



Haringey Council

Agenda item:

[No.]

Overview and Scrutiny

On 6 September 2010

Report Title. Haringey Procurement Strategy 2010-2013

Report of Director of Corporate Resources

Signed :

LEAD FINANCE OFFICER
19 AUGUST 2010

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Wards(s) affected: All

Report for: Key Decision

1. Purpose of the report

- 1.1. To enable the overview and Scrutiny Committee the opportunity to review the Procurement Strategy 2010-2013 before it is considered by Cabinet on the 14th September 2010

2. Introduction by Cabinet Member

- 2.1 Our procurement team have been recognized as leaders in their field within local government and have been key to delivering value for money for the residents of our borough.
- 2.2 The new procurement strategy is designed to take this to the next level and will be critical in not only delivering value but identify the required savings needed to protect the residents of our borough as much as possible from the savage cuts

being demanded by the Coalition government. These include moves towards shared services and commissioning

- 2.3 It is critical that in our procurement strategy we ensure we act in both an economically and socially responsible way and this means we need to be as far as possible responsible for our supply chain - and to that end I am proud that we are seeking to support the London Living Wage in this strategy. I am also happy to see us provide the ample room for smaller enterprises, inside and outside the borough to compete for business
- 2.4 In summary I recommend this strategy as a financially sound and socially responsible approach to our procurement.

3. Links with Council Plan priorities and other strategies

- 3.1 As Procurement relates to all services the Strategy has links with all of the Council priorities. It is particularly relevant to:

Delivering high quality, efficient services through an emphasis on achieving cashable procurement efficiencies that can support the Council's Medium Term Financial Strategy

A greener Haringey with sustainable and responsible procurement

Driving change, improving quality through Efficient and Effective Procurement

A thriving Haringey through Supplier Supportive Procurement and supporting local regeneration

4. Recommendations

- 4.1 To make comments on the strategy for consideration by cabinet

5. Reason for recommendation(s)

- 5.1. The previous strategy has now been implemented. A new strategy is required to build on the achievements of the previous strategy and set out the direction of travel for the next three years.
- 5.2. The strategy will give a clear indication of the Council's commitment to deliver significant procurement efficiencies over the next three years in support of the medium term financial strategy and to support a sustainable mixed economy of providers, whilst supporting the local economy

6. Other options considered

- 6.1. To continue with the 2006-2009 strategy. This strategy has now been implemented and the direction of travel for Procurement has to be realigned to reflect current priorities and build on our achievements to ensure that we continue to meet the needs of the Council and the residents while giving a clear message to residents,

local business, and external bodies as to how Procurement can support the delivery of the Haringey Sustainable Community strategy.

7. Summary

7.1. Procurement Strategy for 2010-2013.

The Haringey Procurement Strategy sets out a vision for excellence in procurement and how Haringey Procurement will support the delivery of Council priorities, including the requirement to deliver significant and sustainable cost reductions in support of the Medium Term Financial Strategy. The document outlines what has been achieved against the 2006-2009 Procurement strategy and identifies key themes and actions for Procurement from 2010-2013 to support Haringey's priorities as set out in the Sustainable Community Strategy. This strategy covers all procurement activities across the Council.

Part 1 & 2

Introduction and Overview and Procurement Vision

This sets out the framework in which the Procurement Strategy will pursue excellence and value for money and it sets out the procurement vision for 2010-13.

Part 3

The Procurement Journey

This gives the key milestones in the setting up and development of the Corporate Procurement Unit.

Part 4

Where are we now

This sets out where Procurement is in terms of supporting the key priorities of the Haringey Strategic Partnership (HSP), Haringey Council and Central Government.

Part 5

Key outcomes for 2010-2013 Procurement Strategy

There are four key overarching outcomes that this strategy will seek to deliver:

1. Efficient and effective procurement.
2. Sustainable and responsible procurement.
3. Supplier-supportive procurement.
4. Procurement supporting local Regeneration

Within these key outcomes a number of key objectives have been identified.

Outcome 1: Efficient and effective procurement

What this means: This is about delivering **Value for Money** and sustainable cost reduction through having the most efficient process in place, the most effective category management sourcing plans and the skills to deliver.

Key objectives:

- To develop category management and sourcing strategies across the Council to strengthen our “One Council” approach to procurement
- To deliver significant procurement efficiencies in support of the Council’s medium term financial plan through the adoption of a strategic sourcing approach and the development of Category management plans.
- To increase the use of electronic procurement tools and processes
- To develop staff procurement skills, knowledge and understanding.
- To lead and manage Procurement for the North London Strategic Alliance (comprised of 8 boroughs) and develop and implement opportunities for collaboration and joint-working.
- To support the development of the Council’s strategic commissioning framework.
- To further develop the robustness of procurement related management information and business insight.
- To support the Council’s 2012 IT Procurement strategy.
- To consolidate and streamline procurement processes and activities to ensure consistent levels of support to front line services and the generation of efficiencies across the Council.

Outcome 2: Sustainable and Responsible Procurement

What this means: The Council has a duty to use its spending power to support society, both locally and in the wider world. It is also about administering public funds in a responsible, robust and transparent way.

Key objectives:

- To implement the Council’s Sustainable Procurement Action Plan.
- Achieve Level 4 of the Sustainable Procurement Task Force Flexible Framework
- To increase the procurement of sustainable goods, works and services where economically viable.
- To ensure that Equality and Social Responsibility is integrated and promoted in the procurement process and supply chains.
- To support the achievement of the Council’s equalities priorities as set in the Council’s Equality Scheme 2010-2013 and to support achievement on the Equality Framework for Local Government.
- To embed life cycle cost analysis for procurement projects when appropriate.
- To comply with standards of Ethics and Probity
- To develop procurement models and new markets to meet the

personalisation agenda

- Ensure compliance with Public Contract Regulations and Financial Regulations; plus the raft of extensive and complex Regulations and Standards as they apply to specific supplies, works and services.

Outcome 3: Supplier-Supportive procurement

What this means: Managing suppliers, market development, communicating with small businesses and the Voluntary and Community Sector.

Key objectives:

- To communicate to the market in a clear and timely manner
- To further reduce barriers to smaller businesses aiming to sell to the Council, if appropriate.
- To maintain the Council's supplier web pages and regularly update the publicised contracts register.
- To have in place transparent procurement processes
- To put in place a standardised electronic- pre qualification tool
- To put in place a supplier engagement plan.

Outcome 4: Procurement supporting local Regeneration

What this means

Identifying opportunities within the procurement process to support the Local economy.

Key objectives

- To put in place a voluntary supplier charter to cover -:
- Local employment,
- Local suppliers in the supply chain
- Carbon reduction
- Fair trade.
- Equalities and Diversity
- Sustainable Procurement

Part Six

Core Principles

Sets out the Core Principles underpinning all Council Procurement and Strategies

- Value for Money
- Ethics
- Procurement rules
- Sustainable Procurement
- Equalities and Diversity
- Economic Development

Part Seven

How Will We Get There?

This section outlines how we will build on what has been achieved to ensure that we are able to meet our key objectives over the next 3 years

A number of key policies need to be developed or further embedded into Haringey's Procurement to enable the desired outcomes. These are set out below.

- Competencies and Training
- Improving Process Efficiency
- Category Management
- Increasing Sustainability Requirements
- Partnerships and Collaboration
- Capital Ambition – supporting objectives
- Strategic Commissioning Approach

Part Eight

Haringey's Approach to Commissioning

This sets out Haringey's strategic approach to commissioning and how procurement tools and techniques will underpin this approach.

Part Nine

Who Will Do What

This identifies the stakeholders to the Procurement Strategy and their roles and responsibilities in delivering the Procurement Strategy.

Monitoring of the strategy

This strategy will be delivered through individual business units in their business plans. Progress against the strategy and Category Sourcing Plans will be monitored centrally and progress will be reported through the business planning review framework.

The strategy will be a live document that may be updated to ensure that it can meet the challenges of the next three years and beyond and that it can support the setting up of a commissioning based approach to service delivery.

Appendices

The appendices provide further detail of performance against the 2006-2009 strategy, a summary of the current procurement efficiency programme and an action plan for rolling forward the efficiency programme sets out the key actions we will undertake to deliver the strategy and associated timescales.

8. Chief Financial Officer Comments

- 8.1. The Chief Financial Officer notes the contents of the Procurement Strategy 2010 – 2013 and confirms that currently it is planned for the strategy to be delivered within existing financial resources.

8.2. The strategy sets out the overall direction of travel for the authority and the need to align the Procurement Strategy with the Council's wider efficiency agenda through the delivery of significant efficiencies in support of the Council's Medium Term Financial Strategy. The scope for efficiencies in Haringey will need to be assessed and validated in the light of the specific circumstances and opportunities open to this Council and this will be done through the development of detailed category plans as part of outcome 1 'Efficient and effective procurement' using the tools set out in appendix 2.

8.3. Appendix 2 also highlights procurement saving projects already under way across the Council which are expected to generate efficiencies in the form of cashable savings. The figures are for indicative purposes. These projects are council wide projects in support of the wider efficiency agenda that is being managed through a single financial process. These projects are a mixture of new and existing projects and are under-pinned by service business plans and category sourcing strategies. Further efficiency projects will be identified as the Strategy moves forward.

8.4. As the detailed efficiency plans emerge from the category management work they will need to be assessed for financial implications and incorporated in the Medium Term Financial Plan.

8.5. Savings from procurement need to be a key part of the medium term financial plan.

9. Head of Legal Services Comments

9.1. The Head of Legal Services has reviewed the report and notes its contents and advises that there are no specific legal issues arising at this stage. However procurements that flow from the strategy will need to comply with all legislative requirements and the Council's Contract Standing Orders.

10. Equalities & Community Cohesion Comments

10.1. An equalities Impact assessment has been undertaken on the Procurement strategy 2010- 2013 and the outcomes have been used to inform the development of the Procurement strategy.

10.2. The Compact toolkit was used on the Procurement strategy to ensure that it was Compact compliant.

11. Consultation

11.1. The Procurement Strategy has been developed with input from external suppliers, and internal Management teams.

12. Service Financial Comments

12.1. There are no implications for Corporate Procurements Budget from this Procurement Strategy.

13. Use of appendices /Tables and photographs

13.1. Appendix A – Haringey Procurement Strategy 2010 -2013

14. Local Government (Access to Information) Act 1985

14.1. Background Documents - Haringey Procurement Strategy 2006-2009

Haringey Council Procurement Strategy 2010-2013



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1. Introduction and Overview

The Procurement Strategy provides the strategic framework within which the Council will pursue procurement excellence and value for money. It expresses:

- The development of areas underpinning procurement activity within the Council
- The authority's mid to long term approach to procurement
- Key actions for delivering the procurement strategy
- Measures for monitoring performance against the deliverables in this and associated strategies

2. Procurement Vision

To contribute to the attainment of key Council priorities and underpin the delivery of efficient, responsive and value for money services to Haringey's diverse community through procurement excellence.

Excellence in procurement contributes to the excellence of Haringey Council as a whole. It supports the optimum delivery of all Haringey's frontline services and its corporate infrastructure. It achieves the best possible value for money, the most appropriate approach to sustainability, a coherent approach to local area investment and a basis for greater transparency and control of public expenditure. It recognises the diversity of the borough and plays a strategic role in promoting equality of opportunity in terms of both access to services and to participation in the procurement process, which is a key priority of the Council.

Excellence in procurement means procurement that is robust, protecting the organisation and keeping it compliant, while enabling the most effective resourcing of Council delivery. It removes duplication and waste. It enables Council business managers and staff to gain the maximum value from their budgets and commissioned contracts and provides a basis for sustainable cost reduction. It creates better visibility and transparency of Council spending, and strengthens strategic and operational management. It makes the most of market opportunities and positive changes in the wider economic and political environment. It provides local businesses and third sector organisations the opportunity to bid for Council contracts or participate in supply chains. It allows the Council match the needs and expectations of residents and service users with the budgetary, policy and contractual commitments we must work within.

1. Through this vision, Haringey Council will:

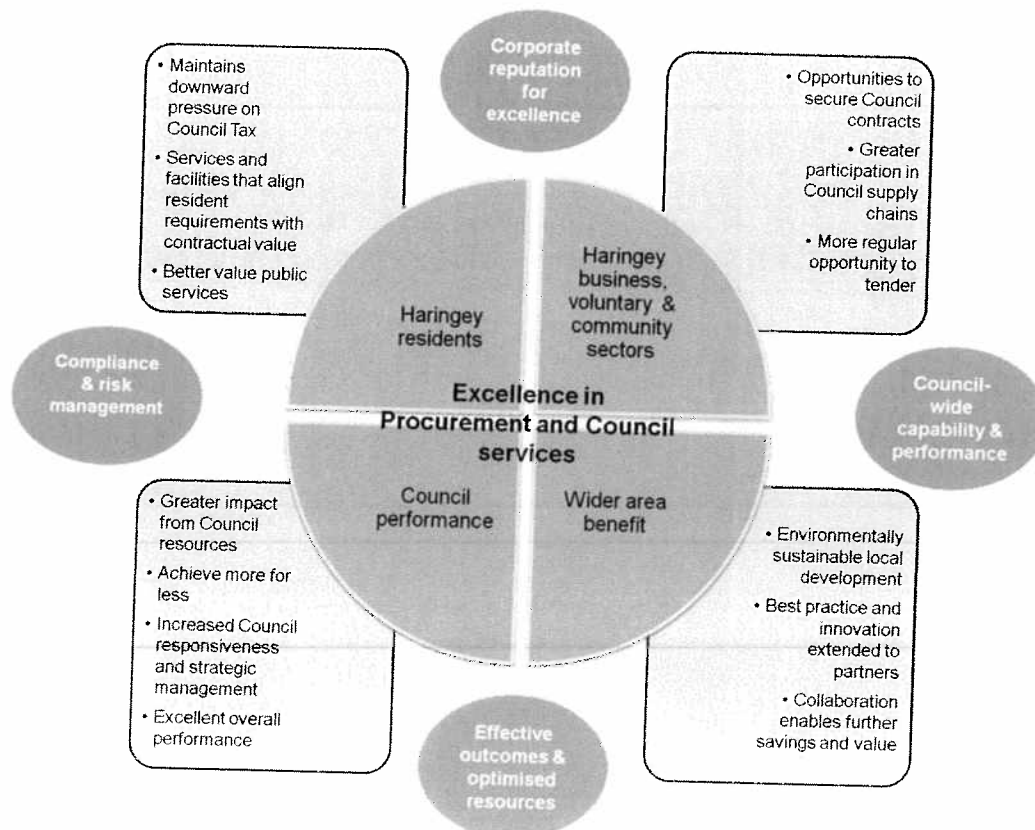
- Achieve the best possible value for money (taking account of price and quality) that provides service users and residents with the services and facilities they need.
- Achieve greater impact from the money it spends, and which its partners spend, across the borough and surrounding sub-region.
- Safeguard the natural environment and minimise any adverse effects.
- Demonstrate its excellence as a high performing, well managed and respected local authority.
- Open up the Council's supply chain so that all who may wish to tender for contracts have the opportunity to do so.
- Create opportunities in the local economy for Haringey's businesses
- Actively promote opportunities for community-based social enterprises to effectively participate in bidding for contracts.
- To use the Council's purchasing power to ensure that organisations that are contracted to provide services, works or goods to local people have due regard to diversity and equality issues in their policies and practices.

In the current challenging economic climate with the prospect of significant reductions in the Council's grant funding from 2011/12 onwards Haringey Procurement will have a particularly important role to play in driving out cashable

Appendix A

efficiencies and enabling the delivery of sustainable cost reduction. Alignment of the strategy to the Council's overall Efficiency Programme will be a key focal point for the next three years. The strategy will contribute to the Council's efficiency agenda by:

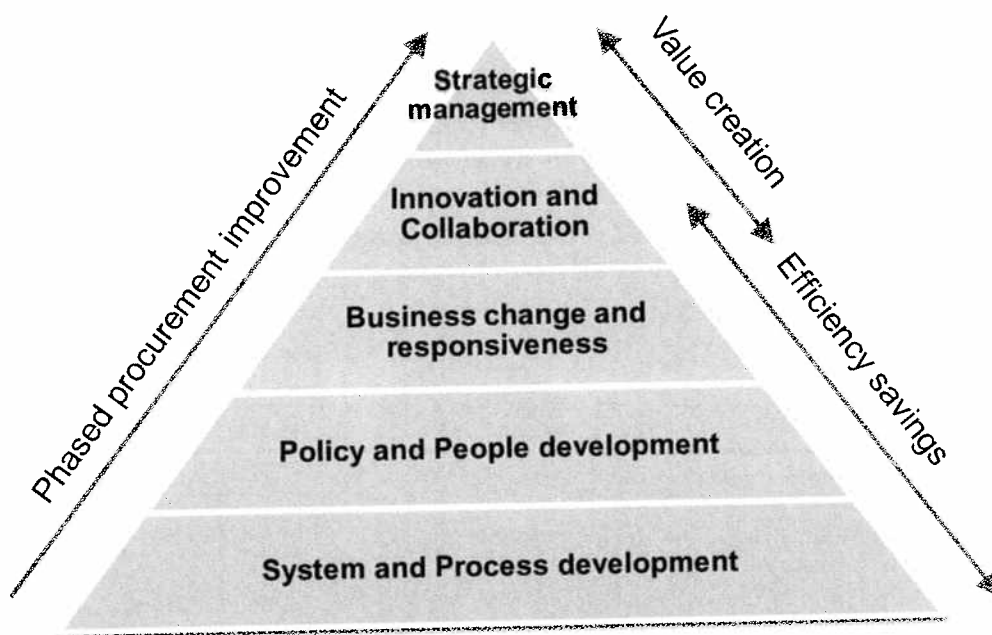
- Facilitating a joined up corporately driven organisation where corporate priorities and co-ordinated working on commissioning and procurement issues will operate right through the Council
- Strategic sourcing of supplies, works and services in partnership with commissioners to foster innovation and collaboration in response to changing business needs and the requirement to achieve significant and sustainable cost reduction in the light of the Council's reduced funding base.
- Proactive sourcing plans that allow the development of robust supplier engagement and supplier relationship management and well-defined specifications for tenders
- Participating in public sector consortia and collaborative procurement through which supplies can be aggregated and shared services adopted to achieve economies of scale.
- Providing an overarching framework for procurement activity and ensuring high levels of control and compliance through the development of procurement procedures, contracting regulation and guidance
- Development of spend analysis, management information and commercial insight to identify opportunities for driving out efficiencies and manage contractor performance, compliance and benefits delivery on an ongoing basis.
- Development of electronic procurement tools which enable resource to be directed to strategic work rather than transactional activities and lower the overall cost and increase the speed of procurement
- Consolidating procurement processes and activities to enable a consistent cost-effective level of support to all front line services and maximise efficiency gains.



2. Towards the vision

Achieving the vision of procurement excellence involves a medium to long term strategy to create a more corporate and integrated approach to commissioning and procurement and to develop greater procurement capability within the organisation. It is a Council wide strategy that results in more effective strategic management of Haringey's procurement by:

- Further centralisation of procurement and category management
- Increased control over purchasing decisions and approvals
- More centralised commercial management of contracts but with relationship management remaining within service departments
- Business process improvements through technology
- Improved efficiency and lower costs of the procurement process
- Minimising and managing risks inherent in our supply chains
- Providing greater transparency and compliance
- Being innovative and responsive to changing priorities, business needs and market conditions.



3. The Procurement Journey

Year	Event
2006	2006-9 Procurement Strategy published
	Construction Procurement Team merged into Corporate Procurement Unit (CPU) to bring together Supplies, Works and Services
	Implementation of the 'Constructing Excellence' methodology and strategy.
2007	Accounts Payable merged into CPU to complete the procurement "end to end" process
	SAP SRM module implemented for purchase ordering
2008	Introduction of Category Management that dispensed with "silo" procurement (organised along the lines of Council departments) but instead introduced a joined up "One Council" approach to external markets
	Introduction of flexible commercial framework agreements across the Council that enable the pre-selection of suppliers in readiness for quickly "calling-off" contracts, as and when required.
	Sustainable Procurement Strategy and Policy published that explains the Council's approach towards protecting the natural environment through our contracts and supply chains,
	A Guide for Ensuring Equality in Procurement published
	Equality in Procurement Training Modules published
2009	Major "meet the buyer" day held in Haringey for local businesses
	Contracts register published online on the Council's website for the benefit of existing and potential suppliers and highlighting those that are due to expire within the next 18 months
	Winners of the: GO Awards for Best Procurement Innovation (with regards to management of Pan London energy procurement). Government Business Awards for sound business judgement and operational expertise in the sustainable management of utilities.

4. Where are we now?

Local Context

The recent global economic crisis and its adverse impact on UK public finance means that there is an urgency to accelerate the delivery of cashable savings and efficiency gains from third party expenditure. 2010/11 is likely to be the first of many challenging years for public finance and local government settlement and procurement expenditure will be a major area where savings will need to be delivered. Haringey will work with its Key strategic partners to support the delivery of these efficiencies

Haringey Sustainable Community Strategy

The Sustainable Community Strategy, adopted in June 2007, draws on the aspirations of residents, businesses, the community and voluntary sectors to address the biggest challenges and opportunities facing us over the next ten years. The strategy sets out the following vision and desired outcomes:

Vision: "A place for diverse communities that people are proud to belong to"

Outcomes:

- People at the heart of change.
- An environmentally sustainable future.
- Economic vitality and prosperity shared by all.
- Be safer for all.
- Healthier people with a better quality of life.
- Be people and customer focused.

Haringey Council Plan

The Council Plan reflects the Council's contribution to delivering the Sustainable Community Strategy through the priorities of:

- Making Haringey one of London's greenest boroughs.
- Creating a Better Haringey: cleaner, greener and safer.
- Encouraging lifetime well-being at home, work, play and learning
- Promoting independent living while supporting adults and children when needed
- Delivering excellent, customer focused, cost efficient services

The Procurement Strategy is aligned with the strategic aims and objectives set out in the Community Strategy and Council Plan and with the other corporate and service unit strategies, plans and procedures forming part of the Council's strategic framework.

Strategic Framework

The Council's Procurement strategy is aligned with the strategic aims and objectives set out in the Community Strategy and Council Plan and with the other corporate and service unit strategies, plans and procedures forming part of the Council's strategic framework (see the diagram on page 13).

Regional Context

The Governments Regional Improvement and Efficiency Partnerships (RIEPs) programme was launched in 2008, to support Councils and local partners in

Appendix A

taking a stronger lead on performance and improvement. In London, this programme is led by Capital Ambition and provides opportunities for Haringey to collaborate with other Councils across London to drive the improvement agenda.

Haringey continues to lead on a London wide energy procurement and energy management project that in 2009, saved London authorities £16.7m on the cost of energy plus additional savings on billing administration processes by implementing a range of initiatives.

Central Purchasing Bodies (CPBs)

There are five regionally based local government purchasing consortia across England ranging from the North East to the South West, plus other purchasing bodies within central government, the NHS and Universities. Haringey Council continues to make best use of suitable contracts through these arrangements where they offer economies of scale and meet our local needs.

London Contracts and Supplies Group (LCSG)

The LCSG includes all 32 London boroughs plus other London based public bodies. The Group's executive collates and feed up to Capital Ambition the views of London procurement professionals to inform and support RIEP and Government procurement initiatives and work with Capital Ambition on delivering their efficiency agenda. The LCSG are also a collaborative Procurement hub for the delivery of contracts for standard suppliers and services.

Haringey is a member of the LCSG and also hold a place on the Executive. Haringey procures stationery, IT

supplies, furniture and rock salt etc from LCSG contracts and have let a Pan London contract for Temporary staff on behalf of the LCSG.

National Context

The UK Government has laid out priorities and targets that affect procurement to ensure the public sector delivers savings and efficiencies.

Comprehensive Spending Review (CSR)

The CSR requires local government to better deliver high quality public services, promote sustainable economic development, and empower individuals and communities. This covers VFM and shows how Procurement contributes to the efficiency agenda CSR specifically calls for smarter procurement as one of the ways to deliver value for money. The Comprehensive Spending Review increases the pressure on public services to achieve more from the resources available.

Haringey procurement will support meeting CSR targets and efficiency agenda by progressing category management, aggregating our spending (such as through collaboration and procuring on behalf of the HSP) and by undertaking robust options appraisals to ensure value for money. Central Purchasing Bodies (CPB) e.g. Buying Solutions and each of the public sector regional buying consortia are monitored by Haringey for best value contracts and where they meet our needs; we shall access those contracts.

Roots Review

This was a review of arrangements for efficiencies from smarter procurement in

Appendix A

local government. And focus on 6 strands

- Leadership
- A new deal for delivering procurement support
- Funding and activity rebalanced more to where it is most needed
- Stronger flows of information
- Good practise checklist to challenge ineffective practices
- Actions for non government organisations to consider

There are 26 recommendations in the report and most of the recommendations are national or regional and focus on collaboration with the RIEP being a conduit for improvement

Haringey and the LSCG will continue to work with the RIEP to ensure Haringey's procurement processes are efficient.

Haringey already have category management in place giving good management information, making use of collaborative procurement hubs for routine procurement requirements and have an easy to understand guide to procurement.

Glover Report

This report looks at how to break down barriers to SME's winning work from the public sector and to maximise the input of SME's in the procurement process to deliver value for money and addresses concerns in regard to

- Making opportunities as open and transparent as possible
- Making the procurement process equitable and as simple as possible
- Managing procurement strategically to encourage
 - Innovation

- Procurer capability
- Ensuring a fair deal for SME's that participate in the supply chain

Haringey run a nationally recognised trade local project which has up skilled local suppliers and resulted in them winning work both from Haringey and other organisations.

Haringey website has a suite of workbooks which support SME's in bidding for Council Contracts.

This procurement strategy has been assessed using the Compact toolkit and is Compact Compliant

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Community Strategy
Shared objectives & priorities for Haringey

Corporate Plan
Demonstrating effective, efficient, and effective services

Plans & Strategies
Statutory and Local documents which establish how issues will be tackled

Service Plans
Focus and direction for services including priorities and targets

Procurement Strategy

Financial Regulations
Corporate Standing Orders

Procurement Toolkit & PI's

Procurement Knowledge and Skills

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5. Key outcomes for 2010-2013 Procurement Strategy

Procurement Objectives

Procurement outcomes and objectives reflect the aspirations of the Council and wider context of efficiency and best practice.

The Procurement Strategy will continue to ensure that the Council explores and delivers efficiencies (cashable and non-cashable) through the deployment of this strategy and the embedding of a category management approach to procurement.

There are four key overarching outcomes that this strategy will seek to deliver:

1. Efficient and effective procurement.
2. Sustainable and responsible procurement.
3. Supplier-supportive procurement.
4. Procurement supporting local regeneration

Within these principles a number of key objectives have been identified.

Outcome 1: Efficient and effective procurement

What this means: This is about delivering savings and achieving **Value for Money** through having the most efficient process in place, the most effective category management sourcing plans and the skills to deliver them.

(See appendices 1 & 2)

Key objectives:

- To develop category management and sourcing strategies across the Council to strengthen our "One Council" approach to procurement.
- To deliver significant procurement efficiencies in support of the

Council's Medium Term Financial Plan through the adoption of a strategic sourcing approach and the development of Category Management Plans

- Develop and implement opportunities for collaboration and joint-working.
- To lead and manage the North London Strategic Alliance (comprised of 8 boroughs) and develop and implement opportunities for collaboration and joint working.
- To support the development of the Council's strategic commissioning framework.
- To increase the use of electronic procurement tools and processes
- To develop procurement skills, knowledge and understanding
- To further develop the robustness of procurement related management information and business insight.
- To consolidate and streamline procurement processes and activities to ensure consistent levels of support to front line services.
- To support the Council's 2012 IT Procurement Strategy

Outcome 2: Sustainable and responsible procurement

What this means: The Council has a duty to use its spending power to support Society, both locally and in the wider world and within applicable regulatory frameworks. It also must administer public funds in a responsible, robust and transparent way.

Key objectives:

Appendix A

- To implement the Council's Sustainable Procurement Action Plan.
- Achieve Level 4 of the Sustainable Procurement Task Force Flexible Framework.
- To increase the procurement of sustainable goods, works and services where economically viable.
- To ensure that Equality and Social Responsibility is integrated and promoted in the procurement process and supply chains.
- To support the achievement of the Council's equalities priorities as set in the Council's Equality Scheme 2010-2013 and to support achievement on the Equality Framework for Local Government.
- To embed life cycle cost analysis for procurement projects when appropriate.
- To comply with standards of Ethics and Probity.
- To develop procurement models and new markets to meet the personalisation of Care agenda.
- Ensure compliance with Public Contract Regulations and Financial Regulations; plus the raft of extensive and complex Regulations and Standards as they apply to specific supplies, works and services.
- To maintain the Council's supplier web pages and regularly update the publicised contracts register.
- To reduce barriers to smaller business and Voluntary sector organisations aiming to sell to the Council, if appropriate.
- To have in place transparent procurement processes
- To put in place a standardised electronic- Pre-qualification tool
- To put in place a supplier engagement plan.

Outcome 4: Procurement supporting local Regeneration

What this means: Managing the procurement process to support the Local economy

Key objective:

- To put in place a voluntary supplier charter to cover:-
- Local employment,
- Local suppliers in the supply chain
- Carbon reduction
- Fair trade.
- Equalities and Diversity
- Sustainable Procurement.

Outcome 3: Supplier-supportive procurement

What this means: Managing suppliers, market development, communicating with small businesses and the Voluntary and Community Sector.

Key objectives:

- To communicate to the market in a clear and timely manner.

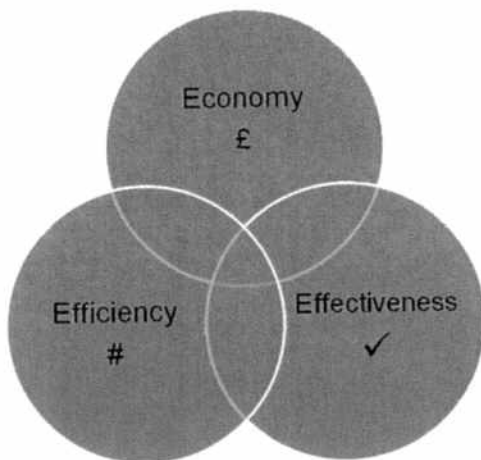
6. Core Principles.

These core principles underpin procurement decisions taken by Haringey Council

Value for Money

Value for Money links economy (minimising the cost of resources), efficiency (how well inputs are transformed to outputs in terms of quantities and quality) and effectiveness (how well the intended outcomes are achieved).

In the context of procurement, this means securing the best outcomes (e.g. service quality and availability, energy efficiency, environmentally sustainable buildings etc) in the most efficient way (e.g. speed, simplicity and automation of process) on the most cost effective basis.



Ethics and Probity

The Council is committed to fairness, transparency and consistency in all its procurement activities. Decisions will be objective, transparent and auditable. Elected Members and officers will preserve the highest standards of honesty, integrity, impartiality and objectivity.

This includes compliance with the Council's Procurement Standing Orders, Procurement Code of Practice, Financial Regulations, and the Council's "Standard of Conduct and Ethics".

In addition officers will comply with the substance of the Professional Code of Ethics of the Chartered Institute of Purchasing and Supply.

Procurement Rules

The procurement of supplies, works and services are undertaken in compliance with Council's Contract Procedure Rules, Procurement Guide and Public Contract Regulations.

Sustainable Procurement

Sustainable Procurement is a process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits to not only to the procuring organisation, but also society and the economy, whilst minimising damage to the environment." *Sustainable Procurement Task Force definition 2006*

Sustainable Procurement will be addressed through key work areas:

The Council will identify spend categories with high sustainability impacts and markets conducive to innovation. Tools and training will be created to support delivery of sustainable options within these categories.

The Council will support the social principles of the London Living Wage and will promote these principles and the recommended hourly pay rate through

our tendering and our contractual relationships with our Direct Suppliers; being conscious of the need to comply with the Public Contract Regulations and specifically with regards the need to treat all suppliers equally and fairly, avoiding any discrimination on the grounds of nationality or locality.

Gap analysis of procurement practice and sustainability requirements based on the recommendations of the Sustainable Procurement Task Force (SPTF) will continue to be undertaken. By implementing an action plan to close any gaps, Haringey will create a procurement infrastructure able to deliver sustainable outcomes.

Equalities & Diversity

Safeguards will be built into relationships with contractors and service providers to ensure good practice as regards race, gender, disability, sexuality and age discrimination. The Council will seek to remove obstacles to conducting business with suppliers and will ensure that there is an equal opportunity for all suppliers who meet the stated criteria, to participate in bidding for contracts.

Diversity and equality will be taken into account throughout the procurement cycle from the identification of needs through to the monitoring of supplier performance and contract compliance.

Equality clauses have been built into tender documents: The Council strives to:

Encourage equality of opportunity for all suppliers in compliance with the Council's Equality Scheme and its associated Delivery Plan.

Eliminate any conditions, procedures and behaviour that can lead to discrimination even where there was no

intent to discriminate, with particular regard to race, gender, disability, sexuality, age, religion and belief plus employment issues

An Equality Impact Assessment has been carried out on the Procurement Strategy in line with the requirements of the Equality Public Sector Duties relating to race, gender and disability and in line with the Council's Equality Scheme 2010-2013.

Equalities training in respect of procurement are part of the Councils core training programme and are jointly delivered by the procurement and equalities teams.

Economic Development

Economic development cuts across all activities of the Council. Haringey's Economic Development Plan outlines how the Council will deliver the social and economic regeneration of the borough.

The Community Strategy and Corporate Plan state the Council's commitment to promoting a strong local economy. Procurement contributes by actively engaging local suppliers and the Council is committed to hosting regular "Meet the Buyer" events and other supplier engagement opportunities.

The procurement process is actively supporting employment opportunities for Local People.

The Council is, however, under The Treaty of Rome and Public Contract Regulations, obliged to avoid discrimination on the grounds of locality or nationality. Contract opportunities will continue to be advertised openly and decisions to award will be made on merit against clearly defined criteria.

7. How Will We Get There?

This section explains how the Council will meet the objectives of this Procurement Strategy. A number of key policies need to be adopted or further embedded into Haringey's Procurement to enable the desired outcomes. These are set out below.

Competencies and Training

The Council will support officers in receiving the training and development they need to operate to the relevant standards. The standards will include adherence to procurement regulations and best practice; policies on equalities, ethics, probity and the Council's Constitution.

Improving Process Efficiency

Consolidate procurement activities and continue to manage the "purchase to pay" process to highlight any opportunities for efficiency improvement that can be achieved through automation and "right first time" principles.

Category Management

All non-pay expenditure of approx £500m is allocated to one of seventeen market segments or categories. Each category is managed by a nominated senior manager responsible for delivery of the category sourcing plan. The sourcing plan is developed by reference to detailed spend analysis and the application of appropriate tools and techniques e.g. market analysis and management reports that provide category and contract managers with information that enables effective

demand management, market and supplier management.

Increasing Sustainability Requirements

The Council will build upon the best practice it has in place and recognised by the Audit Commission in relation to the sustainability requirements of contracts – both general, such as sustainable travel management, and contract specific, such as ethical timber sourcing and fair trade catering provision.

Schools and Business Units will continue to be financially supported through the Sustainable Investment Fund and a series of carbon reduction projects, enabled through procurement (listed in the Council's Carbon Management Plan) will be commissioned over the next five years to help the Council reduce its Carbon Footprint.

Partnerships and Collaboration

Haringey's Strategic Partnership will be the key vehicle for the rollout of strategic commissioning across the partner organisations. Collaborative Procurement will be an option to meet the commissioning needs of Haringey Strategic Partnership.

Collaboration involves relationships between local authorities and other organisations in the public, private and/or voluntary sectors to improve the effectiveness and efficiency in delivery of a wide range of services. For example:

- Centralisation and standardisation between authorities.

- Sharing of expertise or cost reduction.
- Providing direct support to another organisation.
- Joint service delivery between public bodies
- Commercial trading for the profitable exploitation of assets, skills or location to provide new income for the benefit of the initiating authority or authorities
- Commercial trading in partnership with a private sector organisation.

Haringey will seek to procure across the HSP to meet the commissioning intentions of the Partnership to achieve best value.

Haringey is leading the North London Strategic Alliance to identify and develop collaboration opportunities for the commissioning and procuring of joint services. Haringey Procurement team will be working increasingly outside of traditional organisation boundaries.

The Council is a longstanding member of the London Contracts & Supplies Group, which is working towards London wide solutions to standardise tendering procedures and processes and deliver best value procurement solutions. The Council also actively participates in Capital Ambition, which was formed in 2008 from the former London Centre of Excellence and London Connects and is the London Regional Improvement and Efficiency Partnership (RIEP). The Council will continue to support the London Procurement strategy objectives set out below

Procurement projects for collaboration will be identified through working closely with our Commissioners and Capital Ambition and would be supported by evidence from spending analysis

covering the North London Strategic Alliance.

Capital Ambition Supporting Objectives

- To make London procurement outcome focused, in particular how it organises itself to engage with service delivery, local suppliers, markets and major contracting
- To ensure a coordinated and planned approach to all major high value / high risk contracting exercises
- To increase the sphere of commercial influence.
- To maintain and improve a shared approach to information gathering, market intelligence and management reporting based on properly defined needs analyses
- To encourage all sectors to specialise on their core contract and market strengths and devolve non- core acquisitions to third party organisations (e.g. other sectors, consortia or the private sector)
- To acknowledge the scarcity of good commercially aware procurement staff, and work towards maximising their utilisation
- To ensure that chief officers and elected Members are fully briefed on the opportunities presented through collaborative procurement
- To exploit and further develop the successful outcomes, tools and services already delivered by current collaborative work, acknowledging that the best model could be by transferring work into another sector

- To work with other stakeholders, particularly the London NHS, London Universities Consortium, London Contracts and Supplies Group and the Office of Government Commerce, to ensure success and portability to other parts of the UK

Strategic Commissioning Approach

Commissioning of services for individual groups and/or users has been a longstanding element of local authorities and health trusts. However, it is now recognised across central and local government that these bodies can deliver improved outcomes for the local community by working more closely together to commission services. If undertaken properly, strategic commissioning can lead to greater efficiency, quality, innovation and equity of public service provision.

There will therefore be a number of changes in the pattern of supply required by *People and Places and Strategic Commissioning*. Suppliers will either by themselves or with other suppliers have to develop approaches in 4 main areas.

- **Outcome-based contracts:** success and payment will increasingly be determined by broad measures of wellbeing (economic, social and environmental) and will include a strong element of customer satisfaction.

- **Collaboration between suppliers:**

This will be essential since few suppliers by themselves are likely to be able to deliver all aspects of commissioning in a form that meets local regeneration objectives and wider community aspirations.

- **Flexibility:**

Over a period of time and involving different groups or areas, services will have to adapt rapidly to meet changing citizen demands and to the needs of diverse groups within the locality. This will challenge the 'one size fits all' fixed output specification, which is typical of much local authority contracting and the basis of most supplier business delivery models;

- **Customer focus and engagement:** delivering 'choice and voice' to service users demands high levels of interaction with customers by providers. This needs to occur at all levels of an organisation and will challenge traditional 'command and control' organisational models across local government.

In particular, both clients and suppliers will need to empower front line managers within clearly set limits. The purchasing and contracting experience must also inform the ongoing development of commissioning.

8. Haringey's approach to commissioning

The Strategic Commissioning Programme is intended to run between 2010/14. By March 2014 all LB Haringey services will have reviewed and evaluated their service model and developed a commissioning strategy. This commissioning strategy will need to set out best practice for delivering or procuring services on an on-going basis and for ensuring that citizen choice informs a continuous commissioning cycle, including market development and supporting personalised services where appropriate.

We will **collaborate** with other public agencies in London to realise tangible benefits for our communities. It is often the case that local government services are defined by law and usually have minimum standards and are therefore universal, at least in like-authorities: it is the *means* of delivery and the *local policy* which differs. We are extremely keen to seek collaborative, mutually beneficial partnerships and alliances with other local authorities in order that we can deliver better outcomes, reduce cost, improve service and minimise duplication whilst recognising Haringey's needs.

Procurement Options Appraisal

When planning procurement projects, options appraisals will be undertaken, which will be informed by market research and analysis. Procurement decisions should allow flexibility in developing alternative arrangements and should always consider the full range of options available. All options appraisals will contain a risk assessment as part of the process. Procurement decisions will be made on a corporate basis, with consultation with stakeholders including

suppliers and where it has an effect on another areas this will be recognised and the appropriate consultation undertaken to ensure that, corporately Best Value is achieved and that opportunities to reduce costs are realised. The business case will include an evaluation of the principal options available to deliver the change that is required and supporting evidence. It will also indicate the contract strategy selection (method of procurement to be undertaken).

The Council will always consider working in partnership or collaborating with others as part of the options appraisal process.

Joint Commissioning

The Council realises the benefits of joint commissioning and has developed the joint commissioning framework that will support the commissioning of services for the Haringey Strategic Partnership. Procurement will support Commissioning to ensure that commissioning intentions are translated into efficient service delivery models that provide value for money services to the residents of Haringey.

Mixed Economy

The Council is committed to the promotion of a "mixed economy" of service provision on the basis that this is most likely to deliver best value for the citizens of Haringey. This means commissioning services from the public, private, voluntary and community sectors and will include where appropriate, services from Council "in-house" teams.

Small Medium Enterprises (SME's)

The Council is committed to working with small, medium sized enterprises (SME's) and has developed a Small

Appendix A

Business Community Forum to support and assist small businesses. The Council's Economic Development Unit provides advice and guidance to SME's.

Voluntary Sector

The Council has signed a Compact with the Voluntary and Community Sector in Haringey that provides a framework for developing closer strategic and operational working arrangements, in an open and accountable way and to enhance collaboration. There is a steering group made up of representatives of the Haringey Strategic Partnership and the Voluntary & Community sector who meet quarterly to develop the Compact. The Compact is a living document that will be monitored and reviewed annually.

Social Enterprises

There are robust and long lasting relationships with partners to ensure support is available for the development of social enterprises within the borough ensuring that support is available for small community groups considering trading and larger social enterprises who wish to increase their business.

Contract Management

Contract management can be grouped into three broad areas:

- a) **Service Delivery Management** – ensures that the service is being delivered as agreed to the required level of performance and quality
- b) **Relationship Management** – keeps the relationship between the parties open and constructive, aiming to resolve any tensions and identify problem early

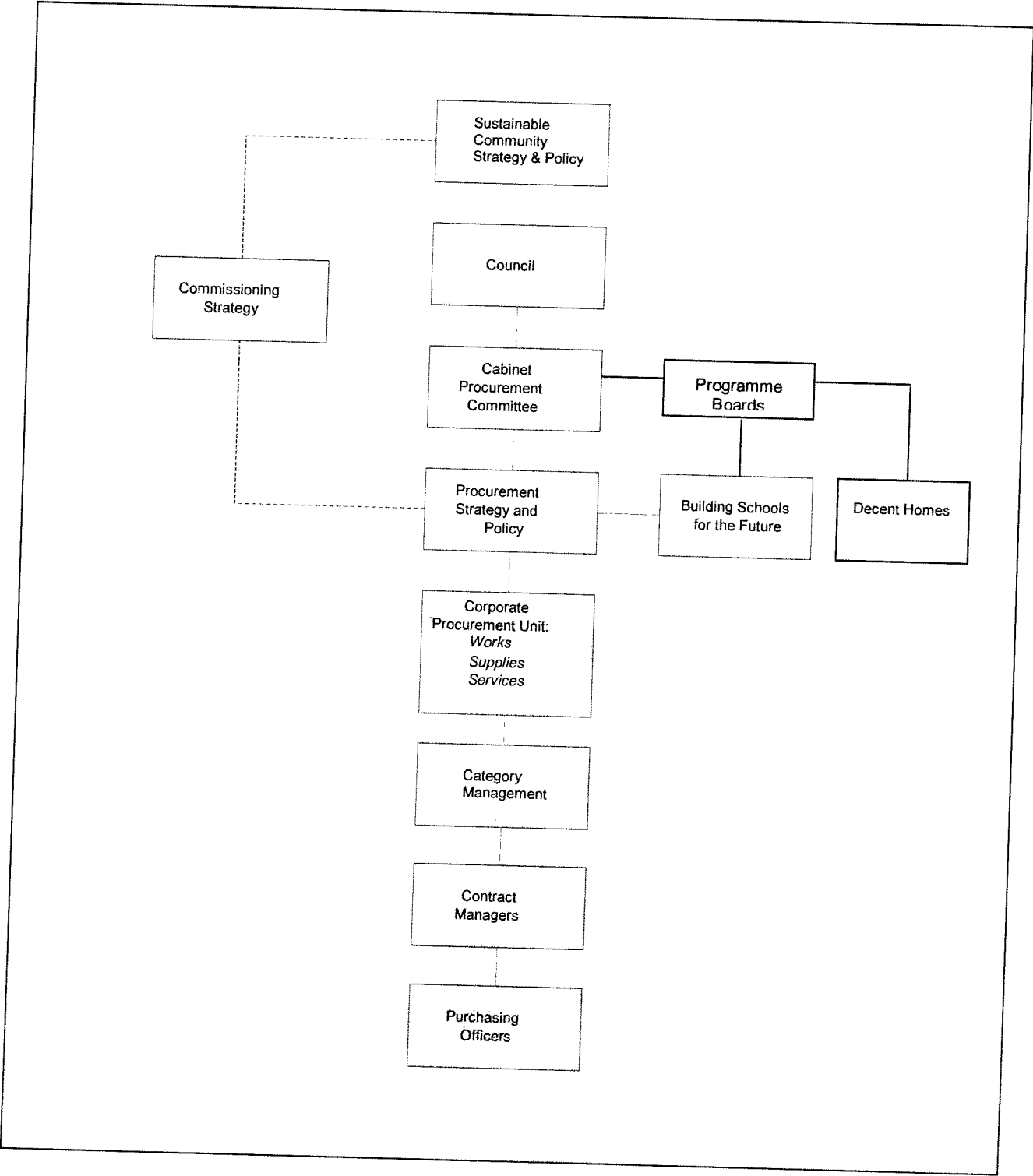
- c) **Contract Administration** – handles the formal governance of the contract, payments and contract documentation.

When all aspects of contract management are carried out effectively it should produce

- Ongoing Value for Money and sustainable cost reductions
- Risk management
- Contingency planning
- Service development and continuous improvements

9. Who Will Do What

Procurement in Haringey is structured as illustrated below:



Corporate Procurement will:

- Lead the development, implementation and monitoring of the Procurement Strategy and Policy.
- Be the principle driver of the efficiency programme.
- Provide support to all of the Council business units.
- Be a focal point for sharing and promoting good procurement practice across the Council.
- Support the Council's priorities through the implementation of a voluntary charter for suppliers.
- Develop the market through the supplier engagement plan.
- Ensure Equalities and Sustainability are embedded in the procurement process.
- Establish and maintain framework agreements and contracts.
- Commission all construction works and construction related consultants.
- Procure authority-wide goods and services.
- Develop and deliver procurement standards and training for employees and elected Members.
- Continually monitor Council expenditure to highlight areas for potential savings and/or benefits to the authority.
- Maintain and develop the e-procurement system and processes.

Business Units will:

- Be responsible for procurement activity in their respective areas.
- Provide information on anticipated future procurement activity (i.e. the Procurement Plan).
- Participate in procurement exercises.
- Utilise framework contracts for supplies, services and works administered by the Council, consortia, central government (e.g. OGC) and other public bodies where they offer efficiency and Value for Money.
- Ensure that all procurement opportunities and contracts are published consistently, transparently and through a common channel.

Contract Managers will:

- Work closely with Category Managers to maintain the Category Sourcing Plans
- Manage their contracts appropriately to ensure expectations and suppliers performances are being met.
- Ensure contracts are re-tendered or de-commissioned in a timely manner.

Suppliers will:

- Be required to competitively quote or tender for Council business.
- Be invited to attend "Meet the Buyer" events in order to keep up to date with Council opportunities and policies.
- Be encouraged to access Council procurement web pages to check

contracts due to expire and sub contracting opportunities.

Category Managers will:

- Ensure the delivery of the Category Sourcing Plan to achieve efficiencies, minimise risk and deliver Value for Money to service users.

Commissioners will:

In reviewing and evaluating services as part of a strategic commissioning approach, services will be defined as they would be seen from a customer / user perspective. Commissioners will evaluate services in line with the following model:

- Understand the market, the need now and in the future
- Identify “best in class practice” options
- Evaluate the current and future service against Performance, Efficiency and Perception
- Examine how the service contributes to the corporate and partnership’s priorities and the sustainable development of Haringey

Council officers will:

It is the responsibility of all officers to work to the principles contained within this Procurement Strategy and to comply with the Councils Constitution and Procurement rules and regulations.

Monitoring of the Strategy

This Strategy will be delivered through individual business units in their business plans. Progress against the Strategy and Category Sourcing Plans will be

monitored centrally and progress will be reported through the business planning review framework.

Consultation

This strategy was developed by reference to:

- A review of past performance and outcomes
- Key national and local drivers
- The results of the survey of Council officers during December 2008- January 2009
- A telephone survey of local suppliers done in 2009.
- Consultation with Senior Management Team and Chief Executive

Also:

- Elected Members
- Procurement and Contract Officers.

Appendix 1 - Review of performance 2006-2009

This section describes the progress made over the 2006-09 period and during which time, a number of major procurement projects have either been successfully completed or are in progress. These are set out below:

Embracing e-procurement

The Council has successfully embraced the challenge of e-procurement during 2006-09, introducing:

- A procurement system (SAP SRM) through which purchase orders and payments to suppliers are managed.
- A centralised contract register (SAP CMS) onto which all Council contracts are now logged and managed. Every contract is assigned a risk factor (low, medium or high) and managers receive monthly reports on spend, performance, volumes of transactions and various alerts e.g. contracts due to expire in 18 months and contract performance review dates.
- Use of e-Tendering to provide potential bidders with an electronic system by which to submit their tenders thereby saving process costs.
- Government Purchasing Cards have also been introduced, enabling Council officers to purchase pre-approved goods or services using a card similar to a bank debit card. For low value or ad hoc purchases, this is a cost efficient method and is also very convenient when providing services to client groups or in the case of emergency.

Improving Market Knowledge through Category Management

- The Council has completed a major exercise to establish Category Management as a technique to achieve best value and improve market knowledge. This has involved shifting from a traditional departmental (silo) view of spending to that of "One Council" being presented to external markets.
- Each Category (or market) is now managed by a senior manager on behalf of and across all internal departments. This exercise identified where multiple contracts existed for the same product or service and thus enabled consolidation and efficiency.
- By aggregating demand through category management it has been possible to achieve better value from suppliers and improve contract management arrangements.
- At the end of the 2009/10, the Council spent circa £500m (which includes construction) with over 8000 suppliers in 17 external markets.
- Temporary Staff Agency Contract. A single vendor neutral resource centre contract has been established through which all temporary agency staff requirements are processed before being offered to a tiered supply chain containing 180 recruitment agencies. Approximately £20m p.a. is processed through this

Appendix A

arrangement. This contract has led to approx £1m efficiency savings p.a. including the elimination of 48000 manual invoices p.a. This model is an example of best practice and is referenced as such by the Office of Government Commerce.

- Housing Repairs and Maintenance Service

A competitive tendering process was undertaken for the delivery of repairs and maintenance services to 16,000 Council tenant properties.

A contract was awarded to the in-house "Homes for Haringey" team, on the basis that they offered overall best value to the Council and tenants.

The contract is worth £18m p.a. The panel that evaluated competitive tenders and recommended the contract award was comprised of Council tenants.

The Strategic Commissioning Programme

The Programme is taking a "One Council" approach and will test and evaluate the approach to commissioning through initial reviews of four service areas:

- Parking Services
- Regulatory Services (Building Control, Development Control, Commercial Enforcement & Private Sector Housing)
- Extra Care
- Services for disaffected & vulnerable young people

Each review area will help the Council to address and understand different commissioning challenges, and will build on existing commissioning processes and expertise.

Decent Homes Programme

- The Council successfully secured £228m of Government funding towards a 15 year Decent Homes programme to upgrade bathrooms, kitchens, heating systems, decorations, and roofs etc.
- Four main contractors were appointed to carry out these works.
- The programme is still in progress and is due to complete in 2012/13.

Building Schools for the Future (BSF)

The Council secured £215m to build or carry out major refurbishments to 12 Secondary schools in the borough between 2008/11:

- A contract worth £23m was awarded for the implementation and on-going management of all IT equipment and networks in these schools for up to 10 years.
- A framework of 6 construction contractors was established through which mini- competitions were managed to award contracts for individual schools. The construction element of these works is £165m.
- Contracts have also been established for programme management and professional services e.g. architects, engineers, surveyors, project managers, along with furniture, fixtures and equipment.

Construction Contractors (excluding Decent Homes and BSF)

- In order to deliver the remainder of the Councils works programme on new build and property services, 5 framework agreements containing 28 contractors were established through which £98m is spent on average each year.
- These frameworks cover Major Works, Minor Works, Conservation, Landscape and Consultants, Landscape and Consultants.
- There are on average 100 projects in progress at any one time, each requiring managing in order to meet Council expectations.

Health and Social Care

- A new mandatory contract, hosted by Haringey on behalf of four north London boroughs, was established to support the Local Involvement Network (LINK) for Health and Social Care. Although this contract is of relatively low value (£170k p.a.) it is significantly important to the Council and the users of local services and is worthy of a mention in this review.
- Work has been started on identifying new models of commissioning and procurement to support the Personalisation agenda and this will be ongoing over the life of this strategy

Passenger Transport

- A framework for Passenger Transport service was put in place to transport children with special education needs to school, this has resulted in a much more efficient service being delivered

and a saving of approx £300k per annum

- Elements of the service that had been delivered by “In-House” teams were outsourced to the private sector.

Energy

- The gas and electricity markets had become extremely volatile with costs escalating by over 160% in 3 years. Up until 2004/5, when energy prices were relatively stable, the Council bought its total energy requirements annually in one lot.
- In 2006, Haringey Council was the catalyst for changing the public sectors’ procurement strategy for energy from fixed price fixed term (traditional) to one of flexible risk managed whereby £3.8bn energy is now aggregated across the public sector and bought in tranches on the wholesale market throughout the year when prices are favourable. In 2009/10 this new strategy achieved a saving for London boroughs (London Energy Project) of £16.7m against market averages.
- The overall effect is that the public sector is better able to avoid costs and manage risks, and this has helped achieve up to 8-10% efficiency on the price of energy and administration costs.
- To also help off-set costs, the Council continues to work hard to reduce demand for energy using a number of technologies e.g. we have lowered voltage levels from 240v to 220v in main corporate buildings, thus immediately saving 10% of energy. This solution is being extended to other high energy usage buildings including schools. It is important that

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electrical equipment (computers, lifts motors, generators etc) continue to work effectively and thus each building has to be carefully assessed to avoid any adverse effects. This is an ongoing programme of work.

- Other examples of where technology has been used to reduce energy consumption (and carbon emissions) are swimming pool covers to retain heat at night, replacement boilers for more efficient types and building management systems to control lights and temperatures.

Urban Environment

Urban Environment has produced a Public Realm Commissioning Strategy which has resulted in two innovative major procurement projects, Street Lighting and Waste Management. The street lighting contract has been awarded and the contract includes the following sustainability outputs:

- A systematic and fully auditable reduction in the use of virgin materials.
- A systematic and fully auditable reduction in CO2 emissions.
- Use of 100% sustainable and transparently sourced timber.

The Waste Management service is currently being procured through the Competitive Dialogue Procedure, the first such procurement of Waste Management in England.

Care – Supporting People

The Supporting People programme is responsible for the delivery of housing related support services, with the specific intention of assisting people with the attainment, or retention of a tenancy

and furthering an individual's independent living skills.

There are presently 70 Contracts covering over 100 different services for 19 separate client groups. Contracts vary considerably in size of capacity and contract value. Monitoring of the contracts ensure that they remain strategically relevant and are performing to agreed outcomes at the required quality standard and within value for money. Procurement has begun to consider market testing of existing service provision and consider the models of service delivery and future inclusion of Support Providers within the same or revised Terms and Conditions

Other Procurement Projects

In addition to those listed above, the Council awarded over 300 contracts through competitive tendering for a vast range of services, spanning Adult Care, Children's Services, IT and Telecoms, Transport, Urban Environment, Libraries, Social Services, Leisure etc.

In 2008/9 – a 40% turnover of our 8,000 plus suppliers was recorded which give an indication of the work involved to achieve Best Value and maintain healthy competition within prevailing market conditions.

Lessons Learnt

The integration of the purchase to pay process which involved bringing together the supplies and services, construction and accounts payable teams has resulted in significant efficiencies and improved productivity

- We have learnt to use framework agreements as a way of speeding up the procurement process when commissioning new projects. The effect is that we are now able to award a major construction project

Appendix A

70% faster than before our frameworks existed

- The importance of working with the supply chain **in advance** of commencing the competitive procurement process e.g. the temp staff contract and the passenger transport contract are just 2 examples where we achieved excellent outcomes after listening to suppliers and acting on this input.
- Improved our ability to shape the market e.g. London Energy Project has successfully introduced new service providers into the market and developed new products to help combat the effect of market volatility.
- The importance of effective contract management post contract award and improved overall programme and enhanced supplier relationships.
- That Category Management is a powerful technique for coordinating procurement on a “One Council” basis and squeezing additional efficiencies.

Awards success

In 2008-09 alone, the Council’s Corporate Procurement Unit has been recognised in the following:

- Winner of the Government Business Award 2009 for Public Sector Energy Project, in recognition of Haringey’s energy management programme.
- Winner of the Government Opportunities Award 2009 for Best Procurement Initiative for the London Energy Project
- Commended in the Government Business Awards 2009 for Category Management

Sustainability

In December 2009, the Audit Commission published on its website a notable “Good Practice Case Study” that featured Haringey Council’s Sustainable Procurement Strategy and the significant progress being achieved across the five themes of People, Policy and Strategy, Procurement Process, Engaging Suppliers and Measurement and Results

In the ‘**People**’ theme. the Council has created the Energy and Sustainability Team within Corporate Procurement to manage the sustainability implications of the Council’s procurement.

In addition, sustainable procurement training been rolled out and has ensured that staff are briefed on sustainability requirements through the procurement process.

Under ‘**Policy and Strategy**’ the Council has developed a Sustainable Procurement Policy, Strategy and Action Plan. The purpose of these documents is to communicate the Council’s intentions for this agenda in a clear way to all stakeholders.

Within our ‘**Procurement Process**’ the Council has undertaken a prioritisation exercise on over 300 purchasing categories. This is based on the Sustainable Procurement Task Force Prioritisation Methodology and explores the impacts of purchases on 18 sustainable development indicators, ranging from CO₂ Emissions to Employment Opportunities and Labour Conditions. This information is used to drive high-level sustainability strategies in each of the Councils’ category sourcing plans. The introduction of a Sustainable Procurement Indicator Risk Assessment has ensured that sustainability risk is identified early in the procurement process and the approach to mitigation is consistent through from

Appendix A

sourcing strategy to individual procurement.

All new contracts now use environmental contract conditions which give the Council a greater legal foundation to reject contracts that do not comply with their minimum environmental requirements.

To ensure we continue **‘Engaging Suppliers’**, the Council has pulled together a profile of external spend by supplier. It targeted the top suppliers by category for invitations to Haringey events as part of a wider supplier engagement programme.

“Meet the Buyer” events are held with suppliers to ensure they fully understand the Council’s sustainability agenda.

‘Measurement and Results’ are captured through key performance indicators (KPIs) have been developed that enable the Council to measure and report on progress in this area. The KPIs reflect progress made on both operational changes and environmental benefits achieved through sustainable contracts.

The Council has developed two ring-fenced funds to encourage sustainable solutions – one for Council Property and one for Schools. The fund has enabled a number of low carbon installations such as lighting controls, swimming pool covers and voltage optimisation units.

The latest development was the use of the fund to help Leisure Services upgrade the existing sand water filtration system to a perlite system. This will save the Council £35,000 per year in reduced energy, water and chemical bills.

Appendix 2 - Efficiency Programme 2010-2013

The table is for indicative purposes and identifies planned Procurement projects that are expected to generate efficiencies over 2010/13. These projects are council wide projects in support of the wider efficiency agenda that will be managed through a single financial process. These projects are a mixture of new and existing projects and are under-pinned by service business plans and category sourcing strategies. Some of the savings have already been factored into the budget proposals. Further efficiency projects will be identified as the Strategy moves forward.

Category	Description	Period	Procurement Project Savings	Comments
Facilities Management	Lift installation and maintenance	2011-2013	£36,000	Increase on-contract discount volumes. Tender for a new framework.
	Cleaning and first aid materials	2011-2013	£15,000	E-auction mini-competition
	Uniforms & PPE	2011-2013	£7,500	E-auction mini-competition
Recruitment	Review of use of agency staff and agency contract.	2010 -2013	£1,500,000	Re-negotiation
	Consultants	2010-2012	£500,000	Demand Management
Children & Education	Top suppliers in Children & Residential	2010-2012	£600,000	Review specifications and re-negotiation
	Long term rationalising, collaboration	2010-2013	£400,000	re-specifying and decommissioning
Learning and Development	Reduction in spending	2010-2012	£200,000	Demand management
Temporary Accommodation	"B&B" - re-negotiation and the application of new housing lease agreement	2010-2013	£2,000,000	Re- negotiation
Legal	Barrister spend reduction and external solicitors framework	2010-2012	£250,000	Demand management
Leisure & Entertainment	Sports facilities & services frameworks	2010-2013	£93,000	re specify and re tender
Communication	Variable print contract	2011-2013	£200,000	re specify and demand management

Appendix A

	Newspaper print framework	2011-2013	£25,000	consortia contract
Energy	Consolidating water accounts into a single bulk bill and cost recovery	2010-2013	£150,000	Review of invoices and demand management
	Cost avoidance on energy purchasing	2010-2013	£450,000	Demand Management
Travel	Coaches & mini buses	2010-2013	£100,000	Re-tendering with e-auction in progress
	Taxis	2010-2013	£40,000	Re-tendering with e-auction in progress
Food & Drink	Catering	2010-2013	£200,000	Demand management,
IT	Photocopiers	2011-2013	£25,000	Re spec and re-tender.
	SAP support	2012-2013	£100,000	Re specify and re tender - Competitive dialogue
Public Realm	Waste Management Services	2010-2013	£1,200,000	Currently being re tendered using competitive dialogue procedure
	Civil engineering	2010-2012	£800,000	Aggregation of spend. This may include capital.
Social Care	Supporting People contracts	2010-2012	£1,000,000	Re-negotiation
	Other adult social care contracts	2010-2012	£500,000	Renegotiation
	All contracts ending between 2012-2013	2012-2013	£380,000	e-auction, renegotiation, re specification of most appropriate procurement route.
Total	Illustrative Purposes	Circa	£10m	

The above savings can be summarised as followed against procurement tactical actions that are:

E- auctions – CPU are using an e-auction tool for Passenger Transport and Heartlands school cleaning procurement projects. There are also projects identified as suitable for e-auctions within IT and CYPS. The savings are calculated as a 3% reduction from current contract values. This procurement system can be used for most types of procurement projects as it allows a quality and price evaluation to take place and should produce savings when used by Directorates.
Saving: £0.5m

Contract extension negotiations on contracts expiring in the next 18 months
CPU will work with Category Managers to identify any contracts due to expire in the next 18 months that have an option to extend. They will be assessed for suitability to renegotiation for the extension periods, whilst undertaking market research to ensure a VFM outcome. All major contracts will be reviewed as part of category management to ensure that they are still achieving VFM for the Council.
Saving: £1.5m

Service specifications and decommissioning
All procurements should have a specification that continues to be “fit for purpose” and if applicable is outcome based. Before going out for any procurement a review of the service must be undertaken to ascertain if the service is in line with

Haringey’s objectives and if the service is still required; if not, then it will be decommissioned.
Saving: £1.25m

Renegotiation of current contract spend
All contracts that are not due to be opened up to competition within the next 18 months will be assessed to see if there is a reduction in costs to be achieved.
Saving: £5m

Collaboration – Joint purchasing and consortia arrangements
The North London Strategic Alliance will identify opportunities for collaborative strategies and procurements giving the Council leverage to drive down costs. We will also access consortia contract that have been let by other procurement hubs, when they represent Value for Money to the Council
Saving: £0.75m

Demand Management
Each sourcing plan will look at demand management strategies to identify any areas where policy or procedure could be changed to drive internal efficiency. Demand management relies on reducing volumes and needs through “rationing” or changing behaviours
Saving: £1.5m

Total savings from Council wide procurement category management
These savings are provided for illustrative purposes of the various procurement techniques and their potential outcomes in support of the outline list of savings in the above table.
Saving: Circa £10m.

Appendix 3 - Action Plan for Efficiency Programme

Savings for 2011-2013 but will come from the programmed category management sourcing plans, identification of collaborative procurement opportunities, such as the North London Strategic Alliance and continued improvement and controls as outlined on the previous page. The key actions to enable delivery of the procurement efficiency programme going forward are summarised below.

ACTION	OUTCOME	WHEN
Category Sourcing Plans will be reviewed and updated; taking account of external market conditions and changing Council priorities.	Contributes towards achieving challenging efficiency targets.	Sept 2010
Directors will critically review all Sourcing Plans and related Action Plans to ensure they are able to deliver the necessary savings.	Savings targets will be met through planned procurement action plans.	Sept 2010
Individual projects will emerge from updated Sourcing Plans and these will be developed into actions.	Cashable savings will be identified that meet targets.	2011/12 2012/13
The Council will implement software and adopt electronic auctions where appropriate e.g. first up, will be IT hardware, telephones and stationery.	Additional savings over the more traditional procurement methods.	2010
Council contracts will be uploaded into the new London wide contracts register.	Increased transparency. Increased collaboration with other authorities and aggregation of volumes to achieve greater efficiencies.	2010
Haringey will lead on key procurement projects on behalf of the North London boroughs	Construction, Energy, Water and the supply of Temporary Staff will be targeted initially.	2010/11
Plan and implement centralised payments transaction processing; underpinned with an appropriate software system and requiring e-invoicing from suppliers.	Increase control and compliance, speed up payments and achieve economies of scale in relation to invoice handling and payment.	2011

Appendix A

<p>Demand will be more closely managed; starting with spend on consultants and travel. Opportunities for delivering further procurement efficiencies in relation to capital projects will be evaluated.</p>	<p>Reduced revenue and capital spend.</p>	<p>2010- 13</p>
<p>The existing SAP based procurement system will be further exploited whereby certain purchase orders relating to defined discretionary spend will be routed centrally before being given final approval.</p>	<p>Purchasing policy enforcement. Tighter authorisation. Improved demand management</p>	<p>2011</p>
<p>Review the option and extent to which the Council might establish a central contracts management team and with the expectation that a good proportion of existing contracts will be centralised. Supplier relationship management will also be considered for best effect.</p>	<p>Improved contract management. Improved balance between commercial management and relationship management. Economies of scale, consistent quality and skilled staff better deployed.</p>	<p>2011</p>