout the procurement processes, to not allow the occurrence of preferential treatment in any contract regardless of it being below the £5,000 threshold or a part B service”.

The Procurement and the Economic Development teams with the agreement of the Corporate Strategic Board are introducing changes to the procurement process to enable more local buying.

The Business Case

Buying locally can make sound business sense. In most organisations, cost is the key factor and the life cycle costs of buying locally can actually be cheaper. Factors such as flexible delivery customer service and response time all reduce the overall cost and can provide added value as well as increased sustainability.

We are now in a recession. As a Council we are keen to encourage more local procurement and show our support for local businesses and the voluntary and community sector.

In 2007/08, the Council spent £2m on purchases under £5,000 with 1494 suppliers. In future this value at least should be invested in building the local business and voluntary and community sector by procuring goods and services from local businesses where possible.

Please explore Corporate Contracts before going to the Local Market. It is a requirement within the Contract Procedure Rules to ensure Best Value for Money is obtained when procuring goods and services from our Corporate Contracts such as – Office Depot, Iron Mountain, Vodafone etc.

Proposed Changes

Following approval from the Corporate Strategic Board (Jan 2009) the Procurement Team is introducing changes to how contracts are procured, and with the Economic Development team, a series of measures to increase local procurement, a summary of which is outlined below. This is followed by guidance on how changes to procurement will work in practice.

- Encouragement to purchase low value goods and services where possible directly from the local area.
- The Procurement Team will be reviewing and negotiating community benefit clauses within the corporate contracts and future contracts.
- A simplified process to complete a Pre Qualification Questionnaire
- Raising Council awareness of what can be procured locally via the Harrow Business Directory available from Spring 2009 to all council directorates. As an online database of information on Harrow businesses, the directory will be updated constantly and will be used to promote Council tendering opportunities. However, please note that the suppliers on the database are not accredited by the Procurement Team.

- Economic Development and Procurement will continue to work with local businesses and the voluntary and community sector to enable them to become suppliers, for example: Offering training and capacity building opportunities, via the Championing Harrow regular workshops e.g. sessions on completing PQQ s, Linking up with support agencies – Business Link www.blondon.co.uk ,Supply London www.supply.london.com and Compete For www.competefor.com (the Olympic procurement website)
- Active participation in West London “Meet the Buyer” events where buyers meet potential suppliers and other conferences
- Raising Awareness Improving communication. For example the Council will advertise all low to medium value tenders on Harrow’s website, with local media, and Supply2gov as well as publishing forward procurement plans on the website
- In the medium term: Introducing a Community Benefit Clause in high value contracts. The Council, in compliance with the EU & UK public contracts regulation 2006, will include a community benefit clause where appropriate to ensure contracts demonstrate benefits to the local community.

Definitions:

Local - Harrow borough boundary

Local business - Organisations (private, voluntary and / or community led) within Harrow who can provide goods and services

Council Budget Managers step by step guide to procurement guidelines changes

Low Value Transactions- Below £1,000

Before

One Written Quotation (faxed or emailed quotations are acceptable)

Now – Target Local Market

One Written Quotation preferably from a local supplier or small business (faxed or emailed quotations are acceptable)

Guidance to Managers

Before you start procurement

- Check on the intranet, whether there is a contract in place already ([corporate contracts](#) and the Contracts register).
- Be clear about what your objectives are and compile a specification.
- Estimate a total value of the contract (not annual value) and check your budget.
- Check the Council's business directory for a local supplier. If a local supplier can deliver the goods and services as per your specification, you can get a quotation and use the [standard Terms and Conditions](#) (for under £5k) from the website.
- Fill in the electronic new supplier application form on the intranet, for the supplier to be set up on the SAP system

Low Value Transactions: £1001 - £5000

Before

Two written Quotations (faxed or emailed quotations are acceptable)









Now –Target Local Market

Purchases up to the value of £5000 can be done directly from small to medium local business by getting two quotations.

As per the Contract procedure rules, council departments are requested to get two quotations for purchases between £1001 – £5000. Preferably from Local and Small Business'. *(Please ensure that you know the total value of the contract and not the annual value)*

Guidance to Managers

Before you start procurement

-  Check on the intranet, whether there is a contract in place already ([corporate contracts](#) and the contracts register).
-  Be clear about what your objectives are and compile a specification.
-  Estimate a total value of the contract (**Not Annual Value**) and check your budget
-  Check the Council's business directory for a local supplier, if a local supplier can deliver the goods and services as per your specification, you can get a quotation and use the [standard Terms and Conditions](#) (for under £5k) from the website and put a contract in place.
-  If the local market cannot provide the goods and services you require, then for purchases up to £1,000 you get one quote faxed or e-mailed and for purchases between the value of £1,001 – £5000 two quotations faxed or e-mailed.
-  Managers have to ensure that quotations represent value for money to the Council.
-  Keep all documentation as evidence and a clear audit trail on the quotations received.
-  Fill in the electronic new supplier application form on the intranet, for the supplier to be set up on the SAP system

Low to Medium Value Contracts - £5,001 to £50,000

Before

Receive three written Quotations (faxed or emailed quotations are acceptable).

Now - Free access to Public contracts (Advertise extensively)












In order to get best value and promote local competition, purchasers are requested to test the local providers and offer fair access to public contracts. This can be achieved by advertising on the Harrow website, Local newspapers etc.

And then

Purchasers are required to get a minimum of three competitive quotations, with one preferably from a local supplier when procuring goods and services for this value.

Guidance to Managers

Before you start procurement..

-  Check on the intranet, whether there is a contract in place already ([corporate contracts](#) and the Contracts register).
-  Be clear about your objectives and compile a specification.
-  Get documentation ready – Invitation to Quote, include Council's [Terms and Conditions](#) (for £5 to £100k), Simple Pre-Qualification Questionnaire, Specification and price schedule.
-  Estimate a total value of the contract (not annual value) and check your budget. (*Procurement do not recommend including the budget or value on the advertisement*)
-  Advertise – In compliance to fair competition and non discrimination principles-
-  You can contact the procurement team or economic development team to post your advert on the Harrow web site to attract local suppliers, "Supply 2gov" and the relevant media to target the appropriate market.
-  A simple online Pre Qualification Questionnaire, template is available on the intranet, to which you can attach the Council's terms and conditions, your specification and price schedule. Send these to the three suppliers identified.
-  It is mandatory to get three competitive quotations.
-  Managers have to ensure that quotations represent value for money to the Council.
-  A clear audit trail on all relevant documentation must be held on file, including contract.
-  Fill in the electronic new supplier application form on the intranet, for the supplier to be set up on the SAP system

Medium Value Contracts £50,000 to £100,000

Before

Receive tenders from at least three candidates. Advertising is recommended. Consult procurement team.

Now-

Free access to Public contracts (Advertise extensively, simple online PQQ)










In procuring goods and services of this value, the Council is to achieve best value through a competitive tendering process. In compliance with the principles of open and fair competition and non discrimination, and to promote local competition, purchasers are requested to advertise extensively offering open and fair access to public contracts. This can be achieved by advertising extensively to target the appropriate market and Harrow website, Local newspapers etc.

Purchasers are required to get a minimum of three competitive tenders, when procuring goods and services for this value.

Purchasers are required to get three competitive tenders

Guidance to Managers

Before you start procurement

-  Check on the intranet, whether there is a contract in place already ([corporate contracts](#) and the Contracts register).
-  Be clear about your objectives and compile a specification.
-  Seek support from Procurement, Legal and Finance staff in the Council
-  Get documentation ready – Electronic PQQ, include Council's [Terms and Conditions](#) (for £5 to £100k), Specification and price schedule.
-  Decide on the award criteria based on the objectives.
-  Estimate a total value of the contract (not annual value) and check your budget.
-  Advertise – In compliance to fair competition and non discrimination principles-
-  You can contact the procurement team or economic development team to post your advert on the Harrow web site, Supply 2gov , and the relevant media to target the appropriate market.
-  A simple electronic Pre Qualification Questionnaire, to which you can attach the Council's [Terms and Conditions](#), your specification and price schedule. All templates are on the intranet.

- 🗨️ Depending on the market, sometimes the PQQ and full tender stages can be combined. Good practice is to follow the principles of Public Contracts Regulation 2006 and the given timeline.
- 🗨️ Issue PQQ, evaluate and select invitees to tender
- 🗨️ Issue invitation to tenders – Terms & conditions, specification and price schedules.
- 🗨️ Evaluate tenders based on the award criteria
- 🗨️ Award Contract.
- 🗨️ Implementation plan and contract monitoring.
- 🗨️ It is mandatory to get a minimum of three competitive tenders.
- 🗨️ Managers have to ensure that quotations represent value for money to the Council.
- 🗨️ For audit purposes, a clear audit trail on all relevant documentation must be held on file, including contract.
- 🗨️ Fill in the electronic new supplier application form on the intranet, for the supplier to be set up on the SAP system
- 🗨️ Inform the Procurement department of your new contract details so the contracts register can be updated and other departments can also benefit from the contract

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High Value Contracts - Above £100,000

Before

EU Procedure, or where this does not apply, receive tenders from at least four candidates. Advertising is recommended. Consult Procurement Team.

Now












**EU Procurement thresholds –
Services and Supplies - £139,893
Works - £3,497,313**

In procuring goods and services of the above values, the Council has to comply with the Public contracts Regulations 2006. The Procurement team will support you through the tender process.

Where EU procedures do not apply, it is good practice for purchasers to follow the principles of the Public contracts regulations 2006 and receive tenders from at least four candidates. Once again Procurement will support you through the process.

Guidance to Managers

Before you start procurement

-  Check on the intranet, whether there is a contract in place already ([corporate contracts](#) and the Contracts register).
-  Be clear about your objectives and compile a specification.
-  Seek support from Procurement, Legal and Finance staff in the Council
-  Get documentation ready – Online PQQ, include Council's [Terms and Conditions](#), Specification and price schedule.
-  Decide on the award criteria based on the objectives.
-  Test the market and identify the appropriate tender procedure ie: Open, Restricted, Competitive Dialogue, Negotiated.
-  Estimate a total value of the contract (not annual value) and check your budget.
-  Advertise – In complying with fair competition and non discriminatory principles-
-  Advertise on the EU Journal for tenders above the thresholds.
-  You can contact the procurement team or economic development team to post your advert in the Council's business directory of local suppliers, Supply 2gov and the Harrow website and the relevant media to target the appropriate market.
-  A simple online Pre Qualification Questionnaire, template is available on the intranet, to which you can attach the Council's terms and conditions, your specification and price schedule.

- 167 Depending on the market, sometimes the PQQ and full tender stages can be combined. Follow the principles of Public Contracts Regulation 2006 and the given timeline.
- 167 Issue PQQ, evaluate and select invitees to tender
- 167 Issue invitation to tenders – Terms & conditions, specification and price schedules.
- 167 Evaluate tenders based on the award criteria
- 167 Award Contract.
- 167 Implementation plan and contract monitoring.
- 167 It is mandatory to get a minimum of three competitive tenders.
- 167 For audit purposes, a clear audit trail on all relevant documentation must be held on file, including contract.
- 167 Fill in the electronic new supplier application form on the intranet, for the supplier to be set up on the SAP system
- 167 Inform the Procurement department of your new contract details so the contracts register can be updated and other departments can also benefit from the contract

Please note in the medium term a community benefit clause will be introduced as a standard clause into higher level contracts for tenderers.

Love Harrow Shop Local- Appendix 1

Justification for making changes to corporate procurement.

On the 7th of January Harrow CSB agreed to:

- Raise awareness on environmentally and socially responsible procurement and
- Fully implement the Small Business Friendly Concordat (SBFC) across all Council Directorates.

This will be achieved by embedding the SBFC at operational purchasing level (low value, low risk goods and services across the Council) through testing the local market as a matter of routine and encouraging Small and Medium Enterprises (SME's) together with the Voluntary and Community Sector (VCS) to bid for business.

- To revise the Contract procedure rules so that at least one quotation should be from a Local SME and/or VCS.

This is one of the ways that the Council can support the local economy in the current difficult financial climate. Like other local authorities, Harrow is under pressure to make efficiency savings so the tendency has been to move towards bigger contracts, which does not favour local suppliers. Also, there must be compliance with the EU public procurement rules and Best Value.

However value for money and efficiency targets will not be achieved if the Council fails to approach competition positively, taking full account of the opportunities for innovation and genuine partnerships which are available from working with others in the public, private and voluntary sectors but always to balancing the two priorities:

- Delivering efficiencies and quality to achieve value for money
- Socially responsible procurement, engaging with local and regional suppliers to promote the local economy and taking account of the social and environmental impact of spending decisions.



APPENDIX C - PROCUREMENT CYCLE

This diagram shows how Procurement and Commissioning are integrated.

