



Procurement Strategy 2016 – 2019

October 2016.



We speak your language

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Mówimy Twoim językiem

French

Nous parlons votre langue

Spanish

Hablamos su idioma

Slovak

Rozprávame Vaším jazykom

Chinese

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CONTROL SHEET FOR Procurement Strategy

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Bolsover and North East Derbyshire District Councils

Procurement Strategy 2016-2019

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1. Introduction

1.1 The local government procurement landscape is changing; this strategy document sets out Bolsover and North East Derbyshire District Councils' (the Councils) approach to Procurement activity within this changing environment.

1.2 The strategy takes account of:

- Public Services (Social Value) Act (2014).
- The National Procurement Strategy (2015).
- Public Contract Regulations (2015).
- Local Government Transparency Act (2015)
- Equalities Act (2010)

1.3 The Councils spend approximately £70 million on the procurement of goods, works and services (non Payroll spend). This strategy outlines the Councils current method of undertaking procurement and sets out the way in which procurement is addressed using the Councils Procurement Rules (Bolsover) and Contract Rules (North East Derbyshire) (the Rules). This strategy is a 'living' document that will be updated at regular intervals in accordance with Council policy or through statutory amendments.

1.4 The Strategic Alliance Management Team is responsible for ensuring that the principles of this strategy are adopted and to ensure its implementation within the Councils' service teams. Elected Members are expected to use this strategy as a sense-check to review officer procurement decision making through the Executive (Bolsover) and Cabinet (North East Derbyshire) and relevant committees and the Rules.

2. What is Sustainable Commissioning and Procurement?

2.1 *Commissioning* – the whole process of deciding what services are needed, their priority, and choosing what, why, how and where to allocate resources to provide them.

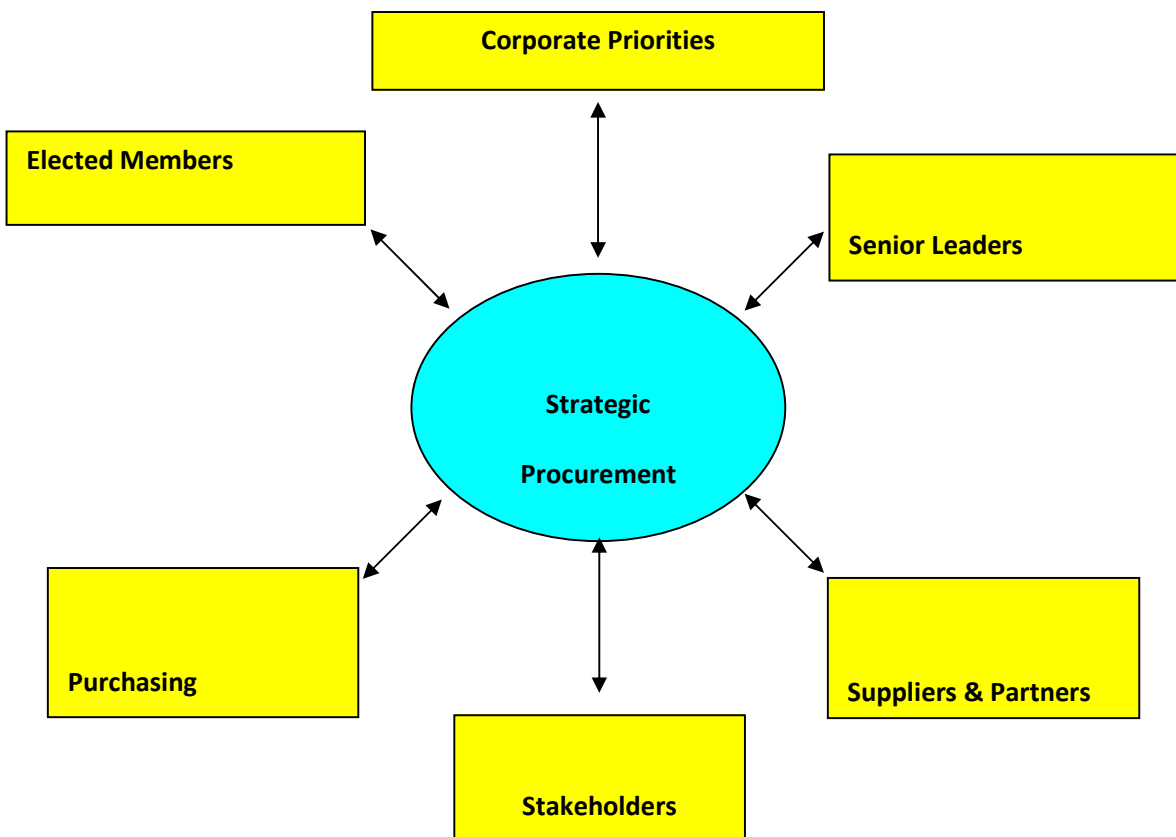
2.2 *Procurement* – the acquisition of goods works and services which meet the customers' and service users' needs, whilst ensuring value for money throughout the life of the product including disposal.

2.3 *Sustainable procurement* – the acquisition of goods/works/services in a way that achieves value for money on a whole life basis by not only generating benefits for the Councils for our communities and economy whilst minimising environmental damage.

2.4 *Value for Money* – also often described in terms of the 'three Es' – economy, efficiency and effectiveness:

- **Economy** – careful use of resources to save expense, time and/or effort.
- **Efficiency** – delivering the same level of service for less cost, time and/or effort.
- **Effectiveness** – delivering a better service or getting a better return for the same amount of expense, time and/or effort.

2.5 Strategic procurement is a series of activities and processes that sits at the heart of the Councils, providing the framework by which the Councils obtain value for money in all of the goods, services and works that they require. This can be illustrated by the following diagram, which shows the inter-relationship between the role of corporate procurement and the Councils as a whole it plays a pivotal strategic role in the way we deliver services



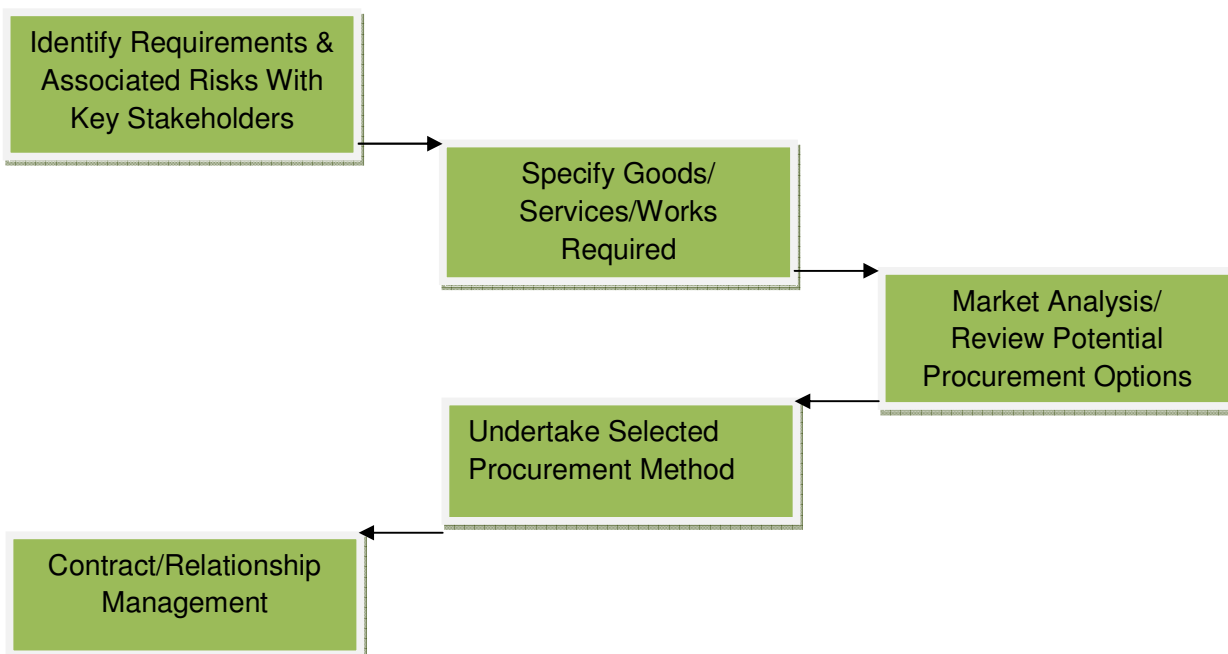
2.6 Procurement should challenge existing service delivery models, and identify and deliver the right future model of service provision and link with the Councils' Corporate Plans.

2.7 The aim of effective procurement is to achieve best value through planned and skillful procurement, in respect of all goods, works and services sought by the Councils. Also to support and encourage a vibrant local supplier market, remove barriers to trade for small to medium enterprises and voluntary organisations (such as splitting larger requirements into Lots) and giving appropriate consideration to Social Value.

2.8 The Councils' employees are required to comply with the Councils' Constitutions, the Rules, as well as external laws, regulations and policy guidance at all times. This applies in every procurement exercise regardless of contract value.

2.9 Typical Procurement Process:

Council Officers and the Derbyshire NHS Shared Procurement unit will ensure that this established best practice is applied to ensure that best value for money is achieved for the Councils.



3. Strategic Priorities

3.1 The Procurement Strategy supports the Councils' Corporate Visions and Plans.

Bolsover's Corporate Vision:

To enhance and improve the wealth profile, well-being and quality of life for the communities of Bolsover District.

North East's Corporate Vision:

North East Derbyshire will be a place that is clean and attractive, a place where people are proud to live and work, where they will prosper and are safe, happy and healthy.

3.2 The Councils each have a Corporate Plan which includes four main corporate aims and key objectives which are underpinned by the Councils' values. These are outlined in the Appendix.

3.3 At a general level, procurement of goods, works and services drives the delivery of the Councils' strategic plans, corporate priorities, objectives and statutory responsibilities by:

- ensuring procurements reflect relevant sustainability and environmental issues and ensure procurement processes support and reflect the aim of protecting our environment for future generations;
- ensuring procurement guidance is clear and simple, and that relevant contracts are advertised and accessible to all. The procurement processes used do not unfairly limit the opportunity to bid for Social Enterprises/Third Sector organisations;
- providing feedback to bidders to support the development and overall competitiveness of these organisations;
- encouraging an effective local supplier market and the promotion of local social value in contracts (such as the creation of apprenticeships and local supply chains);
- aiming to ensure all procurement provides a best value solution for the Councils by using the procurement process to assist in identifying improvements to services and support the delivery of value for money services.
- eliminating anything that does not add value to the procurement; and working closely with partner organisations such as Derbyshire County Council, Sheffield City Region, Destination Chesterfield and other partnership groups to deliver savings and efficiencies through collaboration.

3.4 Corporate documents linked to this Strategy:

- Corporate Plans
- Service Plans
- Constitutions
- Financial Regulations
- Contract Procedure Rules
- Safeguarding Policies

3.5 This strategy supports the Councils' Corporate Plans by engaging with all parts of our communities, including public and voluntary sector organisations, businesses and our residents to enable and encourage the most efficient way to provide services through:

- Seeking to secure the best outcomes for the local community by considering all available options and resources having regard to whether services are provided in-house, externally or through partnership arrangements.
- Continuously improving services through the adoption of innovative and creative practices so that service users see an improvement in both quality and value for money.
- Adopting a collaborative approach to procurement by participating in framework contracts.
- Explore any existing framework opportunities ensuring best value for money and fitness for purpose
- Ensure we engage the diverse needs of our communities.
- Improving understanding of procurement and commissioning for both internal and external stakeholders.
- Monitoring and reporting compliance with procurement policies and procedures.
- Training and developing Managers and teams in effective procurement practice

3.6 Through effective procurement process and specifications we will promote the safeguarding of our young and vulnerable residents by:

- Ensuring that arrangements are in place with contractors to safeguard children and vulnerable adults in accordance with legislation (existing contracts).
- Ensure that the Councils' procurement process require suppliers to comply with safeguarding requirements (new contracts).

3.7 The Councils have recognised there is a need and opportunity to work more commercially in some areas of the services currently provided. This philosophy will be reflected in the future approach to prioritisation and provision of services.

4. Procurement Resource

4.1 The Councils have reviewed options for managing Procurement and concluded that working with the Derbyshire NHS Shared Procurement unit is best value for money.

4.2 The Derbyshire NHS shared procurement unit provides procurement expertise for all aspects of procurement other than direct legal advice which remains with participating partners (the Councils). The shared service ensures the Councils have access to a number of fully qualified and experienced procurement professionals and a support team. In addition to being used to undertake high value and high risk procurements, this resource also provides training opportunities to all officers of the Councils involved in procuring goods and services. Full support is also provided in lead officer development of tender specifications and subsequent tender evaluation and award. The unit will maintain a contracts data base and forward plan.

4.3 The shared procurement unit has an ongoing obligation to identify new or potential improvements to the Councils' services. As part of this obligation the shared unit will identify and report on a pre-planned annual schedule to the Councils' authorised representative as follows:

- the emergence of new and evolving relevant technologies which could improve the services
- new or potential improvements to the services including the quality, responsiveness, procedures, benchmarking methods, performance mechanisms and customer support services in relation to the services
- new or potential improvements to the interfaces or integration of the services with other services provided by third parties or the Councils which might result in efficiency or productivity gains or in reduction of operational risk
- optional changes in ways of working that would enable the services to be delivered at lower costs and/or bring greater benefits to the Councils.
- providing management information to the Councils as required in relation to contracts and review of contracts.

4.4 The Councils employ a corporate Procurement Client Officer (the Executive Director of Operations) with primary responsibility for coordinating procurement across the Councils including:

- Assisting in the delivery of an efficient and effective procurement service to elected members and officers so that the Councils achieve best value and value for money from their suppliers.

- Supporting our shared service partner and liaising with all departments and service areas across the Councils on the planning, development and delivery of procurement across the Councils.
- Scrutinising procurement arrangements in relation to the contract management of the shared service arrangement in relation to officer compliance with the agreed procurement processes
- To be the onsite presence for corporate procurement and to provide the Councils' interface with the shared procurement unit.

5. Governance and Responsibility

5.1 Procurement of goods, works and services across the Councils has to be carried out within a number of controls including the Rules, legislative and governance issues. In addition the Councils have other policies, which must be adhered to as part of any procurement activity.

5.2 The Councils will ensure that the Rules continue to be relevant and are compliant with EU regulations as required. The Councils will hold the highest principles of fairness, equity, transparency and openness within all procurement activity.

5.3 The key control over procurement activities are the Councils' Rules which set out the governance of all aspects of procurement activity and outlines procedures to be followed for procurements that fall within set levels of spend. The Rules and associated policies are available to all lead officers and detailed in the Councils' Constitutions on the Councils' Intranets.

5.4 The member responsibility is the Portfolio Holder for Efficiency Plans, Procurement and High Street Regeneration (Bolsover) and the Cabinet Member Economy, Finance and Regeneration (North East Derbyshire), whilst operational responsibility lies with the Executive Director Operations.

5.5 Training is made available to staff engaged in Procurement. Procurement workshops are run in conjunction with the Derbyshire NHS shared procurement unit.

5.6 All the Official Journal of the European Union (OJEU) procurement projects must have sign off at PQQ stage in full, and evaluation provided by lead officers endorsed by the shared procurement unit and the Councils' legal team.

5.7 All procurement must be policy compliant and consider responsibilities and requirements for:

- Safeguarding

- Sustainability
- Equalities
- Social Value
- Health and Safety

5.8 Procurement pricing methodology for contracts is governed by thresholds as identified in the Councils Rules:

The Rules - Thresholds:	
Up to £1,000	Oral or written quotation
£1001 to £5,000	Written quotations must be obtained from three suppliers
£5,001 to £50,000	Three written quotations based on the Request for Quotation (RFQ)
£50,000 to the EU threshold in force	Formal tender by Invitation to Tender (ITT)
Above the EU threshold	Formal tender complying with the relevant procurement regulations.

6. E-Procurement

6.1 The National Procurement Strategy (NPS) places certain responsibilities on all Councils.

6.2 The Procurement Strategy and arrangements are available to Suppliers on the Councils' Websites, and as a resource for employees on the Councils' Intranet

6.3 The Councils are using their websites to promote good practice.

6.4 To support the delivery of this strategy the Councils will adhere to the use of the e-procurement using the In-tend system whereby all opportunities are advertised for complete transparency, links will also be made available via the Source Derbyshire system.

7. Sustainable Procurement

The Environment

7.1 The Council will require operators of (significant) contracts to adopt whole life-cycle thinking in the delivery of any services on the Councils' behalf. Where relevant, examples may include the purchase and use of vehicles, equipment, energy, water and chemicals.

7.2 The Councils are key stakeholders in leading the local community in minimising environmental impact. Green procurement will encourage local operators and suppliers to consider critical issues such as manufacturing process, materials used, transportation, and waste management in operating and delivering sustainable services.

7.3 Sustainable procurement is the process of acquiring goods, works and services from a supplier that provides the optimum combination of whole life costs and benefits to meet the customer's requirement. In order to achieve this, the Councils will:

- Account for environmental aspects of a product alongside societal and economic aspects in the tendering process, and deliver appropriate training for staff responsible for purchasing, ensuring access to environmental information.
- Adopt a life-cycle thinking approach to avoid shifting environmental impact. Products with Eco-labels should be purchased wherever possible.
- Comply with identified energy efficiency standards for the procurement of goods.
- Encourage an ethic of reduce, reuse, recycle amongst purchasing staff.
- New vehicles supplied for the Councils' services should have the lowest emissions standard possible whilst remaining fit for purpose.

The Community

7.4 We will encourage a diverse and competitive supply market by ensuring that local businesses are given an equal opportunity to participate in competition for Council business, whilst still maintaining a competitive supply market by:

- Encouraging local businesses to register with Contracts Finder.
- Providing clear advice and guidance to local businesses about how to bid for the Councils' work.
- Measuring the employment of local labour by the Councils' successful contractors.
- Measuring the provision of apprenticeship opportunities and take up by successful contractors
- Ensuring contracts are structured so as not to prejudice local businesses.
- Exploring how to better engage with ethnic, disabled and other minority group suppliers.
- Promoting the Councils Equality Policy for Service Delivery. .

8. Partnering and Collaboration

8.1 Partnering in the context of the Councils procurement is defined as the creation of sustainable, collaborative relationships with suppliers to deliver services, carry out projects and acquire goods.

8.2 Collaboration is defined as the process of working with other authorities, organisations, or agencies to combine buying power and leverage based on higher or aggregated levels of spend, to gain more favorable pricing and terms from suppliers when procuring goods, works or services.

8.3 The Council has welcomes partnership opportunities such as those which share or support the corporate priorities for the community.

Therefore the Councils will:

- Include partnership options when undertaking service reviews and other appraisals.
- Through the Derbyshire NHS shared service and in collaboration with neighboring authorities participate in sub regional and local procurement programs.
- Where appropriate consider alternatives to public sector first procurement options for the management of contracts as well as provision of services, works and supplies.
- Support the voluntary sector to engage with the Councils and explore the potential for partnerships with local voluntary sector agencies interested in the provision of services for local people.
- Explore partnering opportunities with other organisations for significant construction projects.

9. Conducting Procurement Activity and Resources Social Value

9.1 The Public Services (Social Value) Act 2012 requires service related procurements over the EU threshold to consider social value. The Act requires considerations to be proportionate and relevant to the particular requirement therefore where appropriate, the Councils will use the full procurement cycle to consider how to improve the economic, social and environmental well-being of the Councils.

9.2 Considerations will be built in to the procurement process as appropriate including adapting evaluation criteria or a requirement for contractors to support an apprenticeship scheme.

Equality

In compliance with the statutory equality duties under S149 of the Equality Act 2010, the Councils will take equalities factors into consideration in decision-making. The business case will address equalities issues to identify whether there is scope to improve the economic and social impacts of the proposed contract. To help us achieve this, the Councils require officers of the Councils to:

- when appropriate, undertake a (proportionate) Equality Impact Assessment when planning a procurement and consider equalities issues as well as economic and sustainability issues within the business case for projects
- make provision within the tender specification (where appropriate) to include equality related award criteria or specific equalities outcomes to reflect the needs of different services users.

9.3 Procurement processes and documentation will reflect the Councils Equality and Diversity Policy for Service Delivery.

9.4 The Councils will work with partners and suppliers to ensure that suppliers are, as a minimum, compliant with the relevant legislation, both at the inception of contracts and through their effective life.

9.5 Guidance regarding Equality and Diversity is provided for all existing or potential new Suppliers to the Councils.

Safeguarding and Health & Safety

9.6 All services commissioned by the Councils must operate within the requirements of the Councils' Safeguarding policies. Where relevant, contractors will need to demonstrate that they meet these requirements.

9.7 Procurement activity will be treated proportionately to the health and safety risks which arise from the contract. Potential risks will be assessed and contractors must provide evidence to demonstrate that their organisation actively promotes and manages health and safety. This evidence will include a contractor's track record of health and safety performance.

Sustainability

9.8 Any procurement decision will aim to remove or minimise harm to the environment to the lowest possible level, and to promote conservation of natural resources.

Forward Planning

9.9 Forward Planning, particularly of major expenditure, is essential to maximise the potential savings through efficient and effective procurement.

- Forward planning and timely reviews will be a key focus within the procurement process, particularly within the contract management, identification of need and analysis of the requirement considerations.
- Wherever possible specifications will be output based with robust performance measures. Output based specifications will allow greater flexibility of design and support innovation and creativity throughout the supply chain.

9.10 Planning and reviewing annual procurement activity linked with robust monitoring and reporting with the shared procurement unit will enable the Councils to become more efficient buyers of goods, works and services.

Relationships with Suppliers

9.11 Effective procurement is measured by the outcomes and not by the completion of the process.

- Contracts will be managed throughout their life to ensure that the benefits identified in any business case are delivered. Planned review meetings with incumbent suppliers will ensure that set Key Performance Indicators (KPIs) and Service Level Agreements (SLA) are achieved and maintained – where possible exceeded.
- The Councils will proactively build on areas of success and identified areas of best practice.
- Risk registers shall be prepared for all major procurement processes and will be revisited at key milestones in the procurement process and throughout the life of the contract.
- When suppliers and contractors handle information on behalf of the Councils, we will ensure that established internal Council standards are met or seek to influence our supplier's and contractor's standards to a mutually acceptable level.

Data Protection

9.12 The Councils will expect Contractors to have appropriate information/data handling policies/procedures in place to handle confidential and commercially sensitive information, including personal and sensitive data, to ensure compliance with the Data Protection Act 1998 and work with Public Service Network (PSN) requirements.

9.13 The Councils will ensure that all relevant Contracts include provisions relating to the ownership and control of any Intellectual Property created for, during and at the end of a contract.

Information Requests

9.14 Both Councils are relevant authorities for the purpose of the Freedom of Information Act 2000 and the Environmental Information Regulations 2004. The Councils will expect that Contractors will support and assist the Councils in discharging obligations in responding to requests for information.

Our Conduct

9.15 The Councils will preserve the highest standards of honesty, integrity, impartiality and objectivity and shall comply with the Councils' Codes of Conduct and the Rules at all times.

9.16 In awarding contracts the Councils will generally evaluate offers received on the basis of either the lowest or the most economically advantageous tender; and within this where appropriate, will take into account a balance between cost and quality.

9.17 In any procurement the Councils will ensure that the approach to the market is consistent with these principles.

9.18 The Derbyshire NHS shared procurement unit will ensure that all relevant Council policies and procedures are complied with in any procurement publicity or process.

9.19 Fraud, Bribery and Corruption will not be tolerated and will be dealt with robustly by the Councils. This includes compliance with related Acts and the Councils' policies including the Whistleblowing Policy which is a joint policy.

10. Performance Measures and Targets

10.1 Efficiencies gained through the adoption of procurement best practice when monitoring both our existing and future providers in support of overall Value for Money (VFM) could be redistributed to support the delivery of key priorities as established in the Councils Corporate Plan.

10.2 Projects are monitored through the Councils performance management arrangements. Significant projects and exemptions are monitored separately and reported to elected members.

10.3 The Councils will measure procurement performance impact.

10.4 The shared procurement unit delivery performance will be measured by:

- Professionally qualified procurement FTE's maintained as a % of total procurement FTE's in shared service team.
- % of publicised ITT within 2 working days from receipt of specification sign off from lead officers.

- % of ITT processed and returned within two working days from submission deadline to lead officer for evaluation.
- % of Contract award notifications sent out within 2 working days from confirmation of tender acceptance from lead officer.
- % of x Officers satisfied with Shared Procurement service
- Audit measure of Procurement at least satisfactory level.

STRATEGY ACTION PLAN

Action	Lead Officer(s)	Target Date	Expected Outcome	Resources	Progress Update	Actual Outturn
Staff development/training for those regularly procuring contracts.	Executive Director of Operations and NHS Procurement Unit.	Annual training session	That appropriate staff have the relevant knowledge and understanding to effectively undertake the procurement function. This should include procurement and legal staff and staff commissioning the services, works or goods. This will include equalities issues.			
Staff development/training for those who do not regularly procure contracts.	Executive Director of Operations and NHS Procurement Unit.		That appropriate staff have the relevant knowledge and understanding to effectively undertake the procurement function when required to do so and with knowledge of where to seek assistance.			

			This will include equalities issues.			
Staff development/training on contract management.	Executive Director of Operations and NHS Procurement Unit.		That staff who are not used to managing a contractual relationship are given some guidelines.			
Develop electronic and other opportunities to promote how to do business with the Councils e.g. Contracts Finder and Source Derbyshire	Joint Assistant Director of Economic Growth		An Increased awareness amongst local business of how to tender for Councils business.			
Ensure that procurement results in Value for money	Executive Director of Operations					
Strive for sustainability	Executive Director of Operations		Contracts resulting from reasoned evaluation of environmental factors , such as materials, packaging and transportation			

<p>Introduce a monitoring mechanism to establish how well the Councils are using their procurement opportunities to advance their corporate aims./ Annual review of Procurement outcomes.</p>	<p>Executive Director of Operations</p>					
<p>Ensure the Transparency Agenda is complied with by publishing upcoming contracts.</p>	<p>Executive Director of Operations</p>					
<p>Review the equalities guidance given to prospective or existing contractors.</p>	<p>Executive Director of Operations and the Improvement Officer.</p>					

Appendix B

The Rules – these are contained in the Constitutions for each Council. Links are:-

Bolsover –

North East -

Appendix C

Glossary of Document Terms and Acronyms

Best Value: Often defined as ‘value for money’, Best Value is the optimum combination of whole life costs and quality to meet the customer’s requirement.

BME: Black and Minority Ethnic.

Collaboration: In this context, public sector organisations that engage in a joint procurement for works, services or supplies with the intention of obtaining better value for money through economies of scale and reduced tendering costs.

Commissioning: Commissioning is the process of specifying, securing and monitoring services to meet people’s needs at a strategic level. (Source – Audit Commission)

Competitive Tendering: Awarding contracts following a process of obtaining competing tenders.

Contract: A binding agreement between two or more parties that is enforceable in law.

Contract Management: The activities of a buyer before, during and after a contract period to ensure that all parties to the contract fulfil their contractual obligations.

The Rules: Rules for procurement and award of contracts for goods and services which ensure open and transparent competition and protect the Councils from any undue risk of challenges of anti competitive behaviour. These are contained in the Councils’ Constitutions and are called Procurement Rules in Bolsover and Contract Rules in North East Derbyshire. In this Strategy they are together referred to as the Rules.

E-Procurement: is the ability to publicise/purchase/sell through electronic trading via the Internet.

Evaluation: A detailed assessment and comparison of offers made by the Council in accordance with published criteria of responses to a request for quotations or tenders.

Framework Agreement: A framework agreement is a general term for agreements with suppliers which set out terms and conditions under which specific purchases (call-offs) can be made throughout the term of the agreement.

Invitation to Tender (ITT): A formal document inviting an organisation to tender to provide services or, supply goods to or carry out works for the Council. It will include the instructions for submitting a tender, the specification for the requirement, the criteria against which the tender will be assessed, the proposed terms and conditions for the contract and, sometimes, a business questionnaire.

Key Performance Indicator (KPI): KPIs are placed against certain elements of a contract or SLA and indicate the items that are to be measured to see if the contractor has achieved the required contract standard.

Method Statement: A document used in the invitation to quote or to tender which sets out specific questions for the bidder to answer to explain to the Council how a service is to be delivered/works to be carried out. It will be evaluated and form a part of the contract.

Official Journal of the European Union (OJEU): The on-line publication in which notices advertising a Council tender that fall within the EU thresholds must be placed at the start and end of all the procurement.

Pre-Qualification Questionnaire (PQQ): A document asking the tenderer to provide information about his/her business and experience. Most commonly used in EU level procurements.

Procurement: Often used interchangeably with **Purchasing**. Procurement is the totality of acquisition starting from the identification of a requirement to the disposal of that requirement at the end of its life. It therefore includes pre-contract activities e.g. sourcing and post contract activities e.g. contract management, supplier relationship management activities. Procurement generally relates to goods, works and service(s) requirements.

Public Procurement Directives: The EU procurement Directives set out the legal framework for public procurement. They apply when public authorities and utilities seek to acquire goods, services, and works. They set out procedures which must be followed before awarding a contract when its value exceeds set thresholds.

Quotation: An offer by a supplier to supply goods or services or to carry out works requested either orally or in writing.

Regulations: The Public Contracts Regulations 2015 that implement the various EU Procurement Directives

Risk Management: Involves three key activities, risk analysis, risk assessment, and risk mitigation, all of which facilitate the taking of decisions and actions to control risk appropriately by providing a disciplined and objective approach. (Source: www.cips.org Knowledge Summary on risk management)

RFQ: Request for Quotation.

SME: In this context Small and Medium Enterprises (businesses).

Specification/Statement of Requirements: A description of the requirements for the service or of the service to be provided.

Target Operating Model (TOM): is a description of the desired state of the operating model of an organisation. A philosophy accepted as a way of working and operating\delivering services.

Tender: The offer submitted by the tenderer in response to the Invitation to Tender.