

North Lincolnshire Council & North East Lincolnshire Council

Joint Corporate Procurement Strategy

2009-2012



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Ashby-cum-Fenby

Introduction

North Lincolnshire Council and North East Lincolnshire Council jointly spend £210 million every year on the supplies, services and works needed to deliver services to the people of both areas. How well we procure our requirements has a critical impact on our performance and the value for money we provide.

This Joint Corporate Procurement Strategy sets out the direction which will help to ensure that together our procurement continues to deliver excellent value and supports the attainment of both councils' transformational visions.

Both councils have continued to make significant progress in developing their strategic procurement capabilities over the last year. Key highlights during 2008/9 include:

- PANNEL rated as "performing well" by the Audit Commission under CPA Use of Resources Assessment
- Joint procurement savings of £2.5m identified through completed projects - £1.3m at NELC and £1.2m at NLC
- Municipal Journal Achievement Awards 2008 - Commended
- Innovative Joint Compact signed with Voluntary Action North Lincolnshire & Voluntary Action North East Lincolnshire
- Positive supplier satisfaction survey findings from Small & Medium Sized firms tendering for council contracts
- Level 1 of the National Sustainability Flexible Framework achieved
- Framework for procurement rated as "strong" under the Equalities Standard Assessment

The updated strategy builds on this progress. The main development priorities going forward are:

- Delivery of further savings of £1.5m per council by 2010/11 through smarter collaborative procurement targeted at key categories of high value procurement spend, such as construction, social care and education services in addition to common-use commodities
- Ensuring that procurement continues to support our skills and recession pledges
- Continuing to develop better relationships with the Third Sector and small business community
- Further development of our sustainable procurement policy to ensure that economic, social and environmental outcomes for the area are achieved through procurement projects
- Council-wide roll-out of electronic procurement technologies to reduce the internal administrative processing costs associated with the procure-pay cycle.

The joint strategy will help both councils achieve the objectives set for their shared procurement service 'Procurement Alliance North and North East Lincolnshire' (PANNEL). It recognises national and regional development agendas and our local needs.

The strategy is supported by a business plan covering the next three years. This will require commitment from officers, elected members and partners to realise its ambitious targets and objectives which have the potential to deliver transformational outcomes for the benefit of both areas.

North Lincolnshire North East Lincolnshire

Councillor Mark Kirk
Leader of the Council

Councillor Andrew DeFreitas
Leader of the Council

Councillor Len Foster
Deputy Council Leader

Councillor Tony McCabe
Deputy Leader

Councillor Steve Swift
Cabinet Member
for Corporate Services
Member Procurement Champion

Tony Hunter
Chief Executive

Simon Driver
Chief Executive



The Angel Suite, Brigg

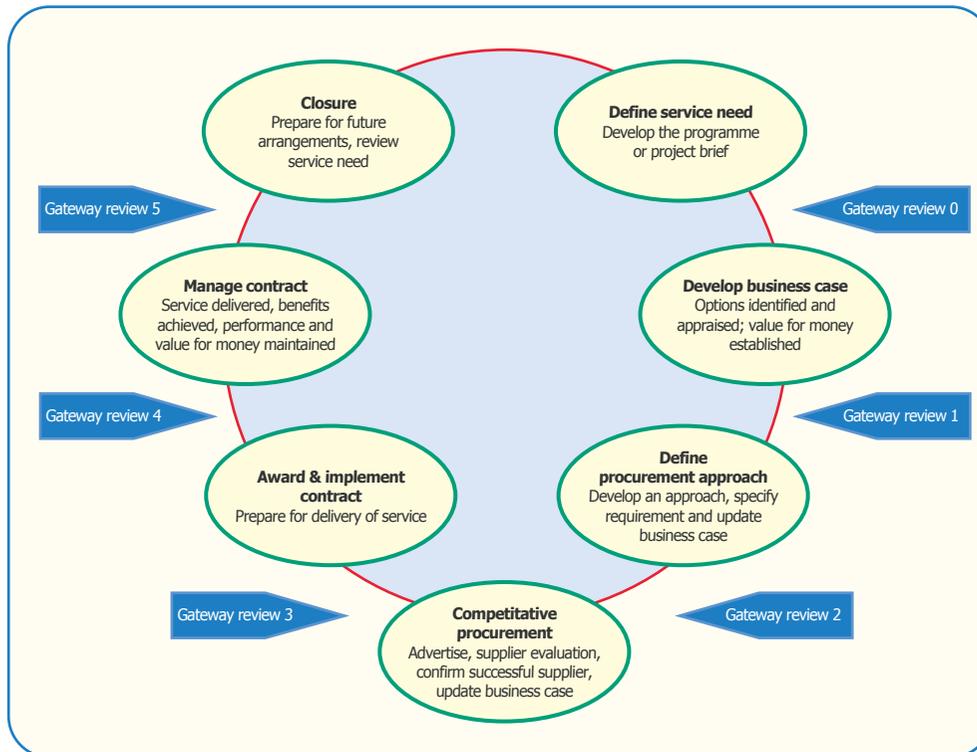
Chapter 1 - What is procurement?

1.1 What is procurement?

Procurement is defined as

'The process of acquiring supplies, services and works, from the initial assessment of a need through to the end of life of the asset or service'

An illustration of a typical procurement cycle:



1.2 Why is procurement important?

'Good procurement is essential to ensure good public services, from buying goods and services that work as they are supposed to, to achieving savings that can be ploughed back into front-line services. The public sector spends over £125 billion a year procuring a wide range of goods and services, from every day items such as pens and paper, to major construction projects such as schools and hospitals. All those who, as taxpayers, use and fund public services have the right to expect government to meet the highest professional standards when it procures on their behalf.'

Transforming Government Procurement

'Getting procurement right is important. It is about improving the delivery and cost effectiveness of quality public services to citizens.'

National Procurement Strategy for Local Government

Procurement is an essential tool which if used effectively will enable the councils to deliver better services and continuously improve value for money (VfM) for local people.

It will enable the councils to realise the potential of effective and innovative procurement to:

- improve services and deliver the outcomes set out in their Strategic and Corporate Plans and Community Strategies;
- identify and realise significant savings and efficiencies;
- supporting NI179 and medium term financial plans and
- realise other benefits from working together in partnership with other organisations in all sectors, in particular:
 - North East Lincolnshire Care Trust Plus
 - Northern Lincolnshire and Goole Hospitals Foundation NHS Trust
 - East Riding of Yorkshire Council
 - Hull City Council
 - Yorkshire and Humber Regional Improvement and Efficiency Partnership
 - Voluntary Action North Lincs
 - Voluntary Action North East Lincs
 - North East Lincolnshire LSP
 - North Lincolnshire LSP

1.3 Strategic Procurement and Commissioning

Strategic Commissioning

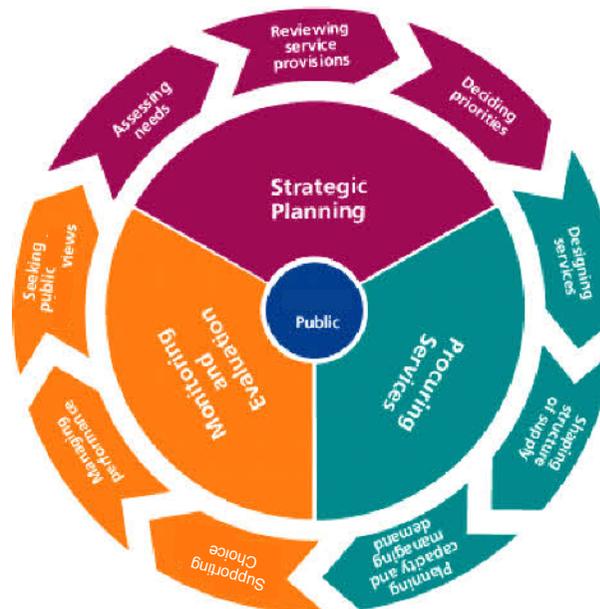
The 2006 White Paper, Strong & Prosperous Communities directed Local Government to become a strategic leader and place-shaper. The report suggested that to help local government in achieving its efficiency targets, Communities and Local Government (CLG) encouraged greater service collaboration between councils and across all public bodies. CLG also support greater use of business process techniques and greater contestability through the use of fair and open competition.

The White Paper identified that in order for councils to deliver transformed services and value for money they will have to challenge traditional delivery methods, root out waste, keep all council activity under review and work with other public bodies to share assets, systems, data, skills and knowledge more effectively.

Commissioning means securing the services that most appropriately address the needs and wishes of the individual service user, making use of market intelligence and research, and planning accordingly.

Procurement is a key part of the commissioning cycle (shaded green in the diagram below) and fundamental for delivering both councils commissioning strategies.

The commissioning cycle:



Our commissioning strategies help to ensure that service delivery models are continuously reviewed to ensure that the best method of delivery is undertaken and service quality is sustained. This may involve decommissioning of services where commissioned services are under performing or failing to deliver council priorities. As market conditions change it is important to ensure that models are regularly exposed to competition to ensure that commissioned services provide value for money.

When measuring value for money from commissioned services the councils will consider wider social, economic and environmental objectives as well as cost benefits. Capacity building should complement good commissioning practice. The councils are actively developing a mixed economy of providers helping to build the capacity and capability of the third sector and small and medium sized enterprises, supporting the shared priorities of the Local Strategic Partnerships.

2.1 Key procurement challenges

The need to improve the effectiveness of both councils' procurement activity is driven by national and regional agendas and local priorities.

It is vital that we focus on procurement as a major opportunity to alleviate budget pressures through driving efficiency and transformational service improvement. Research published in a Regional Improvement and Efficiency Partnership's 'Smarter Procurement' response, published in September 2008, claimed that the cost of procuring goods and services outside of a contracted environment is up to 35% higher than those purchased professionally.

During the 2007 Comprehensive Spending review (CSR07) period (2008-09 to 2010-11), English councils are collectively required to achieve £4.9bn cash-releasing efficiency gains. *Delivering Value for Money in Local Government* (the VfM Delivery Plan) set an expectation that nearly 60% of this total (£2.8bn) would be achieved through smarter procurement.

During 2008/9 the following key reports were published by Government:

Roots Review

The Roots Review published in February 2009 reviewed the effectiveness of procurement across the public sector. It covered two issues:

- Assessment of the effectiveness of procurement support already provided, (e.g. by REIPs, OGC, 4ps), including barriers to take-up of opportunities;
- Recommendations of ways to strengthen support activity and or general procurement efficiency practice.

The report set out 26 recommendations. These can be found at -
<http://www.communities.gov.uk/publications/localgovernment/deliveringvalueformoney>

Glover Report

The Glover Report "Accelerating the SME economic engine" published in November 2008 examined what Government could do to make it easier for Small and Medium Sized Enterprises (SMEs) to supply to the public sector.

Twelve key recommendations were identified principally:

- making opportunities as open and transparent as possible;
- making the procurement process equitable and as simple as possible; and
- managing procurement strategically to encourage:
 - innovation;
 - procurer capability; and
 - ensuring a fair deal for SMEs that participate in the supply chain.

Further Information can be found at http://www.hm-treasury.gov.uk/glover_review_index.htm

Transforming Government Procurement

In January 2007, Financial Secretary to the Treasury, John Healey MP, announced the publication of the Transforming Government Procurement report. This report unveiled a range of public procurement reforms to equip the UK with the capability to deliver world class public services.

The range of reforms gave the Office of Government Commerce (OGC) new powers, tasking it with delivering the transformation of government procurement and with driving up standards and procurement capability across central government. The vision sets out how central government will deliver this through:

- raising the level of procurement skills across government;
 - raising procurement capacity within departments;
 - better scrutiny and support for complex projects, ensuring that the best, innovative solutions can be brought forward and adopted;
 - making greater use of the Government's collective buying power and market engagement in collaborative procurement;
 - giving the OGC strong powers to drive these improvements from the centre.
- Further information can be obtained from <http://www.ogc.gov.uk>

Operational Efficiency Programme (OEP)

The central governments operational efficiency programme (OEP) led by the Office of Government Commerce (OGC) was announced by the Chief Secretary to the Treasury in July 2008. It aims to intensify the search for efficiency savings through collaborative procurement and also through better property asset management.

Key findings reveal that of the £125billion spent on goods and services approximately 60 per cent is spent by local authorities, schools and health organisations. In order to improve efficiencies the report suggests an increase the uptake of collaborative strategies across the public sector.

Principles such as:

- Stronger incentives to participate across the wider public sector, with a target of 50 per cent of all available spend channelled through professional buying organisations (PBOs) or other collaborative strategies by 2010-2011;
- Better use of existing investments in eProcurement systems;
- Ensuring value for money and collaboration form key components of skills and capability development of procurement professionals across government.

2.2 Local Context

Our procurement resources are well established and experienced in modern strategic methods with a demonstrable track record of successful delivery across a diverse range of high value/high risk projects. To date these projects have delivered savings in excess of £6m. Over the past few years both councils have made a step change in capacity, culture and overall approach to procurement, placing them in a strong position to meet and address future challenges. However further improvement is required if both councils are to achieve their transformation vision for procurement:

PANNEL Vision

One integrated team delivering world-class procurement that empowers services, directorates & schools to achieve outstanding value, outcomes & success across North & North East Lincolnshire.

This vision and the aims set out in the strategy will be delivered via the 'Business Plan' attached at Appendix A.

The principal outcomes sought through the delivery of the plan together with the key measures are:

- Achievement of procurement savings in support of the Medium Term Financial Plan
- Increase the proportion of spend channelled into the local area by 2% by 2012 compared to 2009/10 baseline in support of the NELC Council Plan
- Positive CAA Use of Resources rating
- Achieve 70% DMT/Service Area satisfaction with procurement support in 2009/10 rising to 90% by 2011/12
- Achieve Level 2 of the National Sustainable Flexible Framework by 31 March 2010

The achievement of the above outcomes will require the successful delivery of the following key actions, as set out in the work plan:

- Further development and mapping of both councils c.£120m procurement spend by externally engaged resource to pin-point new efficiency opportunities
- Successful delivery of identified efficiency led projects
- Delivery of supplier events targeted at local SMEs awareness
- Effective marketing and targeting of procurement opportunities to local businesses and third sector providers
- Successful delivery of key directorate led projects
- Improved advice/support to directorates on procurement issues by PANNEL team
- Simplifying procurement procedures framework & introduce corporate procurement training programme
- Implementation of the sustainable procurement policy

Success will depend on the effective underpinning of the following key principles and actions:

- Recognition council-wide of the role of strategic procurement in delivering improvement and efficiency;
- Extending the influence of strategic procurement into all major spend categories;
- Establishment of a fully integrated shared-service structure with the unit head recognised as the professional procurement lead across both councils and accountable for performance;
- Investment in additional procurement resources, including analytical support;
- Adequate resourcing and prioritisation of projects by client services/directorates;
- Greater alignment/convergence of the procurement, efficiency, VfM and transformational government agendas at local level;
- Positive cultural shift that supports an efficiency led agenda; and
- CMT endorsement and support for these changes

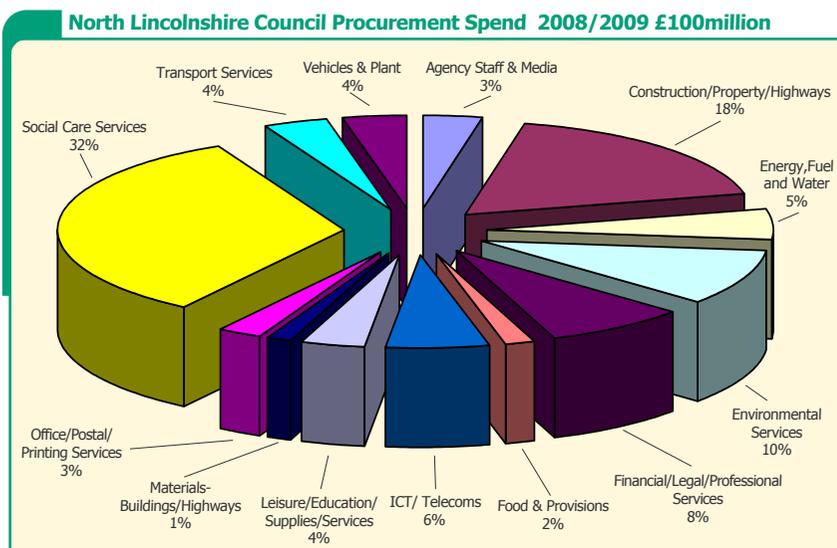


Victorian Walled Garden

The following charts illustrate the diversity of both councils' procurement spend and the commonality they share across similar categories.

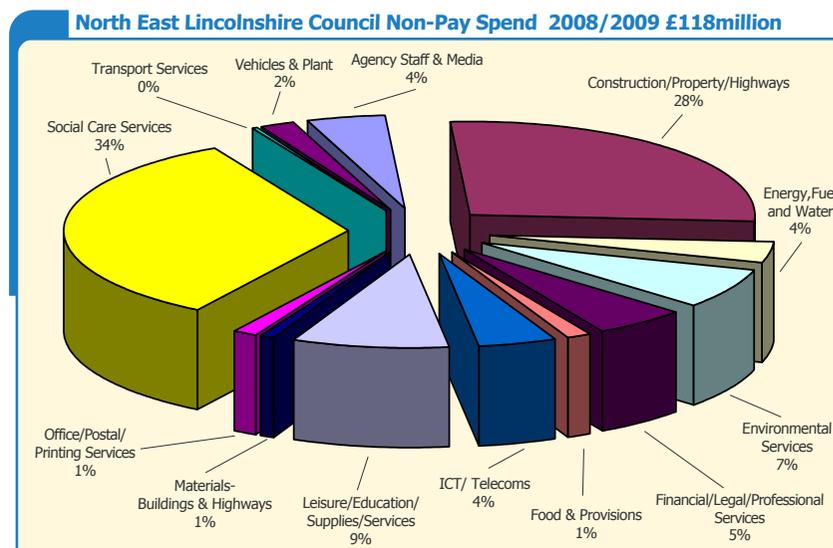
The 2008/2009 financial year:

The Council's procurement spend in the 2007/2008 financial year was c£100million:



The 2008/2009 financial year:

The Council's non-pay spend in the 2007/2008 financial year was c£118million:



2009/2010 North Lincolnshire Council Budget

	Gross Budget	Net
	£'m	£'m
Revenue	318	134
Capital	65	65
Total	383	199

2009/2010 North East Lincolnshire Council Budget

	Gross Budget	Net
	£'m	£'m
Revenue	383	149
Capital	72	30
Total	432	188

The above tables illustrate the significance of both councils procurement spend in the context of their net and gross budgets.

Whole systems cost of procurement

The tables below help to illustrate the end-to-end processing costs associated with the full procurement/pay cycle. Half of all invoices are under £200 in value. Section 4.19 of this strategy explains how E-procurement will be used to reduce the significant processing costs associated with high volumes of low value requisitions, purchase orders, invoices and payments.

Invoices - The number of invoices processed by the councils in 2008/2009, and their values can be seen from the tables below:

North Lincolnshire Council

Invoice Value	No. of Invoices	% by Value	% by Quantity	Total Value (£)	Average Value (£)
Less than £50	30,681	0.65%	28.61%	£ 805,001	£ 26
Less than £100	17,947	1.08%	16.74%	£ 1,322,697	£ 73
Less than £200	17,298	2.07%	16.13%	£ 2,541,239	£ 146
Less than £300	9,191	1.85%	8.57%	£ 2,280,060	£ 248
More than £300	32,117	94.35%	29.95%	£ 115,993,605	£ 3,611
TOTALS	107,234	100.00%	100.00%	£ 122,942,604	£ 1,146

North East Lincolnshire Council

Invoice Value	No. Invoices	% by Value	% by Quantity	Total Value (£)	Average Value (£)
Less than £50	18,198	0.26%	21.17%	£ 457,652	£ 25
Less than £100	12,364	0.52%	14.39%	£ 905,522	£ 73
Less than £200	13,992	1.14%	16.28%	£ 1,997,681	£ 142
Less than £300	6,958	0.97%	8.10%	£ 1,702,147	£ 244
More than £300	34,430	97.12%	40.06%	£ 170,472,242	£ 4,951
TOTALS	85,942	100%	100%	£ 175,535,244	£ 1,087

The tables below illustrate that our procurement improvement focus should target the high value categories of spend - approximately half of our total procurement spend is with 50 suppliers. This is in the context of over 2,000 suppliers currently engaged by the council.

Top 20 Suppliers - North Lincolnshire Council's top 20 suppliers (anonymised) by category for 2007/2008 are:

Supplier	Category of Spend	Value £
1	Environmental Services	£ 5,500,000
2	Construction	£ 2,400,000
3	Social Care Services	£ 2,000,000
4	Social Care Services	£ 1,500,000
5	Vehicles & Plant	£ 1,500,000
6	Social Care Services	£ 1,300,000
7	Energy / Fuel / Water	£ 1,300,000
8	Social Care Services	£ 1,300,000
9	Social Care Services	£ 1,100,000
10	Construction	£ 1,000,000
11	Environmental Services	£ 1,000,000
12	Social Care Services	£ 1,000,000
13	Financial Services	£ 1,000,000
14	Transport	£ 900,000
15	Construction	£ 800,000
16	Energy / Fuel / Water	£ 800,000
17	Social Care Services	£ 700,000
18	Environmental Services	£ 700,000
19	Social Care Services	£ 700,000
20	Construction	£ 700,000

Supplier (2,000 in total 07/08)	Expenditure	% of Total Spend
Top 5 suppliers	£ 13,000,000	13%
Top 10 suppliers	£ 19,000,000	19%
Top 20 suppliers	£ 28,000,000	28%
Top 50 suppliers	£ 43,000,000	43%
Top 100 suppliers	£ 58,000,000	58%
Top 150 suppliers	£ 67,000,000	67%
Top 200 suppliers	£ 74,000,000	74%

Top 20 Suppliers - North East Lincolnshire Council's top 20 suppliers (anonymised) by category for 2007/2008 are:

Supplier	Category of Spend	Value £
1	Construction	£ 8,800,000
2	Environmental	£ 5,300,000
3	Construction	£ 4,100,000
4	Social Care Services	£ 3,600,000
5	Social Care Services	£ 2,900,000
6	Construction	£ 1,800,000
7	Energy, Fuel & Water	£ 1,700,000
8	Construction	£ 1,700,000
9	Construction	£ 1,700,000
10	Agency Staff	£ 1,500,000
11	Maintenance Highways	£ 1,400,000
12	Leisure Services & Supplies	£ 1,400,000
13	Social Care Services	£ 1,300,000
14	Social Care Services	£ 1,200,000
15	Construction	£ 1,200,000
16	Construction	£ 1,100,000
17	Construction	£ 1,100,000
18	Telecommunications	£ 1,100,000
19	Food & Provisions	£ 1,000,000
20	Cleaning Services & Supplies	£ 900,000

Supplier (2,000 in total 07/08)	Expenditure	% of Total Spend
Top 5 suppliers	£ 24,900,000	19%
Top 10 suppliers	£ 35,500,000	27%
Top 20 suppliers	£ 4,500,000	3%
Top 50 suppliers	£ 66,200,000	50%
Top 100 suppliers	£ 84,500,000	63%
Top 150 suppliers	£ 96,200,000	72%
Top 200 suppliers	£ 103,800,000	78%

2.3 National context

Much of the direction, guidance, policies and recent thinking in respect of local authority procurement have been driven by and informed by best practice in procurement. Contributing influences, guidance and mandates include:

- The government's efficiency review 'Releasing Resources for the Frontline' 2004 undertaken by Sir Peter Gershon (also referred to as the 'Gershon Review');
- Local:Vision - the Ten-Year Strategy - The government's vision for the future of local government;
- The 'Whole Service' approach - integration of health, adult social, education and children's services;
- Best Value and the Audit Commission;
- The National Procurement Strategy, One Year On & Two Years On - Final Report;
- Rethinking Construction/Constructing Excellence;
- Building Schools for the Future (BSF);
- Urban Renaissance programmes - the Councils are part of the Yorkshire Forward Urban Renaissance programme;
- Roots Review;
- Glover Report;
- Operational Efficiency Review - OGC;
- External Performance Improvement Network (the Audit Commission & Comprehensive Performance Assessment [CAA]);
- Regional Improvement & Efficiency Partnership;
- National & Regional Improvement Efficiency Strategies;
- Trading & Charging, Prudential Borrowing;
- Sir David Varney's report 'Service Transformation: A Better Service for Citizens and Businesses, A Better Deal for Taxpayers';
- National Sustainable Procurement Strategy for Local Government and
- Transforming Government Procurement.

The original National Procurement Strategy (NPS) sets out a vision that all councils will be adopting world class practices in procurement and will be:

- Delivering significantly better quality public services that meet the needs of all local citizens through sustainable partnerships that they have forged with a range of public, private, social enterprise and voluntary sector organisations;

- Confidently operating a mixed economy of service provision, with ready access to a diverse, competitive range of suppliers providing quality services, including small firms, social enterprises, minority business and voluntary and community sector groups;
- Achieving continuous improvement from all categories of procurement expenditure, by putting in place an appropriate procurement strategy and the necessary resources for implementation;
- Obtaining better value for money by collaborating with partners at local, regional and national level;
- Realising economic, social and environmental benefits for their communities through their procurement activities;
- Demonstrating improvement in equality and opportunity for business, service users and council staff, and
- Stimulating markets and using their buying power creatively to drive innovation in the design, construction and delivery of services.

Chapter 3 - Where do we want to be?

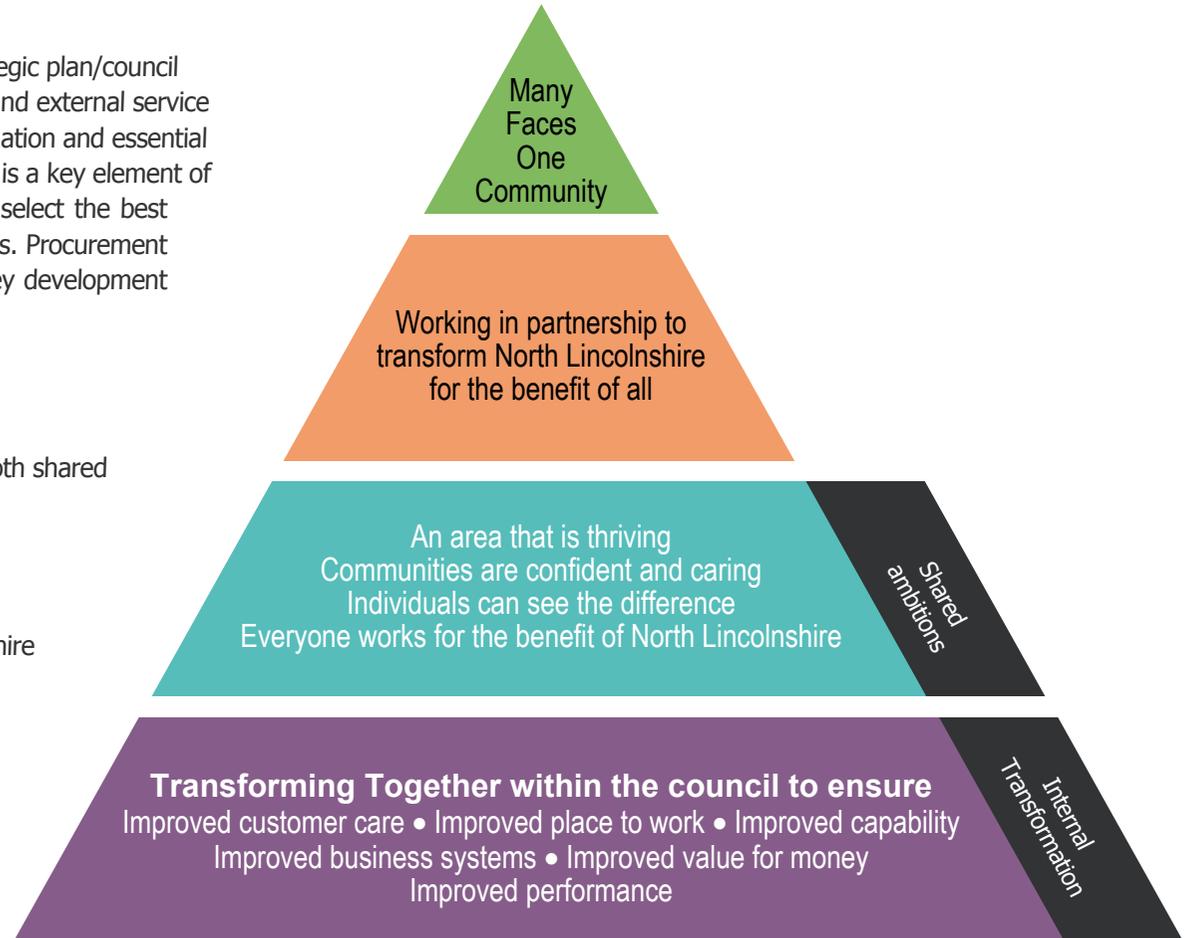
3.1 The purpose and objectives of this strategy

This procurement strategy helps to deliver both councils' strategic plan/council plan objectives. Procurement underpins all internal functions and external service delivery. It is a key enabler of service improvement, transformation and essential for efficient use of resources. At a strategic level procurement is a key element of the commissioning cycle and helps ensure that the councils select the best method of delivering services which meet the needs of citizens. Procurement improvement is at the heart of both councils' value for money development agendas.

North Lincolnshire Council

Strong linkages can be identified between this strategy and both shared and council specific objectives, most notably

- improved value for money and performance
- an area that is thriving
- everyone works together for the benefit of North Lincolnshire
- working in partnership to transform North Lincolnshire
- improved business systems



North East Lincolnshire Council

As identified above procurement underpins the delivery of all priorities, however strong linkages in particular can be identified with the following priorities:

Priority 1: Improve Quality of Built / Natural Environment

Priority 2: Strengthen Local Economy

Priority 5: Being a Well Managed Top-performing Council

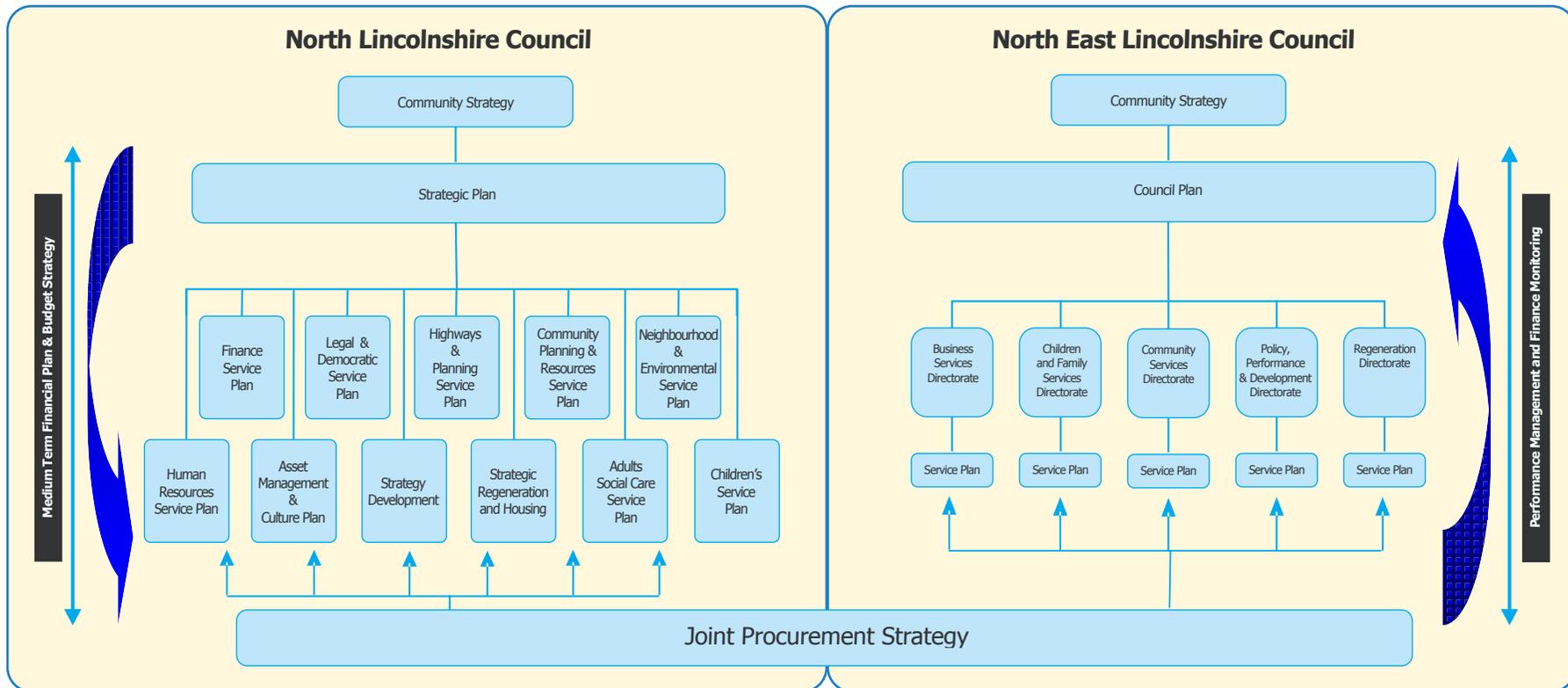


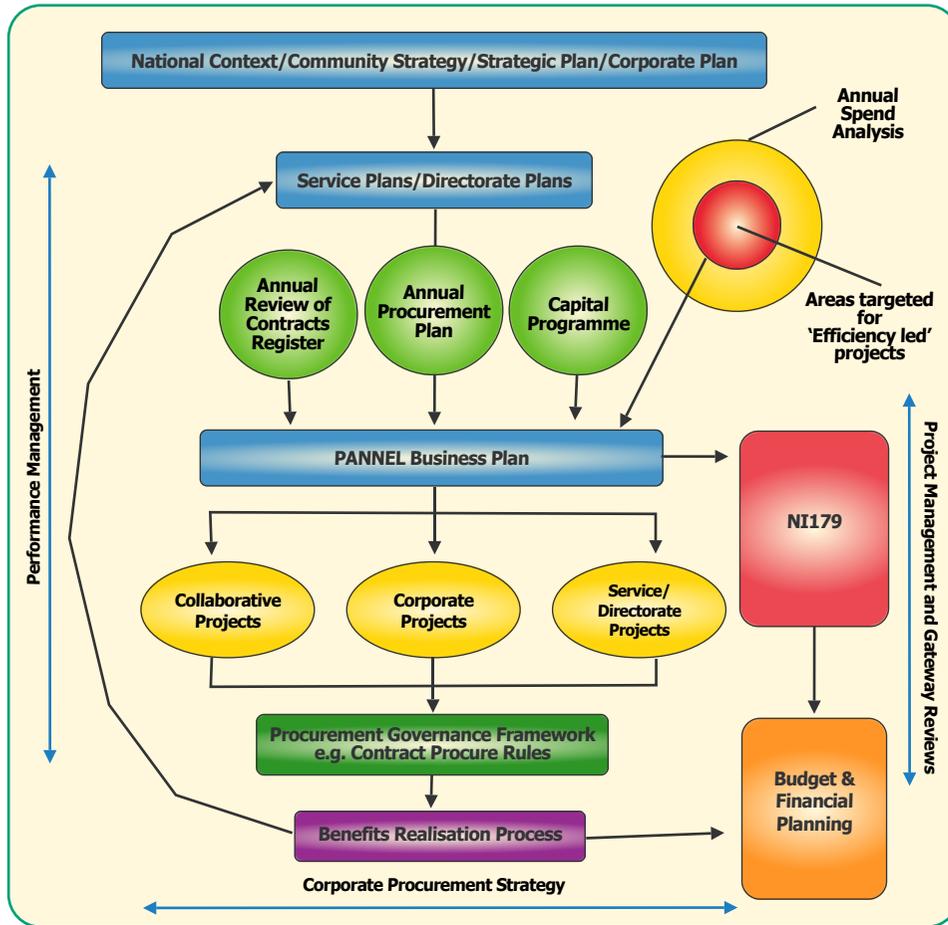
Chapter 4 - How will we get there?

The following areas provide information on the processes we will use to achieve the objectives. An overview is given here but the actions required to achieve the Strategy's objectives form the basis of the Business Plan at Appendix A.

4.1 Strategic Procurement Framework

The following diagram shows how the Joint Procurement Strategy helps to deliver both councils' strategic/council plans:





The diagram sets out in more detail how council objectives are delivered through the strategic procurement framework and how the benefits and outcomes are realised. In addition it also illustrates how:

- procurement projects are targeted to best deliver our priorities;
- duplication of effort is avoided;
- advantage is taken of all aggregation opportunities and economies of scale;
- areas are identified where collaboration and joint procurement is likely to achieve value for money;
- the Supplier Engagement programme is informed.

The benefits realisation process ensures that the benefits anticipated are delivered and identifies when they are not, and the reasons. This information is used to inform both councils budget and financial planning processes.



Humberston

4.2 Procurement Governance

Responsibility for procurement is clearly defined and embedded throughout both councils. The responsibilities, delegated powers and decision making processes for all elected members and officers are explained fully in both councils' Constitutions, via Contract Procurement Rules.

Strategic Procurement Group

The purpose of the Strategic Procurement Group is to oversee procurement policy and strategy development and disseminate good practice. It comprises senior officers from key procuring and commissioning services and directorates.

Review of Corporate Procurement Strategy

The strategy and its appended action plan are reviewed and revised appropriately every year. This is carried out by the Strategic Procurement & VFM Manager in consultation with the Strategic Procurement Group and NLC/NELC Joint Management Board.

The strategy is considered and approved by both councils' Cabinets.

Member Involvement in Procurement at North Lincolnshire

Member involvement in procurement is achieved in the following ways:

Cabinet

- Approval of the joint corporate procurement strategy and annual updates.
- Annual progress updates on PANNEL's performance.

Cabinet Member for Corporate Services

- Member of the Strategic Procurement Group.
- Approval of certain exceptions under contract procedure rules.
- Approval of new standing lists and significant changes to existing lists of approved contractors.
- Consideration of annual reports on tenders invited and accepted in the previous financial year.
- Annual Consultancy Usage Report

Other Cabinet Members

- Opening of tenders.
- Consideration of annual reports on the performance of contracts/capital schemes completed over £1million.
- Consideration of reports on the proposed procurement strategy for contracts exceeding £1million, and/or having possible workforce implications or other significant sustainability issues.

Member Involvement in Procurement at North East Lincolnshire

Cabinet & Portfolio Holders

- Adopting the Joint Corporate Procurement Strategy and ensuring it is aligned with strategic objectives and monitoring its implementation.
- Overseeing corporate arrangements for procurement and contract management to ensure that they are operating effectively (via the Annual Procurement Plans/ Joint Procurement Plan and Corporate Contracts Registers).
- Making key decisions in the procurement process for major and/or sensitive projects:
 - Approval to proceed: In accordance with the Councils' Contract Procedure Rules (CPRs), all projects where the goods/ works or services procured are expected to exceed the EU procurement Directive's threshold of £139,000, must where deemed necessary by Monitoring Officers, have the necessary business case etc and approval by Cabinet to Proceed (this process also applies to works).
 - Contract Award - all procurement projects that have required prior approval from Cabinet to proceed must also seek approval to proceed with awarding of the resulting contract. (N.B.: All contracts above £50k in value but below the EU threshold can only be awarded following approval from Executive Directors in consultation with their Portfolio holders).
- Monitoring the performance of partnerships and other key contracts.

PANNEL Management Board (PMB)

On 1st April 2006 North Lincolnshire Council (NLC) and North East Lincolnshire Council (NELC) entered into a joint procurement service. In 2008 operations were converged further and 'Procurement Alliance North & North East Lincolnshire' (PANNEL) was formed. This arrangement delivers more value from the existing resources, generates efficiencies through greater economies of scale and enables both councils to better meet their procurement requirements. The activities of PANNEL are monitored and managed by the PMB (Pannel Management Board). Its responsibilities are:

1. Agreeing and updating the governance framework for joint working
2. Agreeing the business plan for the joint team and measuring progress against targets
3. Ensuring the publication of an annual report
4. Resolving any issues or disputes that are likely to impede the approved work programme or prevent the joint team achieving its objectives
5. Consideration and approval of a risk register.

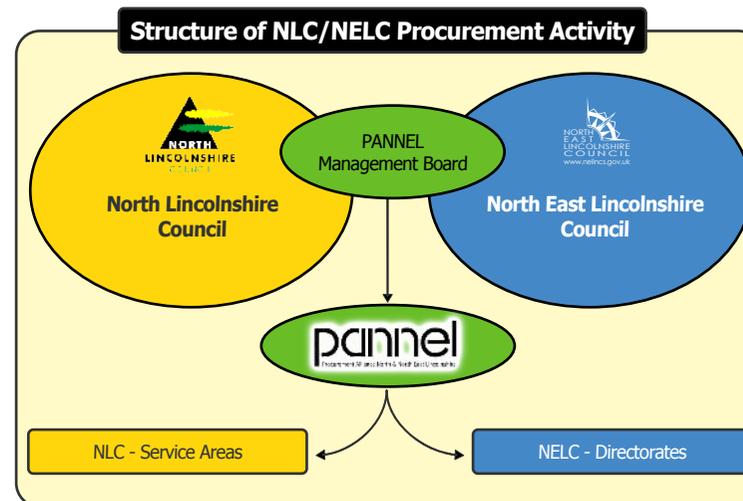
4.3 Structure & Organisation of procurement activity

An analysis of procurement activity across both councils revealed that most activity occurs at Service Area/Directorate level rather than at corporate level. Of the £210 million combined annual spend only 10% - 15% of this is spent through Corporate Contracts.

Research at North Lincolnshire from 2003 revealed that c.300 officers from across the council have varying degrees of involvement in procurement. A survey completed in 2004 found that 30 officers spend more than half their time engaged in procurement, principally in the areas of social care, housing, property, highways and waste management.

Schools have freedoms to make their own procurement arrangements however they are supported by the councils in their procurement activity and are encouraged to use corporate contracts.

To maximise the available capacity and expertise given the size, structure and devolved nature of service delivery within both councils, they operate a **Centre Led Action Network (CLAN)** model for its procurement. Under this model each service area/directorate is responsible for the procurement of the supplies and services it requires to deliver its services. Advice, co-ordination and strategic direction is



Procurement Alliance North & North East Lincolnshire (PANNEL)

PANNEL's core functions are:

- 1) Steering strategic and corporate procurement**
 - a) Ensuring a strategic and planned approach to procurement activity which supports the Strategic Plan/Corporate Plan and this Procurement Strategy.
 - b) To identify and deliver significant savings through smarter procurement, which support the development of a value for money culture across both councils.
 - c) Using both councils' procurement planning activities (section 4.4) and procurement expertise to provide a steer on the procurement projects that should be undertaken by Service Areas/Directorates to reap the optimum benefit in pursuit of each council's priorities. In particular identify areas where collaboration (either at service area/ directorate or regional level) will achieve this.
- 2) Provision of advice and support**
 - a) Provision of a central hub and point of contact for:
 - expertise for advice and support to service areas/directorates undertaking procurement projects and activity; and
 - suppliers, signposting them to contract opportunities.
 - b) Development of a diverse mixed economy of suppliers and providers to contribute to a vibrant and competitive local and regional economy. Assist Small to Medium Enterprises (SME's) including third sector to understand the councils' policies and processes via a supplier engagement programme, including training and information events.
- 3) Building capacity and continuous improvement**
 - a) Building procurement capacity and creation of an enabling environment for procurement within which service areas have the capability, confidence and support to use procurement as a strategic / operational tool for delivering their plans and objectives. This environment being shaped through training provision, guidance, resources, advice and support.
 - b) Increasing capacity within the councils to enable continued improvement through business transformation and performance management.
 - c) Reviewing, and improving web and intranet procurement resources to support suppliers and service areas/directorates (particularly SMEs including third sector) and the development of a devolved procurement environment.

4) Value for Money

- a) The unit has recently taken on the lead role in championing and developing the councils' value for money strategy and programme at North Lincolnshire Council.

5) Regulation and compliance

- a) Ensuring the councils have modern and responsive regulatory framework for procurement and consistent levels of compliance and performance by:
 - Identifying and adopting areas of best practice in to procurement where they will make our procurement activity more effective.
 - Incorporating changes in law to our procurement approach – via Contract Procedure Rules (CPRs), Corporate Procurement Strategy and Procurement Manual.
 - Ensuring a council wide approach to best practice in the management of contract and supplier relationships.

Procurement in Service Areas/Directorates

Officers responsible for directing and carrying out procurement within service areas and directorates must:

1. Undertake procurement activity in line with this Corporate Procurement Strategy, Contract Procedure Rules, Procedure Manual, and the Annual Procurement Plan.
2. Consult with and appraise relevant members as appropriate and, if necessary, seek cabinet member approval for contracts.
3. Submit annual updates for the Corporate Contracts Register and Annual Procurement Plan providing full details of their intended procurement activity and projects for the upcoming financial year.
4. Seek advice and support as appropriate from the PANNEL Team.
5. Be responsive to collaborative and joint projects proposed by PANNEL and act corporately drawing on available expertise and experience.
6. Attend procurement training programmes necessary to enable them to have the skills and knowledge to achieve 1. above.

7. Keep under review the service area's/directorate's capacity to achieve its procurement objectives as stated in its Annual Procurement Plan.
8. Participate as required in the Strategic Procurement Group.
9. Ensure that contracts over £100,000 are signed and awarded by Legal Services.



Waters Edge Country Park

4.4 Category management

PANNEL has recently adopted a category management and specialism model to compliment its CLAN structure. Through category specialisms aligned with the nationally recognised PROCLASS classification system, the councils can benefit from the product/service knowledge and market intelligence developed by officers managing specific expenditure categories, but avoids the cost of full category management in areas where this is not cost effective. Category management continues to be developed in the following areas:

- ICT and tele-communications
- Vehicle fleet
- Construction
- Property repairs and maintenance
- Advertising
- Energy
- Printing and publications
- Facilities management
- Social care

Category management will enable the councils to more effectively control expenditure through demand management, notably

- Challenging the need to buy
- Promoting standardisation and variety reduction in products and services
- Effective stock management
- Improved contract management
- Volume management

Together this gives the council the flexibility to manage key commodity contracts in a low cost, high performance framework.

The tables on page 19 set out the specialisms allocated to officers in the PANNEL team together with the contracts which are managed on a corporate basis to maximise the economies of scale associated with council-wide arrangements.



Corporation Bridge, Grimsby



Horkstow Bridge

**NLC & NELC
Joint Corporate &
Other Contracts**

- Advertising & Media
- Agency Staff
- Education / Scholastic Supplies
- Energy and Fuels
- Food and Provisions
- Office Supplies, MFD, Machine Consumables & Furniture
- Business Travel Arrangements
- Banking Services
- Vehicles and Vehicle Hire
- ICT Hardware, PC's, Laptops
- ICT Software
- ICT Voice and Data - Mobile & Landline
- Printing and Publications
- Construction / Property maintenance
- Disabled Adaptations
- Print Framework
- Occupational Health
- Sports Coaching
- Environmental Maintenance Services

**PANNEL
Category Specialisms**

Principal Procurement Advisor - NLC

Consultancy – Environmental/ICT/Procurement Technical
 Environmental Services – Strategic
 Information Communication Technology (ICT)
 Social Community Care Supplies & Services – Adult
 Works Construction, Repair & Maintenance – Non-Highways

ProClass Number

151100/151800
 152200
 182000
 271000
 321000
 391000

Senior Procurement Advisor – NLC

Building Construction Materials
 Financial Services
 Health & Safety
 Horticultural
 Human Resources – Agency Staff
 Mail Services
 Vehicles

ProClass Number

101000
 201200
 220000
 2441200
 261400
 300000

Procurement Advisors – NELC

Catering
 Cleaning & Janitorial
 Domestic Goods
 Sports & Playground
 Equipment & Maintenance
 Cemetary & Crematorium
 Clothing
 Highways Equipment & Mateials
 Legal Services
 Traffic Management

ProClass Number

111200
 131000
 161000
 331000
 331100
 121100
 141100/141200/141300
 231100/231600/231700
 281400
 351100/351300

Principal Procurement Advisor – NELC

Consultancy – Business/Finance
 Highways/Housing
 Education
 Housing Management
 Social Community Care Supplies & Services - Children
 Utilities
 Works – Construction, Repair & Maintenance
 Highways

ProClass Number

15100/151400
 250000
 171000
 251000
 321100
 371100/371000
 231800

Senior Procurement Advisor – NELC

Environmental Service – Operational
 Facilities & Management Services
 Leisure Services
 Transport

ProClass Number

181000
 199999
 291100/291400
 361000

4.5 Customer focus

All procurement activity will be undertaken with the end user in mind, ensuring that a strong focus is maintained on the delivery of outcomes.

This focus on the Customer is followed through in the procurement process by:

- proactive and early end user consultation to inform service/project design and specification;
- incorporation of performance and outcome specifications in tender documentation together with appropriate award criteria;
- determining the outcome of procurement processes by means of the 'Evaluation Plan' modelled on the 'Award Criteria' stated in the tender documents; and
- involving the end user in tender evaluation and performance reviews;
- periodic customer satisfaction surveys.

4.6 Building capacity - competencies and training

Effective procurement requires capacity commensurate with the volume and complexity of procurement activity.

The councils have developed a procurement training programme that delivers the skill levels required by officers to meet the needs of the council. Officers have access to appropriate training and guidance. All supporting resource documents produced are made available in both hardcopy and electronically through the councils' intranet sites.

A specific set of competency criteria has been developed to support both councils' workforce planning framework.

Procurement is now included in induction training for managers and new starters.



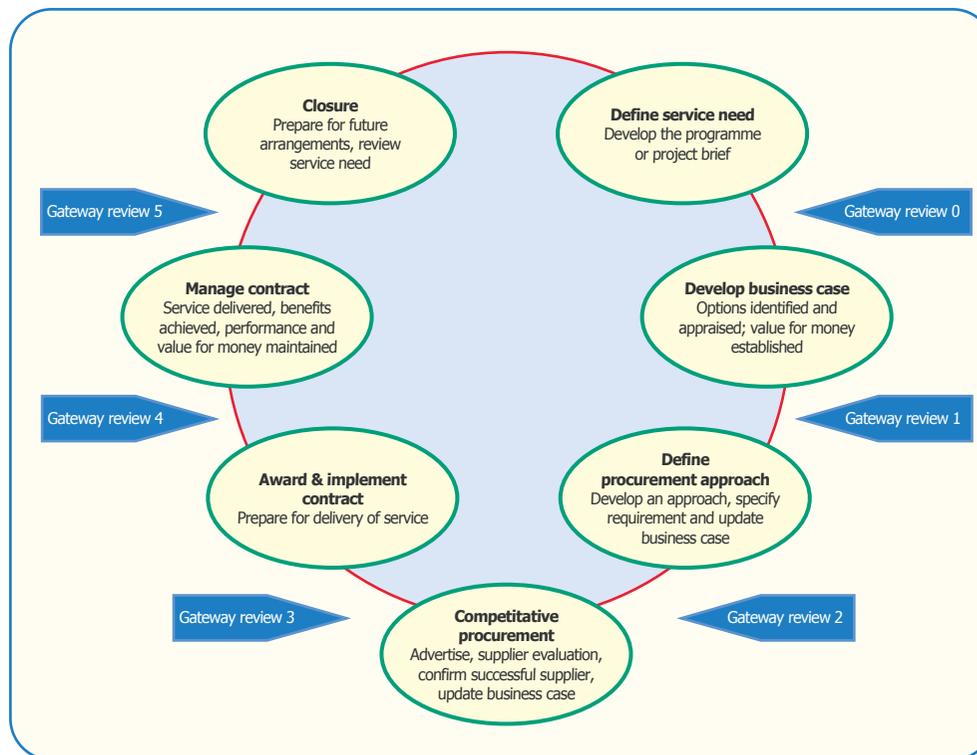
Grimsby Docks



Humber Bridge by night

4.7 Project management and risk assessment

All major procurement activity should be undertaken in accordance with national and local project management guidance and methodology, such as that issued by the Office of Government Commerce (OGC), including consideration of gateway reviews as illustrated below.



Good project management is essential for successful delivery. It includes consideration of the following:

1) Options Appraisal and Business Case

Proportionate to the scope of project, the above process will explore and consider the options available to fulfil the identified business need, and use a business case approach to target the option which best delivers the council's priorities.

2) Risk Assessment

Risk Assessments should be carried out in line with risk management policy. The approach should be proportionate to the scale and scope of the project and should reflect the council's priorities and end user needs.

3) Project Team Approach

Projects must be adequately resourced and involve stakeholders, who will be responsible for the success of the procurement project. Consideration will be given to commissioning external consultancy support where required.

We have identified contracts which are critical to service delivery and have highlighted these in our contracts register. "Service critical contracts" are reviewed annually to check the financial health of key contractors and are subject to the business continuity provisions recommended by the Cabinet Office.

4.8 Contract Procedure Rules

Contract Procedure Rules (CPRs) form part of both councils' Constitution and provide the framework for procurement policies, procedures and processes.

The mandatory instructions given in CPRs are supplemented by guidance provided in the Corporate Procurement Manual.

All procurement, whether undertaken by officers, members or on behalf of third parties, must be conducted in accordance with CPRs:

- To ensure compliance with the Corporate Procurement Strategy and regulatory framework;
- To obtain value for money, so that we may in turn provide value for money services to the public;



Cleethorpes Pier & Ross Castle

- To comply with the law governing the spending of public money;
- To protect council employees and members from undue criticism or allegation of wrongdoing; and
- To ensure accountability and transparency in the procurement process.

CPRs were last updated in December 2007. They are reviewed bi-annually to ensure that they reflect best procurement practice.

A link to the constitution is available at: www.northlincs.gov.uk and www.nelincs.gov.uk.

EU Procurement Directives

We have a legal requirement to comply with the EU Procurement Directives and these are enforced in UK law through The Public Contracts Regulations 2006. This legislation governs the way in which public sector procurement processes must be conducted for contracts over specified thresholds. The regulations are based on the following principles:

- Contracts over specified thresholds must be advertised throughout the EU and procured transparently
- All enquirers and suppliers must receive equal treatment in order to eliminate discrimination on the grounds of nationality
- All the supplier selection, tender and award procedures must involve the application of objective and transparent criteria, and

Our procurement frameworks have been updated to ensure that the councils comply with these legal requirements.

4.9 Contract and standing list management

A corporate database of all contracts valued over £50,000 is maintained by PANNEL. Each Service Director/Head of Service is responsible for nominating a contract manager, who will have responsibility for the day to day operations/monitoring and management of contracts within their service area/directorate. Each service area/directorate will provide the PANNEL team with their updated contracts registers on an annual basis.

When contracts have been put in place, the commissioning service will be responsible for working with the contractor to deliver the following objectives:

- effective contract management, performance improvement and monitoring;
- maintain and develop the contractual relationship;
- contract compliance;
- monitoring of operational and financial risk (including the risk of fraud); and
- continuing service development and improvement.

The councils operate a small number of standing lists of approved contractors, for construction, maintenance and repair and transport.

The use of a consolidated standing list reflects the value for money (VfM) focus of efficient and effective use of resources by:

- reducing duplication of effort and cost by individual service areas/directorates
- reduces the number of applications for inclusion on the list by companies to one area;
- standards and selection criteria are harmonised; and
- contract management and monitoring is co-ordinated by the responsible service area/directorate.

The councils have:

- developed the regional 'Supplier and Contract Management System' (SCMS), to access its extensive functionality;
- use qualification system effectively and selectively to stimulate market interest and competition to secure the most advantageous terms;
- provide all council officers with access to the approved list system;

- remove barriers to effective participation by suppliers through rationalising procurement processes, standardising and simplifying procurement documentation and making them more accessible to the supplier;
- introduce framework arrangements and multi-service contracts, aggregating demand and let longer term contracts with a rationalised range of suppliers wherever suitable;
- recognise and consider quality issues and whole life cost through the use of the criteria of 'Most Economically Advantageous Tender' MEAT;
- where appropriate, establish strategic partnering arrangements for the delivery of our construction and maintenance programmes;
- promote joined up and corporate working across both councils; and
- collaborate with other local authorities and public sector organisations where appropriate;
- a good working relationship with the VCO's (Voluntary Community Organisations) to improve understanding with the third sector.

4.10 Ethics probity and conduct

The councils are committed to the highest standards of fairness, transparency and consistency in all their procurement activity. All decisions will be objective, transparent and auditable. In all their dealings, members and employees (including agents and consultants) must maintain and demonstrate the highest standards of honesty, integrity, impartiality and objectivity.

These commitments will be achieved by compliance with both councils' Constitutions which contain the following:

- Contract Procedure Rules;
- Financial Regulations;
- Codes of Conduct for members and officers; and
- The Scheme of Delegation.

The Whistleblowing Policy and Anti Fraud & Anti Corruption Strategy supports the above rules and procedures.

Both councils require their partners, contractors and sub-contractors to demonstrate high ethical standards in all of their activities.

4.11 Workforce matters and staff involvement

The Local Government Act 2003 and The Code of Practice on Workforce Matters in Local Government Service Contracts, require councils engaged in contracting-out exercises, to deal with staff matters in accordance with directions and address the problem of the 'two tier workforce'. The councils comply with the code where a TUPE transfer of staff occurs which requires an understanding of the TUPE regulations, designed to protect employment rights when contracts transfer between service providers.

Further guidance in respect of Workforce Matters and Staff Involvement is available at <http://www.lge.gov.uk>

Both councils undertake to comply with these requirements.



Plowright Theatre

4.12 Skills Pledge

In 2008 Cabinet Office issued a joint statement declaring how government will support and develop a world class skills base to compete in a modern global economy.

The aim through the pledge is to ensure that employees working on key council contracts are recruited, retained and motivated to deliver high quality services. This will bring benefits for the economy, the public and the taxpayer as well as the government, its service providers and their employees.

To achieve this aim, all employees delivering key council services, whoever their employer, should be given access to training for basic skills and, should they wish it, access to trade unions and to sources of advice.

Link www.dius.gov.uk/skillsprocurement

4.13 Mixed economy of providers and approach to the market

The councils acknowledge that small and medium sized and ethnic minority and women owned businesses, together with the voluntary and community sector and social enterprises may be discouraged from tendering for contracts because of a number of perceived or real barriers. These include:

- Not being able to find out about opportunities;
- Believing that the processes involved in bidding are unnecessarily complex and costly; and
- Trends towards larger and longer-term contracts.

It is recognised that the above organisations can offer a range of benefits including:

- Stimulating competition
- Responsiveness and commitment
- Flexibility and accessibility
- Quality of service
- Specialisms
- Innovation
- Value for money
- Valuing council business
- Unique access to the community
- Shared goals, objectives and ambitions

The councils are committed to maintaining and developing a mixed economy of providers. A mixed economy provides competition and in particular access to ideas, skills and innovation across all sectors. To meet this commitment:

- Services/directorates will seek procurement advice from the PANNEL on market research to identify potential service delivery options. Detailed market research/ intelligence gathering will be carried out at the early stages of any project or service review depending on the specific needs and benefits to the individual service area/directorate.
- Services/Directorates will undertake a rigorous and transparent appraisal of alternative service delivery options where viable options exist and have the potential to deliver higher quality/ lower costs.
- The PANNEL team will apply a challenge process to the 'make or buy' decisions taken in respect of the procurement of service delivery.
- Procurement training will inform those officers and members involved in procurement of its role in challenging service delivery methods and in the evaluation and selection of the right method of service delivery.

- The councils will develop their 'Supplier Engagement programme' which aims to achieve a positive and diverse market response to underpin the objective of a 'Mixed Economy'.
- The PANNEL team will undertake a supplier analysis as part of this to inform the council of the impact of its procurement activities on its providers and where possible their supply chains.
- Provide training to hard to reach groups where appropriate.

Both the Joint Corporate Procurement Strategy and the Supplier Engagement Programme are designed to encourage participation in competition by businesses which find it difficult to access the local government market, in particular **Small to Medium Sized Enterprises (SMEs)**. These will support and reflect the guidance within the **Small Business Concordat** which both councils signed up to in 2006.

Details of the Small Business Concordat can be found at www.northlincs.gov.uk/procurement and www.nelincs.gov.uk.

Compact - Procurement Code of Practice

The councils have joined together to develop a Compact Code of Good Practice 'Working Together, Better Together'. The compact sets out how the public sector and voluntary/community and third sector will work together in North and North East Lincolnshire to benefit the local communities. The Code of Good Practice maintains Compact principles of communication, joint working, action and trust and allows the third sector to grow and develop to become more effective in the long term.

It aims to influence financial relationships between the Public sector; partnerships commissioning at a local level such as Local Strategic Partnerships (LSPs) and voluntary, community and third sector organisations (TSOs). Its principles and undertakings apply to grants, contracts and commissioning arrangements.

The code:

- Sets a framework for the financial relationships across sectors, and
- Sets out undertakings for both sides, based on what each can expect from each other.

The code is consistent with the public sector's duty to achieve value for money and adhere to principles in Government accounting, European Union procurement law and UK public law.

Details: www.thecompact.org.uk

4.14 Partnering, collaboration and strategic alliances

The councils will actively seek out opportunities for VfM in procurement through joint activity, including:

- Shared services;
- Joint commissioning; and
- Partnerships/Strategic Alliances.

The councils acknowledge the importance of collaboration and working with other partners from the public, private and voluntary sectors to deliver quality, value for money services to our customers.

The councils will, where suitable, and where it constitutes value for money, increase the use of Procurement/ Purchasing Consortia and buying organisations such as OGCbs (Office of Government Commerce Buying Solutions), YPO (Yorkshire Purchasing Organisation), ESPO (Eastern Shires Purchasing Organisation), and ERYC Supplies (East Riding of Yorkshire Council) etc. This will help them to capitalise on economies of scale, available capacity and help reduce administration costs in some instances.

We will encourage the development of new methods and approaches to procurement that will deliver services more efficiently, effectively and economically; develop better relationships, and promote co-operative procurement arrangements, on behalf of the councils with public, private and voluntary sector organisations, as a way of providing more flexible and cost effective services.

Regional Improvement and Efficiency Partnership (RIEP)

Benefits will be realised through the Regional Improvement and Efficiency Partnership (RIEP), (formerly the Yorkshire and Humber Centre of Excellence) which facilitates contracts and framework agreements that are available, and are opened up to all councils and public sector partners that may wish to use them. The partnership also helps with identifying and promoting best practice in the region. We will actively support the work of the RIEP for Yorkshire and the Humber.

Building, Highways and Construction

The councils will improve and develop their construction procurement to achieve the objectives and benefits set out in the reports "Rethinking Construction" and "Accelerating Change" (see Appendix D - Reference Information).

This will focus on the development and implementation of:

- Strategic approaches to construction procurement and management, such as the highways alliance partner at North Lincolnshire Council and strategic regeneration partner at North East Lincolnshire Council;
- Improving procurement documentation and the evaluation process;
- Integrated team working including the constructor;
- Client leadership, customer focus and extensive stakeholder involvement;
- Development of the "partnering ethos" and "respect for people";
- Best value through value engineering and supply chain management;
- Market intelligence gathering; and
- Acquiring feedback from suppliers.

PPP/PFI

The councils will consider Public Private Partnerships (PPP), joint ventures and the Private Finance Initiative (PFI) where it is appropriate for major procurements of a capital nature. Currently there are no completed PFI or PPP schemes operated by the councils.

4.15 Recession Pledge

The councils have given support to the 11 point Regional Pledge of Action to support business through the economic downturn. Leaders' have endorsed the recommendation to commit to supporting the region/local economy via the following actions:

- we will pay promptly.
- we will buy locally where we can.
- we will support local business in accessing good information on contracts and opportunities.
- we will support local business in accessing good information on business support opportunities provided by Business Link and Yorkshire Forward.
- we will notify Council vacancies to Job Centre Plus to ensure people who lose their jobs can be made aware of opportunities with the Council.
- we will bring forward refurbishment and maintenance work to help keep businesses going in the downturn.
- we will ensure good access to money advice and debt counselling and housing aid services for local people experiencing difficulties.
- we will work to ensure that there are housing options for those in financial difficulty maintaining a flow of affordable housing locally.

- we will make sure that regional support agencies are working effectively/flexibly/responsively in our local area to support businesses and individuals.
- we will support schools and health providers to make sure families, children and individuals affected by the downturn can get the support they need to deal with their situations.
- we will work to develop the local economy in preparation to take up future economic opportunities.

4.16 Economic development

Economic development cuts across all of both councils activities. Their regeneration strategies outline how we will deliver the social and economic regeneration of North Lincolnshire and North East Lincolnshire.

This is about stabilising, renewing and growing the local economy capitalising on the success of current business activities whilst identifying and stimulating new routes to employment and economic opportunity. The emphasis is on increasing the creation and survival of new high value added businesses, in identifying, targeting and securing new appropriate inward investment and improving employment opportunities and skills.

Procurement will contribute by actively engaging with local, regional and national suppliers. We are committed to hosting regular "Meet the Buyer/SME" events to provide an opportunity for local suppliers to meet the PANNEL team and buyers within each service area/directorate where appropriate.

Providing high quality information and advice and through capacity and skill building, we will assist local businesses, SME's, ethnic minority, women owned businesses, voluntary and community organisations to build their capacity and skills to win and retain contracts with the councils and the wider public sector.

The "Selling to the Council" guide is available on our websites; www.northlincs.gov.uk/



Brigg Market

4.17 Equality and diversity in procurement

As community leaders, major employers and providers of services, both councils are committed to promoting equality, valuing diversity and combating unfair treatment.

We are committed to ensuring that current and potential service users, suppliers, employees or job applicants will not be discriminated against on the grounds of social circumstances or background, gender, race, age, disability, sexual orientation, religion or belief.

The councils will work with partners and suppliers to build diversity considerations into our procurement processes, helping to improve the quality of life for everyone in North and North East Lincolnshire, and in doing so to provide an environment that is free from discrimination, harassment, violence and that shares and promotes good practice.

PANNEL works closely with both councils' diversity teams to embed the principles and objectives of Equality and Diversity Policies through our procurement activities and we will ensure that our procurement policies and practices meet the The Equality Standard for Local Government through integrating and mainstreaming equality and diversity considerations and objectives into the council's commissioning and contracting processes.

Further guidance is available at www.equalityhumanrights.com

4.18 Sustainability in procurement

"Sustainable procurement is a process whereby organisations meet their need 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, the economy, whilst minimising the damage to the environment".

(Procuring the future, National Sustainable Procurement Strategy)

Both councils continue to include sustainability as a key consideration in projects, some of which are listed below:

- Highways Alliance – Use of recycled materials and generation of apprenticeship schemes
- Water's Edge Visitors Centre – Barton Upon Humber – Sustainable Construction
- Brigg Primary School – Sustainable Construction
- The Pod's (Sports Academy) – Sustainable Construction
- Waste Operator – Sustainable waste management
- IT Hardware Contract – Low energy, energy efficient hardware
- Photocopier (MFD) Contracts – Low Energy, energy efficient hardware
- Stationery Contract – Environmental friendly alternatives, recycled alternatives

- Cleaning Contract – Creation of Training and Development
- Grimsby People's Park, Cafe and Pavilion – Sustainable Construction
- Commercial Vehicles – Eurostar Rated
- Bio-Diesel – Fuel
- Electricity – "green" energy
- Direct magazine – printed on recycled paper
- Printing – Environmentally friendly inks and materials

The councils will use the annual procurement plan to ensure sustainability opportunities are realised where relevant and reasonable.

Sustainable Procurement Policy

Both councils have adopted a sustainable procurement policy setting out how they will use their buying power to consider goods and services that respect the environment, and take into account the social and economic impacts of procurement. The councils will therefore strive to:

People, Education and Awareness

- Educate, train and encourage our workforce to review their consumption of goods/services, reduce usage and adopt more environmentally friendly alternative products
- Communicate the sustainable procurement policy to our workforce, suppliers and stakeholders

Policy, Strategy & Communications

- Consider the whole life costs and benefits of environmentally preferable goods/ services as alternatives
- Investigate the impact of the council's expenditure on goods and services to identify potential environmental impacts
- Investigate opportunities for the recycling and re-use of materials where appropriate and available
- Assess the environmental and corporate risks to the organisation with a commitment to continually improving sustainable performance related to the supply chain in support of ISO140001 accreditation
- Utilise the Procurement Alliance North and North East Lincolnshire to improve sustainable procurement performance across both councils.
- Source ethically produced goods and services such as the Fair Trade mark in line with council policy

Procurement Process

- Promote best practice for sustainable procurement.
- Ensure that where appropriate, suppliers' environmental credentials are, as far as legally practicable, considered in the supplier evaluation process and that environmental criteria are used in the award of contracts.

- Ensure that consideration is given to inclusion, within all specifications, of a facility for suppliers to submit offers for environmentally friendly alternatives.
- Specify, wherever possible and practicable, the use of environmentally friendly products and services where value for money can be demonstrated on whole life cost grounds.
- Ensure key suppliers are required to provide CO2 information and assist the council in reducing its carbon impact

Engaging Suppliers

- Educate our suppliers regarding the council's environmental and sustainability objectives
- Encourage and persuade suppliers to adopt environmentally friendly processes and supply environmentally friendly goods/services.
- Address barriers to entry in order that Small and Medium Sized Enterprises (SMEs) and local suppliers are encouraged to bid for the council's business.
- Work with key suppliers to make changes and thereby extend sustainability improvements throughout the supply chain.

Measurements and Key Actions

- Comply with all relevant environmental legislation
- Meet Flexible Framework Level 2 by 31st March 2010
- Meet Flexible Framework Level 3 by 31st March 2011

Carbon Management

North and North East Lincolnshire Councils are both signatories to the Nottingham Declaration on climate change, meaning that both councils are now committed to the delivery of the UK climate change programme. As part of this commitment both councils have adopted a Climate Change Action Plan and are signed up to the Carbon Trust's Carbon Management Programme setting out an aim to reduce carbon emissions over the coming years. A key requirement of the Carbon management programme is for carbon reduction measures to be considered when procuring goods, services, works and utilities.

In conjunction with the sustainable procurement policy, the councils will work to minimise carbon consumption through its contracts and arrangements to meet the requirements set out in the National Indicator 185 which reports carbon emissions arising from the councils functions.

We will work with our supply chain to encourage and educate to minimise carbon consumption and will consider sustainable considerations in the award of our contracts where relevant and reasonable.

4.19 e-Procurement and e-Commerce

The council will develop their e-Procurement and e-Commerce capacity and capability where appropriate, to gain the benefits derived from using the following:

- **e-procure to pay (CeDar Module)**
- **e-auctions**
- **purchasing cards**
- **e-marketplaces**
- **e-tenders Regional Supplier and Contracts Management System (SCMS)**

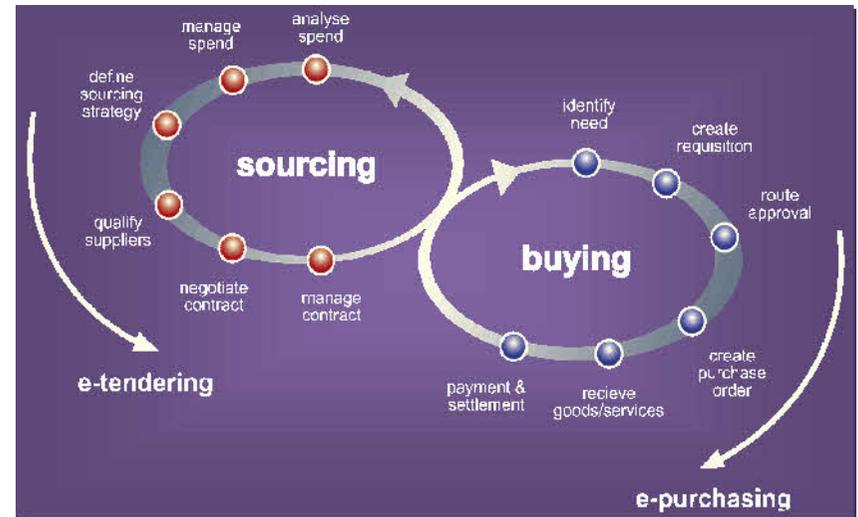
The councils see the principal benefits of implementing e-Procurement as follows:

- Reduced internal administrative transaction costs, associated with the procurement and invoice payment processes;
- Reduced levels of "off-contract" purchasing and improved usage of corporate contracts;
- Improved budget commitment information and forecasting;

- Assisting local and national suppliers to realise the benefits offered by e-procurement, e.g.:
 - Faster payment;
 - Wider exposure to local/central government market;
 - Improved transaction speed;
 - Improved customer relations;
 - Improved contract management; and
 - Lower process costs.
- Improved commercial relationships with suppliers, service providers and works contractors;
- Improved contract monitoring, management and compliance;
- Improved procurement and delivery lead times and reduced inventories;
- Standardisation of purchases, products, services and procurement processes;
- Reduced payment times and improved performance against BVPI8;
- Improved quality of management information on purchasing profiles and patterns which will make for better informed procurement decisions;

- Reduced focus on transactional/routine purchasing and processing matters;
- Improved focus on strategic procurement issues, principally sourcing and supplier selection; and
- Cost savings through suppliers offering improved terms for increased volumes, faster payment etc.

We will work proactively with our suppliers, in particular organisations who face challenges in implementing electronic commerce, to help them respond to our e-procurement strategy.



5.1 Benefits realisation

Targets have been set for identifying and realising procurement efficiencies through:

- The PANNEL Business Plan 2009-12 (£7.6m target over 3 years).
- Annual Efficiency Target as measured under NI179.
- Annual procurement savings targets for PANNEL officers.
- Targets as specified in individual business cases.

Appropriate monitoring processes are in place to ensure that performance is measured and that the reasons for success or failure are captured and understood.

To strengthen the benefits realisation process a number of improvements have been made in the past 12 months:

- Commissioning an external provider expert in procurement spend analysis.
- Establishment of a Procurement Analyst post to improve the quality of data that is made available for procurement planning and decision making.

- Monthly reporting of procurement efficiencies.
- Quarterly reporting of procurement efficiencies to PANNEL Management Board.
- Annual reporting of procurement savings to Cabinet.
- NI179 compliant reporting processes have been established.
- The linkage with the budget process has been strengthened ensuring that savings are reflected in the councils' budget setting and financing processes.

In addition performance on non-financial issues is also measured across the following key areas.

- Supplier satisfaction
- Small business satisfaction
- Diversity against IDEA indicators
- Customer satisfaction
- Spend within local area
- Proportion of spend captured through electronic procurement
- Sustainability against national flexible framework

5.2 Performance management

The Key Performance Indicators (KPIs) for PANNEL are reported on and monitored through the Quarterly Performance Review (QPR) process.
See Business Plan Appendix A.



Monument to the Pilgrim Fathers, Immingham



Twigmoor Woods

Chapter 6 - Appendices

Appendix A PANNEL Business Plan 2009 - 2012

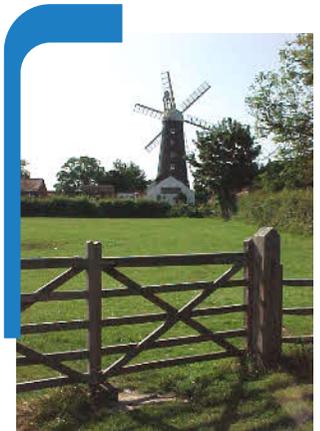
Appendix B Benefits Realisation Measures

Appendix C Supplier Positioning Tool
North East Lincolnshire Council Spend and Gap Analysis
Savings Analysis

Appendix C Strategic Sourcing Matrix and Procurement Spend Analysis

Appendix E Identified Areas of Mutual Benefit

Appendix F PANNEL Structure



Waltham Windmill



Scunthorpe Town Centre



Procurement Alliance

North & North East Lincolnshire Business Plan 2009 - 2012

PANNEL Vision

One integrated team delivering world-class procurement that empowers services, directorates & schools to achieve outstanding value, outcomes & success across North & North East Lincolnshire



Introduction

North and North East Lincolnshire Councils have established a shared procurement service - *Procurement Alliance North & North East Lincolnshire (PANNEL)*, delivering procurement excellence, service transformation and outstanding value for money across both councils, covering an annual non-pay spend of c. £220 million.

This three-year business plan has been produced to help support a step-change in performance. In recent years both councils have achieved substantial efficiencies and benefits from procuring together through a joint team. This has been recognised both regionally and nationally. However the potential for further improvement is significant. Moreover the requirement under CSR07 for both councils to achieve further significant cash-releasing efficiency gains over the next few years, of which c.60% is expected to come from more effective procurement, together with the increasing demands of the CAA Use of Resources framework requires an ambitious programme of strategically targeted and procurement led activity.

Analysis has revealed that efficiencies of c. £7.6m are potentially realisable across both councils over the CSR07 period.

The principal outcomes sought through the delivery of the plan together with the key measures are:

- Achievement of procurement savings in support of the Medium Term Financial Plan
- Increase the proportion of spend channelled into the local area by 2% by 2012 compared to 2009/10 baseline in support of the NELC Council Plan
- Positive CAA Use of Resources rating
- Achieve 70% DMT/Service Area satisfaction with procurement support in 2009/10 rising to 90% by 2011/12
- Achieve Level 1 of the National Sustainable Flexible Framework by 30 April 2009 and Level 2 by 31 March 2010

The achievement of the above outcomes will require the successful delivery of the following key actions, as set out in the work plan:

- Further development and mapping of the council's £120m procurement spend by externally engaged resource to pin-point new efficiency opportunities
- Successful delivery of identified efficiency led projects
- Delivery of supplier events targeted at local SMEs awareness
- Effective marketing and targeting of procurement opportunities to local businesses and third sector providers
- Successful delivery of key directorate led projects
- Improved advice/support to directorates on procurement issues by PANNEL team
- Simplifying procurement procedures framework & introduce corporate procurement training programme
- Implementation of the sustainable procurement policy

Success will depend on the effective underpinning of the following key principles and actions:

- Recognition council-wide of the role of strategic procurement in delivering improvement and efficiency;
- Extending the influence of strategic procurement into all major spend categories;
- Establishment of a fully integrated shared-service structure with the unit head recognised as the professional procurement lead across both councils and accountable for performance;
- Investment in additional procurement resources, including analytical support;
- Adequate resourcing and prioritisation of projects by client services/directorates;
- Greater alignment/convergence of the procurement, efficiency, VfM and transformational government agendas at local level;
- Positive cultural shift that supports an efficiency led agenda; and
- CMT endorsement and support for these changes

The business plan comprises:

Key Efficiency Projects (pages 35 - 42)

A summary of the main spend areas that will be targeted over the next 3 years together with their potential for realising savings and the basis of any efficiency estimates. The list has been determined following analysis of the spend profile and contracts registers for both councils and informed by regional and national best practice. In particular efficiency opportunities across the major spend categories of Adult Social Care, Supporting People, Children's Social Care, Education Placements, Environmental Services and Construction (which together account for over half of total spend) will be targeted.

Strategic Development Priorities (pages 43 - 47)

Actions necessary to ensure that best practice standards are achieved, supporting the attainment of both councils priorities and the shared vision for procurement

Critical Projects (pages 48 - 49)

Key organisational projects requiring procurement support. A full list of council specific and joint procurement projects is set out in the Annual Procurement Plan 2008/9, which can be downloaded at www.northlincs.gov.uk.

Alliance Development Priorities (page 50 - 51)

Actions necessary to ensure that the benefits obtainable from a shared service are fully realised.

Benefit Realisation Measures (Appendix B)

How performance improvement will be measured and monitored.

Spend & Gap Analysis (Appendix C)

Key spend information and a gap analysis which has been used to inform the plan

Savings Analysis (Appendix C)

A summary of the targeted efficiencies

PANNEL Structure (Appendix F)

An overview of the alliance's structure, outlining the resources that will be made available to support the delivery of the business plan.

Key Efficiency Projects

Category	Opportunity & Annual Spend		2009/2010	2010/2011	2011/2012
1 Voice & Data Landline Telecommunication	NELC £1.4m <ul style="list-style-type: none"> ■ Contestability ■ Competitive marketplace ■ Strategic leverage category ■ Collaboration ■ Savings forecast - 8% 	NLC £1.2m	✓ (MJW)		
2 Property R&M Phase 2: 18 Specialist Categories e.g flooring, decorating, alarms, etc	NELC £1.25m <ul style="list-style-type: none"> ■ Competitive marketplace ■ Rationalise contractor base ■ Aggregation ■ Frameworking ■ Leverage category ■ Savings forecast - 12% 	NLC £1.25m	Phase 2 ✓ (MJW)		
3 Construction Phase 1 Projects £50k - £5m NELC - Highways & New Build NLC - New Build Consultancy Phase 2 Strategic Partnering?	NELC £10m <ul style="list-style-type: none"> ■ Competitive marketplace ■ Rationalise contractor base ■ Aggregation ■ Collaboration ■ Value engineering ■ Frameworking/partner ■ Savings forecast - 5% 	NLC £16m	Phase 1 ✓ (JW)		Phase 2 ✓ (JW)
4 Home Improvement Block Enhancements	NELC £0.4m <ul style="list-style-type: none"> ■ Competitive marketplace ■ Rationalise ■ Aggregation ■ Frameworking/partner ■ Savings forecast - 8% 	NLC £0.5m	✓ (DT)		

Category		Opportunity & Annual Spend		2009/2010	2010/2011	2011/2012
5 Environmental Services	NELC	NLC				
	Phase 1 Wheelie Bins Trees Work Drain Cleaning	£1.4m £0.4m TBC	£0.2m £0.1m £0.1m	Phase 1 ✓ (DT)	Phase 2 ✓ (DT)	
	Phase 2 TBA	<ul style="list-style-type: none"> ■ Competitive marketplace ■ Contestability ■ Strategic Approach ■ Rationalise ■ Frameworking/eAuction ■ Aggregation ■ Use of consortia ■ Leverage forecast: -7% wheelie bins/5% other 				
6 ICT Hardware/Software	NELC	NLC				
	Printers & Peripherals Networking/Cabling PCs/Notebooks Blade Servers Corporate Software Corporate Maintenance Lotus Renewal	£0.05m £0.05m £0.5m £0.07m £0.2m £0.05m N/A	£0.05m £0.1m £0.4m £0.7m £0.2m £0.05m £0.07m	Cabling ✓ (NS)	Software ✓ (NS)	PCs/Laptops ✓ (MW)
		<ul style="list-style-type: none"> ■ Collaborative eAuction ■ Frameworking ■ Rationalise suppliers ■ Competition ■ Savings forecast - 2.5% 	Servers ✓ (MW)	Printers & Perihp. ✓ (MW)		

<p>7 Street Lighting Maintenance & Materials</p>	<p>NELC £1.2m Outsourced</p> <ul style="list-style-type: none"> ■ Frameworking ■ Competition ■ Savings forecast - 12% 	<p>NLC £0.0m In-house</p>	<p>✓ (DT)</p>		
<p>8 Supporting People</p> <p>NLC 3rd Yr SP Plan NELC?</p>	<p>NELC £5m total pa.</p> <ul style="list-style-type: none"> ■ Competitive marketplace ■ Contestability ■ Rationalised supplier base ■ Aggregation ■ Savings forecast - 7% 	<p>NLC £0.75m (3rd YR)</p>	<p>✓ (MW)</p>		
<p>9 Children's Care</p> <p>Domiciliary Care Placements/Shared Housing CAMHS</p>	<p>NELC £1.2m</p> <ul style="list-style-type: none"> ■ Rationalise contractor base ■ Aggregation ■ Contestability ■ Frameworking/partner ■ Savings forecast - 3% 	<p>NLC £3m</p>	<p>✓ (RD)</p>	<p>CAMHS ✓ (RD)</p>	



Cleethorpes Pier & Ross Castle

Category	Opportunity & Annual Spend	2009/2010	2010/2011	2011/2012
10 Education Placements	<p>NELC £1.8m</p> <p>NLC £3m</p> <ul style="list-style-type: none"> ■ Rationalise contractor base ■ Aggregation ■ Frameworking/partner ■ Contestability ■ Savings forecast - 3% 	<p>✓ (RD)</p>		
11 Business Travel & Accommodation	<p>NELC £0.3m</p> <p>NLC £0.3m</p> <ul style="list-style-type: none"> ■ Competition market ■ Aggregation ■ Leverage category ■ Frameworking ■ Channel migration ■ Savings forecast - 5% 	<p>✓ (DT)</p>		
12 Adult Social Care Phase 1 Home Care Phase 2 Extra Care Phase 3 Residential Care (NL VfM Study Report refers)	<p>NELC Care Trust Plus</p> <p>NLC £2.5m</p> <ul style="list-style-type: none"> ■ Competitive marketplace ■ Rationalise contractor base ■ Aggregation ■ Contestability ■ Frameworking/partner ■ New care models ■ Personalisation ■ Savings forecast - 5% 	<p>Phase 1 & 2 ✓ (MW)</p>		<p>Phase 3 ✓ (MW)</p>

13 Homelessness Accommodation & Hotels	<p>NELC £0.1m</p> <ul style="list-style-type: none"> ■ Competitive marketplace ■ Rationalise contractor base ■ Aggregation ■ Leverage category ■ Frameworking ■ Savings forecast - 2.5% 	<p>NLC £0.1m</p>	<p>✓ (DT)</p>	
14 Energy/Management Gas Electricity Streetlighting Fuels	<p>NELC £1.2m £1.4m £0.07m TBC</p> <ul style="list-style-type: none"> ■ Competitive market ■ Market softening? ■ Aggregation ■ Frameworking ■ Savings forecast - 1.5% 	<p>NLC £1.1m £1.6m £0.06m £0.07m</p>	<p>✓ (RD)</p>	
15 Supply Teachers Framework	<p>NELC £0.5m</p> <ul style="list-style-type: none"> ■ Aggregation ■ Competitive market ■ Frameworking ■ Savings forecast - 1.5% 	<p>NLC £0.65m</p>	<p>✓ (NS)</p>	



Grimsby Auditorium

Category	Opportunity & Annual Spend		2009/2010	2010/2011	2011/2012
16 Cleaning Services	NELC £1m	NLC n/a	✓ (DT)		
	<ul style="list-style-type: none"> ■ Competitive market ■ Lotting options ■ Leverage category ■ Frameworking/partner ■ Savings forecast - 2% 				
17 Plant Hire	NELC £0.4m	NLC £0.3m	✓ (NS)		
	<ul style="list-style-type: none"> ■ Competitive market ■ Rationalise contractor base ■ Aggregation ■ Leverage category ■ Frameworking ■ Collaborative ■ Savings forecast - 7% 				
18 Office Supplies & Stationery etc. inc Office Furniture	NELC £0.55m	NLC £0.55m	✓ (JR)		
	<ul style="list-style-type: none"> ■ Competitive market ■ Rationalise contractor base ■ Aggregation ■ Leverage category ■ Collaborative ■ Frameworking/partner ■ Savings forecast - 5% ■ Potential eAuction ■ Lotting options 				

<p>19 Vehicles</p> <p>Phase 1 Light Commercial Phase 2 Specialist</p>	<p>NELC £0.55m</p> <ul style="list-style-type: none"> ■ Competitive marketplace ■ Rationalise contractor base ■ Aggregation ■ Contestability ■ Frameworking/partner ■ New care models ■ Personalisation ■ Savings forecast - 5% 	<p>NLC £0.55m</p>		<p>Phase 1 & 2 ✓ (NS)</p>	
<p>20 Strategic Professional Services Framework</p> <p>All non construction professional services including organisational development, legal, business redesign, project management</p>	<p>NELC £1.m+</p> <ul style="list-style-type: none"> ■ National/regional frameworks ■ Competition ■ Aggregation ■ Process Cost ■ Rationalisation ■ Uniformity ■ Savings forecast - 3% 	<p>NLC £1.m+</p>			<p>✓ (RD/MW)</p>
<p>21 Operational Procurement</p> <p>Leisure Food WorkSmart Furniture Disposals Framework PPE Confidential Waste Childcare Vouchers National/Regional "Best Deals" Research Establish & Implement Protocols: - Office Supplies - Furniture - IT - Agency workers - Advertising Redirection of off-contract spend</p>	<p>NELC £3000k saving</p>	<p>NLC £300k</p>	<p>✓ (NS) (TT) (TT) (KP) (KP) (NS) (TT) (KP)</p>	<p>✓ (KP/TT)</p>	<p>✓ (KP/TT)</p>

Impact Assessment

		2008/2009	2009/2010	2010/2011	Total
Targeted Influenced Spend	NELC	£10m	£21m	£27m	£58m
	NLC	£9.5m	£19m	£31m	£59.5m
% of Total Spend	NELC	10%	21%	27%	58%
	NLC	9.5%	19%	31%	59.5%
Savings	Combined Target	£2m	£2.6m	£3m	£7.6m
	Achieved	£2.5m			



St James Church, Grimsby

1. Performance Development			
a. Introduce KPI monitoring at NELC by 31 May 2009	✓ (KP)		
b. Report quarterly on progress against KPIs via monthly directorate / service performance reports - monthly	✓ (KP/MB)	✓ (KP/MB)	✓ (KP/MB)
c. Determine a sub-regional collaborative procurement plan with ERYC and Hull by 31 August 2009	✓ (JW)	✓ (JW)	✓ (JW)
d. Agree personal efficiency performance targets by 30 April 2009	✓ (JW)	✓ (JW)	✓ (JW)
e. Complete supplier satisfaction survey for 2008/9 by 30 June 2009	✓ (JR/KP)	✓ (JR/KP)	✓ (JR/KP)
f. Achievement of Joint Savings Target by 31 March 2010	✓ (JW)	✓ (JW)	✓ (JW)
2. Mixed Economy Development			
a. Deliver 4 SME events across NLC & 4 SME events across NELC by 31 March 2010	✓ (NS/KP)	✓ (NS/KP)	
b. Deliver an annual VCO event across NLC & NELC by 31 March 2010	✓ (NS/KP)	✓ (JR)	✓ (JR)
c. Deliver 1 BME event across NLC & 1 event across NELC by 31 March 2010	✓ (NS/KP)		
d. Use NLC/NELC GIS spend mapping to support the targeting of SME events by 30 September 2009	✓ (NS/KP)		
e. Deliver a series of Third Sector Compact awareness briefings to officers across NLC & NELC by 31 March 2010	✓ (NS/KP)		
f. Establish a further VCO engagement through procurement exemplar project case-study for: - Adults social care by 31 March 2010 - Childrens social care by 31 March 2010 - Economic Well Being by 31 October 2010	✓ (MW/RD)		
g. Review progress against the Glover Report recommendations by 30 November 2010			

Strategic Development Priorities (continued)

		2009/2010	2010/2011	2011/2012
3. Procure2Pay Development				
a.	Complete SCMS Roll-Out (basic functionality) at NELC & NLC for all projects over £50k by 1 April 2009 & £20k 1 January 2010	✓ (KP/JR)		
b.	Trial full SCMS functionality on a key NL & NEL project by 30 September 2009	✓ (KP/JR)		
c.	Complete P2P (Req. - PO) Rollout at NLC by 31 December 2009	✓ (JR)		
d.	Pilot eInvoicing at NLC by 30 June 2009	✓ (JR)		
e.	Produce a P2P Strategy for NELC by 30 September 2009			
f.	Increase Supplier Adoption & eCatalogues at NLC: Suppliers - 1500 no. by 31 May 2009 Suppliers - 2000 no. by 31 December 2009 Catalogues - 10 no. by 30 June 2009 Catalogues - 20 no. by 31 December 2009 Punchout - 1 no. by 1 April 2010	✓ (JR) ✓ (JR)		
g.	Produce a P2P Supplier Enablement Strategy & escalation procedure via Digital Inclusion Unit by 30 June 2009	✓ (JR)		
h.	Consider Schools OPEN eMarketplace by 31 July 2009	✓ (JR)		
i.	Participate in 2 no eAuctions - office supplies by 31 March 2010- wheelie bins by 30 April 2009	✓ (MW)		
j.	Complete actions as set out in the NLC P2P/SCMS audit			

4. Sustainability Development			
a. National sustainability strategy implementation: <ul style="list-style-type: none"> ■ Achieve Level 1 of the Flexible Framework by 30 April 2009 ■ Achieve Level 2 of the Flexible Framework by 31 March 2010 ■ Achieve Level 3 of the Flexible Framework by 31 March 2011 	✓ (NS)	✓ (NS)	✓ (NS)
b. GIS map annual NL/NEL procurement spend by 30 September 2009	✓ (JR)	✓ (JR)	✓ (JR)
c. Invite tenderers for construction frameworks/partnering to submit method statements on effective engagement of SMEs and TSOs (project specific)	✓ (MW)		✓ (RD)
d. Improve performance against IDEA diversity indicator for procurement: <ul style="list-style-type: none"> ■ 75% by 31 March 2010 ■ 85% by 31 March 2011 ■ 95% by 31 March 2012 	✓ (DT/NS)	✓ (DT/NS)	✓ (DT/NS)
e. Introduce Supplier Vulnerability Assessment for all major projects - by 30 April 2009	✓ (DT/NS)	✓ (DT/NS)	✓ (DT/NS)
f. Establish additional Diversity through Procurement exemplar case-study project by 31 March 2010	✓ (RD/NS)		
g. Establish additional Community Benefits/Economic Well Being through Procurement exemplar case-study project by 31 October 2010	✓ (RD/MW)		
h. Develop NL/NEL Community Benefits Charter by 31 December 2009	✓ (NS)		



Freshney Place, Grimsby

Strategic Development Priorities (continued)

	2009/2010	2010/2011	2011/2012
5. Strategy & Governance Development			
a. Update procurement strategy to reflect Roots Review & Glover Report recommendations by 30 September 2009	✓ (JW)	✓ (JW)	✓ (JW)
b. Complete Spikes Cavell analysis of NL & NEL procurement spend by 30 June 2009	✓ (JW)	✓ (JW)	✓ (JW)
c. Update Efficiency Led Projects in Business Plan 2009 to reflect Spikes analysis findings by 31 July 2009	✓ (JW)		
d. Deliver 4 x 1 day procurement trainign events for officers/schools at NLC by 31 March 2010	✓ (MB/TT)	✓ (MB/TT)	✓ (MB/TT)
e. Incorporate procurement awareness in corporate induction training by 30 September 2009	✓ (NS/TT)		
f. Establish officers/schools procurement training programme for NELC by 31 March 2010	✓ (RD)		
g. Deliver procurement training programme at NELC by 31 August 2009	✓ (TT)		
h. Refresh, simplify & fully harmonise Procurement Guidance Framework: <ul style="list-style-type: none"> ■ CPRs ■ Manual/Guides etc by 31 March 2010 	✓ (DT)		✓ (DT)
i. Review NLC/NELC Statement of Principles by 31 January 2010	✓ (JW)	✓ (JW)	✓ (JW)
j. Establish an exemplar project for delivering the choice & personalisation agenda through procurement via Adult Services/Supporting People by 31 March 2010	✓ (JW)		

k. Complete Diversity Impact Assessment on the Joint Procurement Strategy by 31 January 2010	✓ (NS)		
l. Review Data Handling provisions for relevant major contracts by 31 May 2009	✓ (JW)	✓ (JW)	✓ (JW)
m. Introduce Monthly spend tracking/leakage analysis reporting at NELC by 31 October 2009	✓ (TT/Analyst)		
n. Refresh Business Continuity Planning for service critical contracts in line with Cabinet Office guidance by 30 November 2009	✓ (KP/MB)	✓ (KP/MB)	✓ (KP/MB)
o. Update Strategic Risk Statement: ajor Projects by 30 September 2009	✓ (JW)	✓ (JW)	✓ (JW)
p. Update Joint Risk Register by 30 September 2009	✓ (JW)	✓ (JW)	✓ (JW)
q. Produce an Annual Procurement Plan by 31 March 2010	✓ (MW/TT)	✓ (MW/TT)	✓ (MW/TT)
r. Refresh Joint Contracts Register by 31 March 2010	✓ (MW/TT)	✓ (MW/TT)	✓ (MW/TT)
s. Maintain active involvement in RIEP development to support Roots Review recommendation - quarterly	✓ (JW)	✓ (JW)	✓ (JW)



Wold Village

Critical Projects

	2009/2010	2010/2011	2011/2012
NLC			
Baths Hall Operator	✓		
Baths hall Build	✓		
Sports Academy	✓		
Waste Disposal	✓		
Recyclables	✓		
Voice & Data Telecoms	✓		
Construction Framework	✓		
BSF	✓		
Strategic Regeneration led <ul style="list-style-type: none"> • Westcliffe • Employability • Economic assessment • Higher Education Strategy • Water Cycle Strategy • Lincs Lakes/Town Master Plan • Knowledge Campus • Crowle Regeneration 	✓ (all)		
Transport Standing List	✓		
Energy & Fuels	✓		✓
Insurance	✓		
Adult Social Care Programme	✓		
Play Builder Wave 3		✓	
Capita ICT System	✓		
Childrens Placements			

	2009/2010	2010/2011	2011/2012
NELC			
Voice & Data Telecoms	✓		
TTP Projects e.g. CRM/HR/Financial systems	✓		
Humber Sea Food Exchange	✓		
Immingham Eastgate	✓		
BSF	✓		✓
Highways Infrastructure	✓		
Street Lighting Maintenance	✓		
Energy & Fuels	✓		✓
Cleaning Services	✓		✓
Leisure Provision	✓		
Leadership Framework	✓		
Play Builder Wave 3	✓		
Economic Well-Being	✓		
Schools Catering	✓		
Catch 3	✓		
Primary Capital	✓		
CAHMS		✓	
A18-A180 Link Road	✓		

Alliance Development Priorities

	2009/2010	2010/2011	2011/2012
Task			
a. Provide effective IT Access - NLC & NELC <ul style="list-style-type: none"> ■ Diary Management by 30 June 2009 ■ Shared Folders by 31 July 2009 	✓		
b. Establish shared resources: <ul style="list-style-type: none"> ■ Contracts Catalogue by 31 March 2010 	✓	✓	
c. Address outstanding harmonisation issues <ul style="list-style-type: none"> ■ Financial Appraisal by 31 July 2009 ■ CPRs by 31 March 2010 	✓		
d. Achieve CIPS Accreditation by 2012			✓
e. All procurement advisors MCIPS qualified or working towards by 31 December 2012	✓		
f. Produce a composite training & development Plan	✓		
g. Submit Award Entry: CIPS Supply Management "Most Improved Procurement Operation - Step Change" by 31 December 2009	✓		
h. Establish individual work plans for PANNEL officers by 30 April 2009	✓		
i. Complete analyst induction and start development of improved benefits capture, tracking, monitoring and reporting capabilities by 31 August 2009	✓		
j. Monthly tracking of income stream for the P2P Development Officer post <ul style="list-style-type: none"> ■ 2009/10 close gap ■ 2010/11 self financing 	✓	✓	

k. Consider opportunities for expanding the membership of PANNEL by 31 March 2010	✓	✓	
l. Implement control matrix for all projects supported by PANNEL by 30 April 2009	✓		
m. Consult with all DMTs on PANNEL service levels by 31 July 2009	✓		
n. Strengthen regional/national reputation and influence via RIEP, OGC & IDeA	✓		
o. Arrange half yearly PANNEL away days to develop culture and business planning	✓		
p. Gain access to NEL Finance reporting systems and ledger by 30 June 2009	✓		
q. Review category specialism model by 30 September 2009	✓		
r. Review delegated authority thresholds by 30 September 2009	✓		



Normanby Hall

Appendix B

Benefits Realisation Measures

Strategy Implementation			
KPI No.1	LIB/P31	Equal Opportunities**(references in key docs & plans to equalities considerations)	Quarterly
2	LIB/P5	Aggregation 2 (% of corporate spend via collaborative approach)	Annually
3	LIB/P4	Aggregation 1 (% of corporate spend through corporate contracts)	Annually
4	LIB/P32/33	SME/BME Satisfaction with the Council (access to opportunities & support)	Annually
Client Satisfaction			
5	LIB/P17	End User/Client Satisfaction (at time of award and after two years)	Quarterly
P2P			
6	LIB/P25(a)	% of corporate spend through electronic procurement module (NLC only)	Monthly
7	LIB/P25(b)	% of corporate spend via electronic purchase order (NLC only)	Monthly
8	LIB/P26	% of invoices received electronically	Monthly
9	Local	No. projects managed through SCMS (to-date)	Monthly
10	LIB/P22	Average Invoice Value	Quarterly
11	LIB/P29	% of invoices paid electronically	Quarterly
VFM			
12	VFM/1	Cashable savings identified through smarter procurement (annualised)	Monthly
13	VFM/2	Cashable savings identified through completed VFM projects (NLC only)	Monthly (accumulative)
14	VFM/3	% of VFM projects completed v overall programme (NLC only)	Monthly (accumulative)

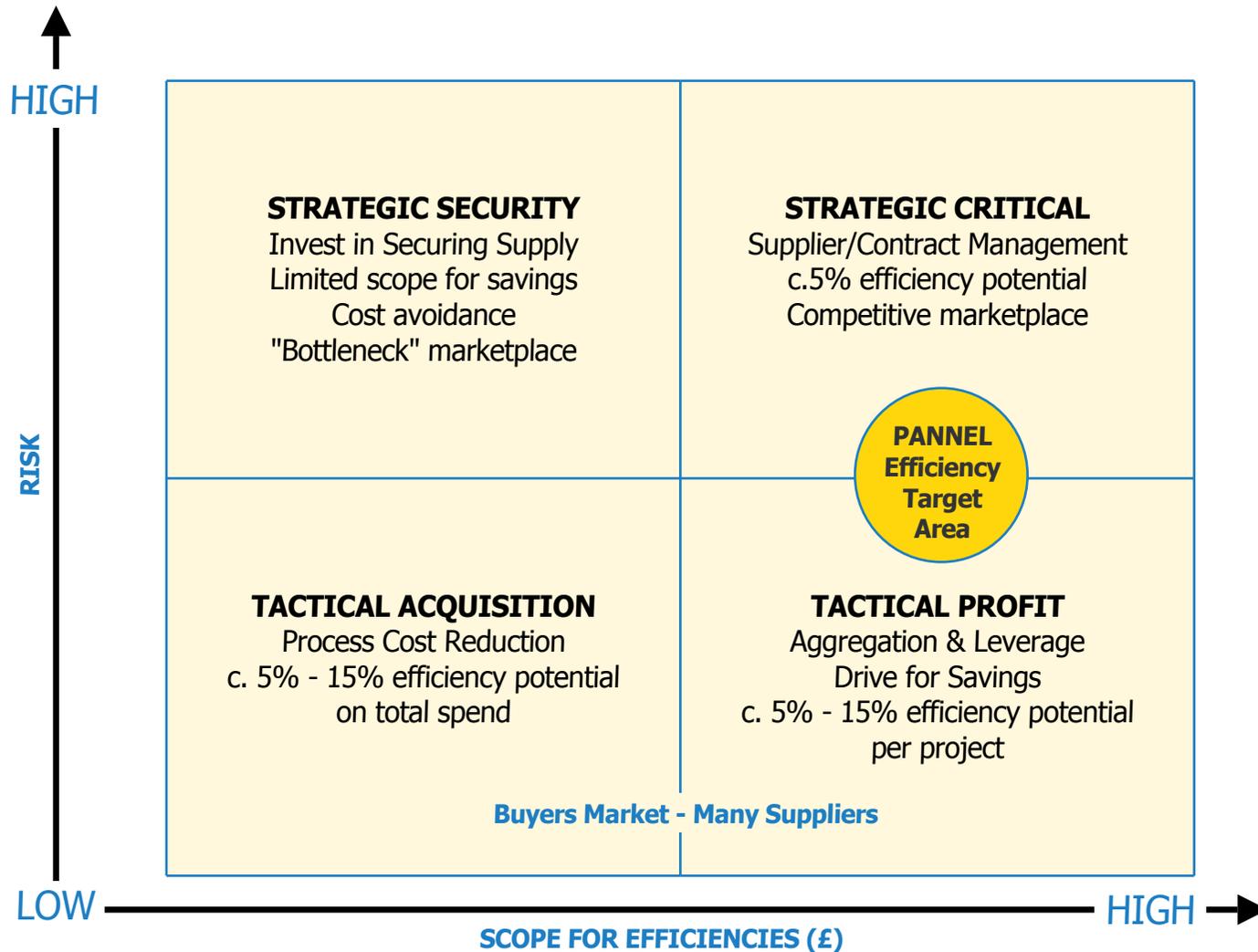
Key

LIB/= IDeA recommended local indicator for procurement

** Delete reference to influence at each stage of procurement/contract management performance

Appendix C

Supplier Positioning Tool



Appendix C

NELC Spend & Gap Analysis

Category	Spend 2007/8	% of Total	No. Suppliers	Current Procurement Arrangements	% coverage influenced by PANNEL	Gap	2009/2010 Work Programme 2011/2012
1. Advertising & Media	£944,501	0.8%	11	ESPO Recruitment Advertising Framework	30%	70%	KEP No.21
2. Agency Staff	£4,220,785	3.5%	25	ERYC Agency Staff Framework	60%	40%	KEP No.21,15
3. Cleaning Services & Supplies	£1,180,727	1.0%	4	Outsourced cleaning contract.	85%	15%	KEP No.16
4. Construction (Capital 50%+)	£23,012,142	18.9%	15	Standing List	0%	100%	KEP No.3,4
5. Education Supplies & Services	£8,315,694	6.8%	94	Individual contracts	0%	100%	KEP No.10
6. Energy, Fuel & Water	£4,308,716	3.5%	8	YPO Electricity/Gas Frameworks	99%	1%	KEP No. 14
7. Environmental Services	£8,339,392	6.9%	41	Waste Contract	70%	30%	KEP No.5
8. Financial Services	£1,653,532	1.4%	21	Individual leasing services	30%	70%	N/a Primarily leasing arrangements
9. Food & Provisions	£1,862,450	1.5%	14	Outsourced contract	55%	45%	School Meals Project
10. I.T. Hardware	£1,971,359	1.6%	18	Corporate Hardware OGC Framework	75%	25%	KEP No.6
11. I.T. Software	£975,611	0.8%	15	Corporate Software OGC Framework.	60%	40%	KEP No.6
12. Lease/Hire Cars	£211,344	0.2%	3	ERYC Hire Car Framework	90%	10%	
13. Legal Services	£849,770	0.7%	10	Yorkshire Legal Services Framework	25%	75%	
14. Leisure Services & Supplies	£2,197,764	1.8%	8	Oursourced contracts	88%	12%	
15. Materials - Buildings	£357,639	0.3%	5	Joint NLC/NELC DFG Framework	50%	50%	KEP No.2

16. Materials - Glazing	£635,375	0.5%	4	Standing List	0%	100%	KEP.No2,3
17. Materials - Highways	£174,679	0.1%	1	ERYC Frameworks	100%	0%	
18. Maintenance - Property	£9,563,536	7.9%	88	Standing List/R&M Framework	50%	50%	KEP No.2,4
19. Maintenance - Highways	£1,505,034	1.2%	2	Standing List/NL Highways Alliance	5%	95%	KEP No. 7,3
20. Office Supplies	£828,851	0.7%	9	NL/NEL Office Supplies, Stationery & Furniture Framework	70%	30%	KEP No.18
				Library Books via Yorkshire Book Consortium	100%	0%	
				MFD/Copiers via ERYC MFD Framework	90%	10%	KEP No.18
21. Postal Services	£298,255	0.2%	5	ESPO Postal Services Framework	90%	10%	
22. Printing Services	£550,371	0.5%	10	NL/NEL Bought-in Print Framework	90%	10%	
23. Social Care Services	£39,351,985	32.3%	168	Individual contracts	0%	100%	KEP No.8,9,12
24. Telecommunication Services	£2,117,349	1.7%	6	Individual contracts	0%	100%	KEP No.1
25. Training & Misc. Consultancy	£3,690,761	3.0%	50	Individual contracts/OGC Frameworks	10%	90%	KEP No.20,13
26. Transport Services	£587,764	0.5%	26	Standing List	100%	0%	KEP No.11
27. Vehicles & Plant	£1,973,407	1.6%	20	NL/NEL Framework for Light Commercial, Specialist Vehicles & Tyres	65%	35%	KEP No.17,19
Sub Total Procurement Spend	£121,678,793	100%	681				

Appendix C

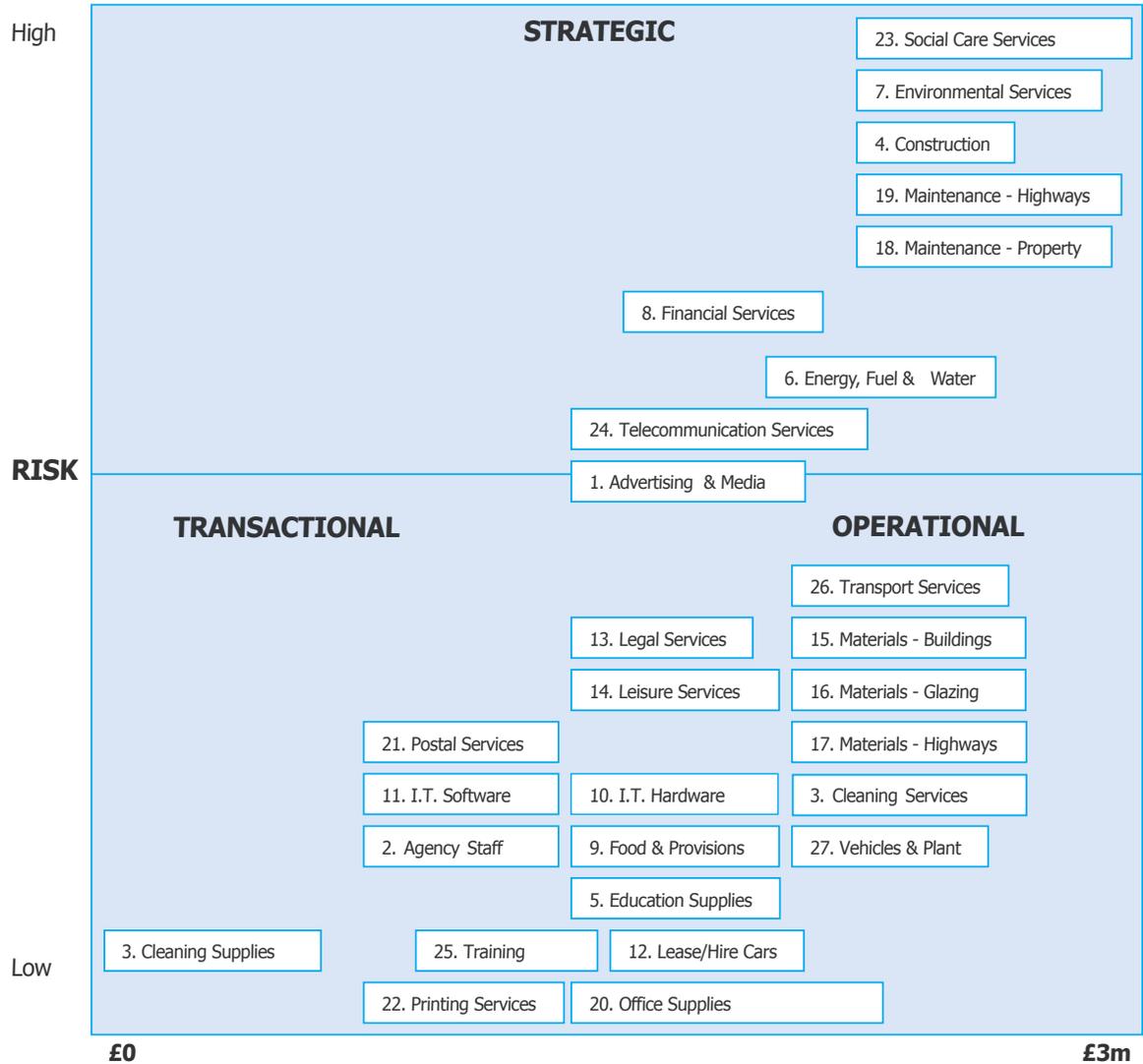
Savings Analysis

Business Plan Reference	Project	NELC	NLC	% Saving forecast	NELC	NLC	2009/2010	2010/2011	2011/2012
1	Voice & Data	£1,400,000	£1,200,000	8	£112,000	£96,000	£208,000		
2	R&M Phase 2	£1,250,000	£1,250,000	12	£150,000	£150,000	£300,000		
3	Construction - Phase 1&2 Construction - Phase 3	£20,000,000	£16,000,000	2.5	£500,000	£400,000	£900,000		
4	Home Improvement - Block Enhancements	£400,000	£500,000	8	£32,000	£40,000	£72,000		
5	Environmental Services Phase 1 Wheelie Bins Tree Work Drain Cleaning Automatic Toilets n/a	£1,400,000 £400,000 tbc n/a	£180,000 £400,000 £80,000 £70,000	7 5 5 5	£98,000 £20,000 £0 £3,500	£12,600 £5,000 £4,000 £3,500	£110,600 £25,000		£4,000 £3,500
6	ICT Hardware Printers & Peripherals Networking/Cabling PC's/Laptops Servers	£50,000 £50,000 £500,000 £70,000	£50,000 £100,000 £400,000 £70,000	5 5 0 2	£2,500 £2,500 £0 £1,400	£2,500 £5,000 £0 £1,400		£5,000 £7,500 £0 £2,800	
	ICT Corporate Software D Recovery A Virus Hw Maint Lotus Renewal	£200,000 £23,000 £30,000 £50,000 n/a	£200,000 £38,000 £40,000 £50,000 £70,000	1.5 3 3 3 2	£3,000 £690 £900 £0 £1,400	£3,000 £1,140 £1,200 £1,500 £1,400		£6,000 £1,830	
7	Streetlighting Maintenance & Materials	£1,200,000	£80,000	12	£144,000	£9,600	£153,600		
8	Supporting People	£5,000,000	£750,000	7	£350,000	£52,500	£402,500	£402,500	£402,500
9	Children's Care Domicillary Care Placement CAMH - 2010 (NELC)	£1,200,000	£3,000,000	3	£36,000	£90,000	£126,000	£126,000	£126,000
10	Education Placements	£1,800,000	£3,000,000	3	£54,000	£90,000	£144,000	£240,000	£240,000

11	Business Travel	£300,000	£300,000	5	£15,000	£15,000	£30,000		
12	Adult Social Care Phase I - Home Care Phase II - Extra Care Phase III - Residential Care Care models - Personalisation	tbc n/a tbc tbc	£2,000,000 £500,000 tbc tbc	5	£0	£100,000 £25,000	£100,000 £25,000	£100,000 £25,000	£100,000
13	Homelessness Accommodation	£90,000	£90,000	2.5	£2,250	£2,250	£4,500		
14	Gas Electricity Streetlighting Fuels	£1,200,000 £1,400,000 £670,000 tbc	£1,100,000 £1,600,000 £600,000 £700,000	1.5 1.5 1.5 1.5	£18,000 £21,000 £10,050 £0	£16,500 £24,000 £9,000 £10,500	£34,500 £45,000 £19,050 £10,500		£34,500 £45,000 £19,050 £7,000
15	Supply Teachers	£500,000	£650,000	2.5	£12,500	£16,250	£28,750		
16	Cleaning Services	£1,000,000	n/a	2	£20,000		£20,000		
17	Plant Hire	£400,000	£300,000	7	£28,000	£21,000	£49,000		
18	Office Supplies	£550,000	£550,000	5	£27,500	£27,500		£55,000	
19	Commercial Vehicles - Phase 1 & 2	£1,700,000	£1,700,000	5	£85,000	£85,000		£170,000	
20	Strategic Professional Services Framework	£1,000,000	£1,000,000	3	£30,000	£30,000			£60,000
21	Operational - untargeted Demand Management - Office Supplies Furniture IT Agency Staff Legal Services Specific Projects Childcare Vouchers				£300,000	£300,000	£600,000	£600,000	£600,000
							£3,398,300	£1,738,830	£1,622,550
	Total spend of projects	£43,833,000	£38,318,000	Total potential savings	£2,076,290	£1,652,340	£2,600,000	£3,000,000	tbc
	Council total spend	£104,000,000	£101,000,000				+£798,300	-£1,261,170	
	% influenced spend	42.1	37.9						

Appendix D

Strategic Sourcing Matrix & Procurement Spend Analysis



Category Group	North Lincolnshire Council			North East Lincolnshire Council		
	Spend 2007/8	% of Total	No. Suppliers*	Spend 2006/7	% of Total	No. Suppliers*
1. Advertising & Media	£0.35m	0.4%	5	£0.94m	0.92%	10
2. Agency Staff	£2.8m	2.9%	21	£5.4m	5.22%	40
3. Cleaning Services & Supplies	£0.18m	0.2%	6	£1.1m	0.96%	6
4. Construction (Capital 50%+)	£7.7m	7.9%	39	£7.3m	7.10%	20
5. Education Supplies & Services	£3.1m	3.2%	31	£9.4m	9.12%	89
6. Energy, Fuel & Water	£5.0m	5.3%	13	£4.4m	4.28%	9
7. Environmental Services	£9.4m	9.7%	39	£9.1m	8.79%	49
8. Financial Services	£4.2m	4.4%	37	£2.4m	2.33%	21
9. Food & Provisions	£1.7m	1.8%	20	£2.1m	2.12%	23
10. I.T. Hardware	£1.9m	2.0%	18	£2.4m	2.41%	13
11. I.T. Software	£2.1m	2.2%	36	£1.2m	1.19%	25
12. Lease/Hire Cars	£0.4m	0.4%	5	£0.36m	0.35%	4
13. Legal Services	£0.6m	0.6%	12	£0.99m	0.96%	11
14. Leisure Services & Supplies	£0.3m	0.3%	12	£1.9m	1.88%	7
15. Materials - Buildings	£0.4m	0.4%	5	£0.08m	0.08%	1
16. Materials - Glazing	£0.3m	0.3%	10	£0.3m	0.38%	5
17. Materials - Highways	£0.6m	0.6%	9	£0.1m	0.11%	2
18. Maintenance - Property	£8.3m	8.6%	90	£8.3m	8.10%	101
19. Maintenance - Highways	£1.2m	1.3%	14	£3.0m	2.96%	12
20. Office Supplies	£1.7m	1.8%	22	£1.5m	1.48%	14
21. Postal Services	£0.2m	0.3%	5	£0.3m	0.35%	4
22. Printing Services	£0.6m	0.6%	13	£0.1m	0.14%	5
23. Social Care Services	£32.0m	33.2%	196	£31.1m	30.17%	160
24. Telecommunication Services	£1.7m	1.8%	14	£1.6m	1.64%	3
25. Training & Misc. Consultancy	£2.9m	3.0%	44	£1.1m	1.10%	20
26. Transport Services	£3.6m	3.7%	30	£4.2m	4.07%	30
27. Vehicles & Plant	£3.0m	3.2%	32	£1.7m	1.67%	25
Sub Total Procurement Spend	£96.5m	100%	778	£103m	100%	709
28. Misc. - Non Procurement	£3.2m		49	£9.5m		72
TOTAL	£99.9m		827	£112m		781

*Suppliers £15k plus per annum

Classification – Features Issues

Strategic

- ~ High value / risk areas of spend
- ~ Possibly limited or reducing range of suppliers, e.g. energy
- ~ Areas critical / core to service delivery

- ~ Partnering
- ~ Risk and contract management
- ~ Whole life costing
- ~ Workforce matter
- ~ Project Management
- ~ Gateway Reviews

Operational

Intermediate value / risk
Competitive markets
Leverage

- ~ Use of competition
- ~ Rationalise
- ~ Aggregation
- ~ Frameworks
- ~ Cost reduction
- ~ Collaboration
- ~ eAuctions

Transactional

Low value / high volume
Low Risk
Competitive markets

- ~ Reduce acquisition costs
- ~ Rationalise
- ~ Aggregation
- ~ Frameworks
- ~ Cost reduction
- ~ Collaboration
- ~ eProcurement

The matrix places areas of our spend into three categories depending on their value and risk:

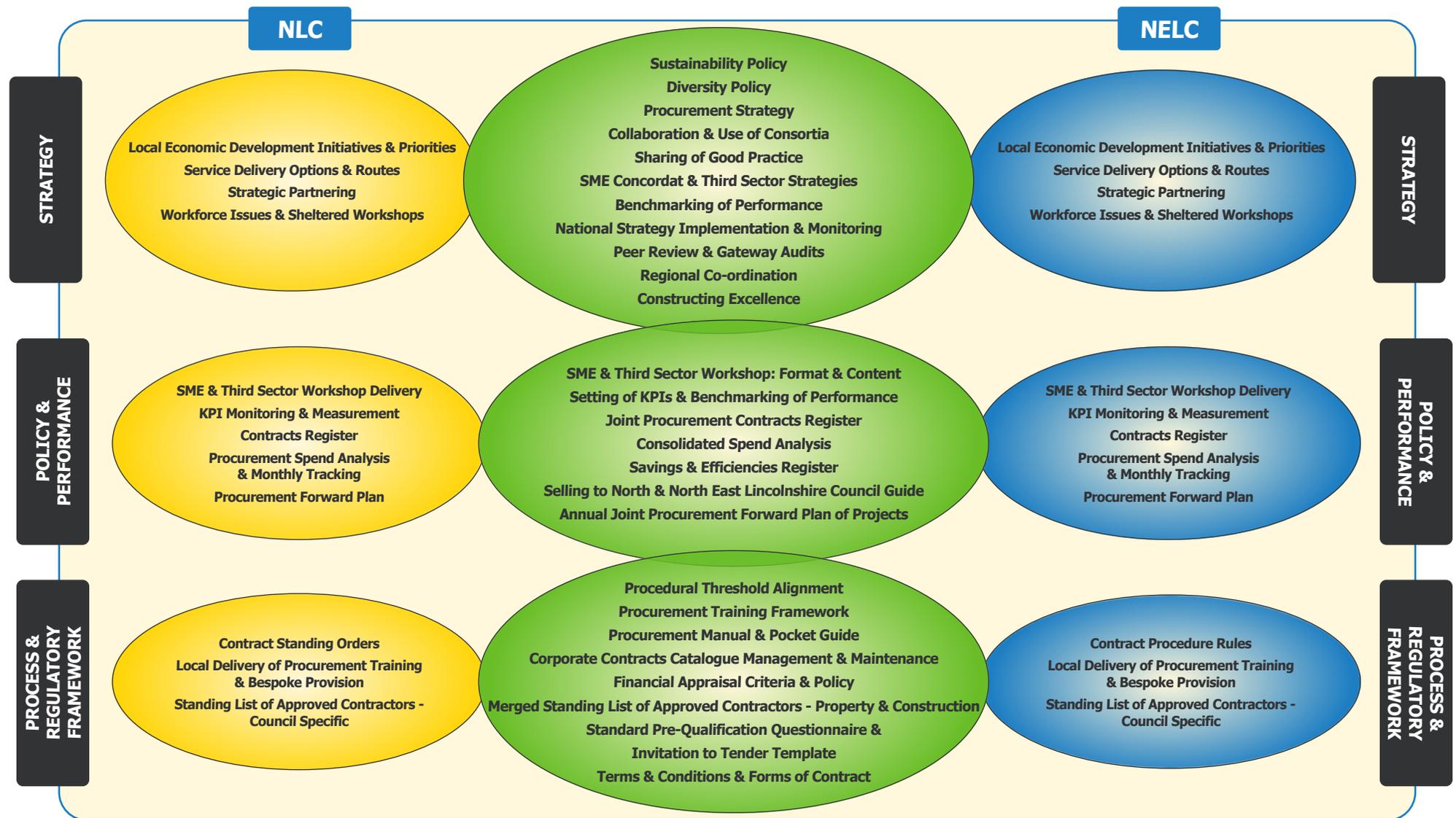
- Transactional
- Operational
- Strategic

This positioning helps to highlight where our limited procurement resources should be focused to deliver service improvement and savings. It also helps us to decide which type of acquisition strategy is most appropriate for these specific areas.

Appendix E

Identified areas of mutual benefit

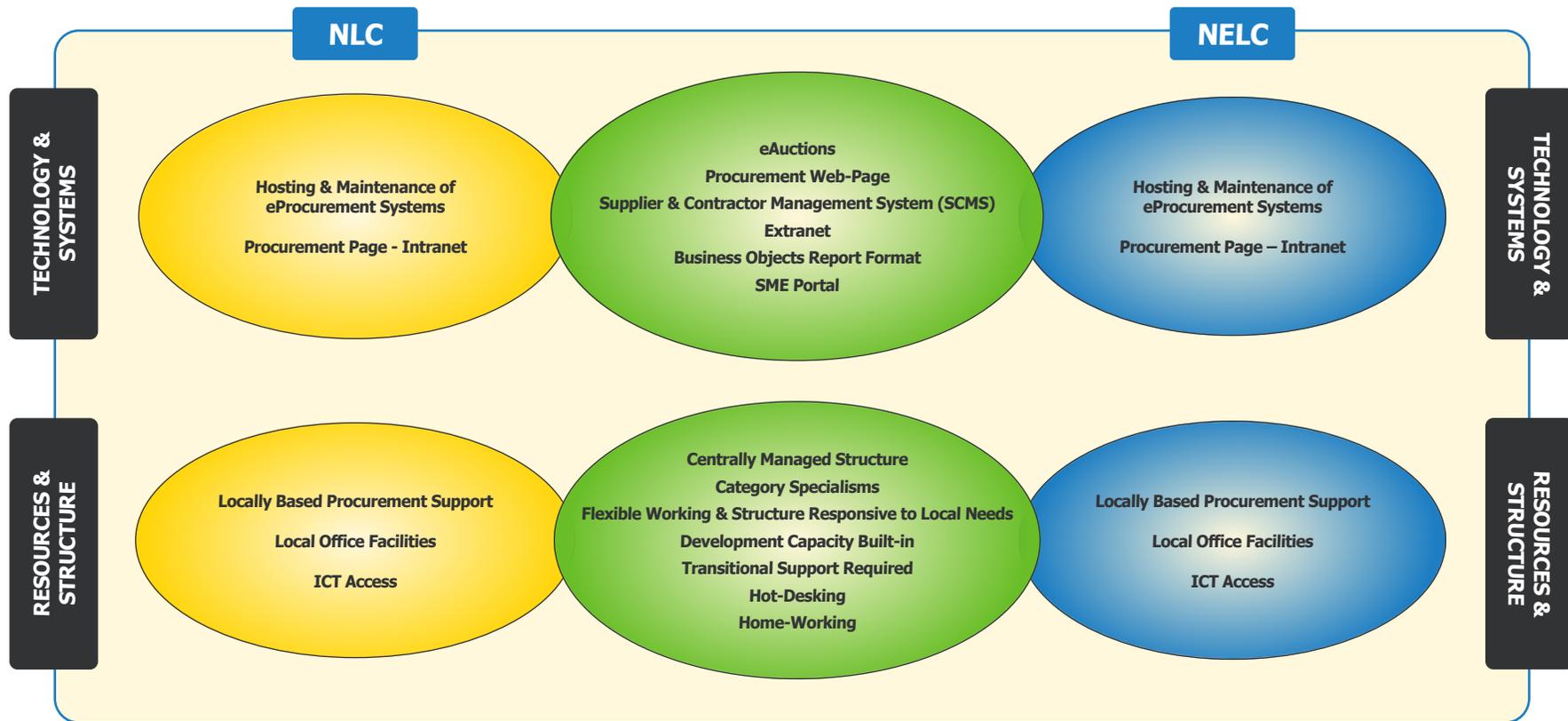
The following areas (shown centrally) have been identified as being mutually beneficial areas for alignment in procurement:



Appendix E (Continued)

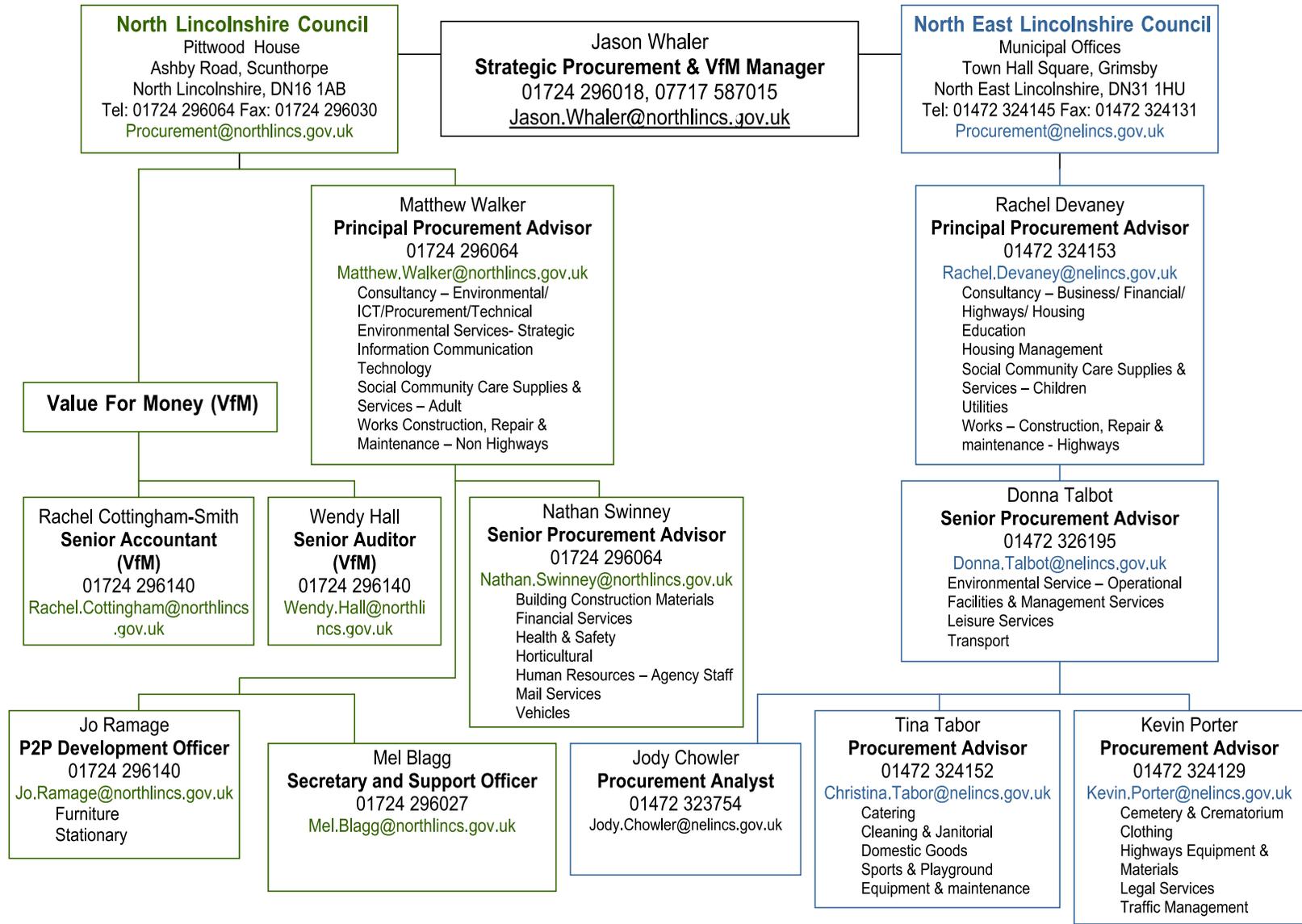
Identified areas of mutual benefit

The following areas (shown centrally) have been identified as being mutually beneficial areas for alignment in procurement:



Appendix F

PANNEL Structure



North Lincolnshire Council & North East Lincolnshire Council

Joint Corporate Procurement Strategy 2009-2012

