

# Procurement Strategy

## 2016-19

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<b>Version:</b>	Version 3.0	<b>Review due:</b>	March 2019
<b>Related documents (appendices etc)</b>		<ul style="list-style-type: none"> <li>• <b>Equality and Health Impact Assessment</b></li> </ul>	

<b>Approved by Head of Service (Sal Khan):</b>	
<b>Date of Equality and Health Impact Assessment:</b>	23 <sup>rd</sup> December 2015
<b>Date sent to Corporate and Commercial Manager (Chris Ebberley)</b>	
<b>Date sent to E Communications Officer (Daniel Arnold)</b>	
<b>Date sent to Equalities and Organisational Development Officer (Thomas Deery)</b>	
<b>Date sent to Member Support</b>	

<b>Document Review</b>			
<b>Version</b>	<b>Amendment</b>	<b>By</b>	<b>Date</b>
v1.0	Publication	Sal Khan	April 2008
v2.0	Update	Chris Ebberley	April 2012
v3.0	Update following legislative changes	James Abbott	April 2016

# Procurement Strategy 2016 -19



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## **Section 1: Background and Vision**

### Background

Like all local authorities the Council is required to commission and procure a wide range of goods, services and works to support its activities, from back office functions to public facing front line services. Whether it is called procurement, commissioning, purchasing, contracting or buying, East Staffordshire Borough Council spends approximately £9million a year on obtaining a range of goods, services and works from the external market.

As such the Council undertakes a number of tenders every year. This includes undertaking OJEU compliant tendering exercises (21% of the tenders undertaken over the past 3 years), further competitions from existing framework agreements (29% of the tenders undertaken over the past 3 years) and tenders to the open market which have been below the OJEU threshold (50% of the tenders undertaken over the past 3 years).

However, tender exercises account for a small proportion of the Council's purchases with the vast majority being managed via quotation processes in accordance with the Council's Contract procedure Rules and Financial Regulations, and a number of examples of functions being commissioned with community and voluntary organisations.

### Vision

With such significant spend it is imperative that the Council has in place robust arrangements for ensuring that its supplies, products and services are procured or commissioned in a way that provides Value for Money. Ensuring Value for Money means the Council will take into account the optimum combination of quality and "whole-life" cost.

This strategy represents East Staffordshire Borough Council's procurement and commissioning aims and objectives for the next three years. This strategy will develop as the modernisation of procurement and commissioning takes place, and it will incorporate changes in structures, methods and techniques designed to meet the varying requirements of the Council.

The strategy will guide Members and officers in making the right decisions when undertaking contracting activities. As a corporate approach to procurement and commissioning continues to develop within the Council, the strategy will capture the most appropriate elements of best practice and will remain sufficiently flexible to respond to both internal and external change. The aims of Members and senior managers are inherent in the strategy.

The Council will continue its approach of using best practice procurement approaches and processes. This will assist in the delivery of high quality services to support strategic priorities while ensuring Value for Money. Long term sustainability will also be promoted, as will the public duties to promote equality of opportunity both within the Council's operations and through the impact of its buying decisions, using effective selection and management of its relationships with its partners and supply chain.

Therefore the overarching vision for this strategy is:

*“To concentrate on local services, ensuring accessibility of contracts to small and medium sized enterprises, and allow continuous provision of Value for Money Council services, through consideration of all appropriate procurement and delivery models, including partnership working with other public agencies and the third sector to improve our local way of life”.*

This strategy provides a common framework within which all procurement and commissioning activities undertaken by the Council are to be managed. It is supplemented by the Council's Contract Procedure Rules which form a part of the Council's Constitution.

## **Section 2: Links to Other Corporate Documents**

### Supporting the Delivery of the Corporate Plan

This strategy supports the delivery of the Council's Corporate Plan. At a general level, procurement and commissioning of goods and services assists in delivering the Council's strategic objectives and statutory responsibilities. At a specific level, this strategy is therefore designed to support the Council's priorities of:

- Value for Money Council Services
- Promoting Local Economic Growth
- Protecting and Strengthening Communities

This is important because failure to obtain goods, services and works cost-effectively can put the achievement of key objectives and services at risk.

### Contract Procedure Rules and Financial Regulations

This document provides a long-term plan of action to provide the strategic direction and resource allocation of the organisation in its procurement of supplies, products and services. However the strategy is intended to, and must, be used in conjunction with the Council's Contract Procedure Rules as set out in Part 4D of the Constitution, and having regard to the Council's Financial Regulations, as set out in Part 4H of the Constitution.

### Other Internal Influences

A number of other internal drivers have also been taken into account in the strategy. The Council has a well embedded ethos of efficiency and effective resource management. This revolves around the fundamental approach of analysis of evolving internal and external needs to shape delivery models, which may in turn lead to commissioning or procurement (using the most appropriate model) of services from providers in the public, private, voluntary or community sector.

Additionally the Council's Climate Change Strategy 2013 considers "green" or "sustainable" procurement. This is a process that takes into account environmental elements when buying products and services. The Climate Change Strategy contains an aim to consider low energy, more sustainable, local purchasing in our procurement and commissioning models. This strategy is mindful of this vision, as should any relevant purchase or commission.

### External Influences

A number of external influences have been taken into account in the preparation of this strategy, including the following:

- As a result of Central Government's continuing commitment to reducing the national budget deficit, East Staffordshire Borough Council has faced ongoing reductions in its budget settlements from Government;
- The public duty to promote equality of opportunity (East Staffordshire Borough Council's strategy for achieving this is set out in its Single Equality Scheme);
- The National Procurement Strategy for Local Government in England 2014 which sets out a vision for local government procurement, and encourages all councils in England to engage with the delivery of outcomes in four key areas: (i) Making Savings; (ii) Supporting Local Economies; (iii) Leadership and; (iv) Modernising Procurement;
- The Localism Act which gives Community and Voluntary groups the right to express an interest in taking over the running of a local service. According to the Bill, the authority must consider and respond to this challenge;
- The Public Services (Social Value) Act requires all public commissioning bodies in England and Wales to consider how the services they commission and procure might improve the economic, social and environmental well-being of the area;
- The Government's Transparency Code which encourages local authorities to make public data, including contract information and expenditure data, openly available.

### **Section 3: Links to Legislation**

In addition to consideration of internal Council documentation, this strategy is intended to, and must, be used having regard to applicable National and European procurement legislation and practices.

Specifically, the Public Contracts Regulations 2015 came into force on 26<sup>th</sup> February 2015. These regulations implement the 2014 EU Public Sector Procurement Directive, and other reforms recommended by Lord Young of Graffham aiming to make public procurement more accessible to small businesses.

The Public Contracts Regulations 2015 can be seen in full here:

<http://www.legislation.gov.uk/uksi/2015/102/contents/made>

National interpretations and guidance on the implementation of the Public Contracts regulations 2015 are provided by the Crown Commercial Service. This is regularly updated and can be seen using the link below:

<https://www.gov.uk/government/collections/procurement-policy-notes>

Procurement advice and guidance can also be obtained internally by contacting the Council's Programmes and Transformation Team.

## Section 4: Procurement Principles throughout the Life-Cycle

This section summarises the principles of procurement and commissioning, however specific context and additional information is detailed in the subsequent sections.

Procurement is the process of obtaining supplies, services and works, but it has a far wider scope than ‘purchasing’, ‘buying’ or ‘commissioning’. It is designed to take a holistic approach to service delivery, by assessing what users really need from services and securing services or products that best meet that need utilising the most appropriate model. This is a process which encompasses the full life-cycle of the asset or service contract. The “life-cycle” is the period from the initial definition of the business need through to the end of the useful life of the asset or service contract. The key stages and responsible parties are illustrated in Figure 1.

**Figure 1: Procurement Life-Cycle and Responsibilities**



### Service Commissioning Phase

The “Service Commissioning” phase covers the first 3 stages of the full life-cycle and includes the review and analysis of relevant data to support an evidenced based decision making process. It is essential to understand at this stage what the intended outcomes are (i.e. what is to be achieved rather than how it is to be achieved). In the “Identify Need” stage, service managers should assess the need for the function they are considering for procurement at an early stage. They should look at the “as-is” provision, forecast and manage demand and take account of any potential Business Transformation that could be undertaken.

The “Commercial Assessment” stage should identify the market (which may include soft market testing), engage in market development where necessary, undertake risk assessment and review budgets or sources of funding. Only once these two phases have been properly considered can the most appropriate delivery model be identified.

These models could include procuring or commissioning the service (or elements of) from the external market, outsourcing or selling the service as a going concern, sharing services internally / externally or setting up as a social enterprise or joint venture.

Please note that if the analysis in this phase results in a function or service that is to be revised or delivered in a different way, then an Equality and Health Impact Assessment may be required.

### Procurement Phase

The “Procurement” phase can only commence once service managers have comprehensively established that procurement or commissioning with the external market is appropriate. Service managers should ensure that appropriate staff resource and technical capability are allocated to the Procurement (and Contract Monitoring) phase in order for specifications and other technical documents to be collated and prepared. These documents in turn contribute to identifying the most appropriate procurement method, which may include full tendering, joint procurement with other organisations or accessing framework agreements (by direct call-off or further competition as appropriate). It is important to ensure that in any procurement or commissioning process, the selection phase is made as simple as possible and proportionate to the scale and complexity of the contract. This will help smaller organisations to compete for contracts, while still allowing the Council to identify suitable providers and manage risk appropriately. The Programmes and Transformation Team (P&T) will provide advice and guidance on the undertaking and managing of a tender process in compliance with the applicable legislation.

### Contract Monitoring

Once the Procurement phase is over, the relationship between the Council and supplier begins. “Service managers” are also “contract managers” and officers will need to make sure that they provide an appropriate level of resource throughout the contract duration to manage this element to build and develop relationships with suppliers so that the return on investment is maximised.

This phase involves the mobilisation of the contract and the ongoing operation and management of the contract. This includes monitoring the performance and cost of the contract (including the reporting of management information) and managing technical or financial variations where applicable. The phase concludes with a review of the performance of the contract, ahead of the contract expiry so that the

procurement process can move cyclically into the need identification phase for future delivery of the service.

All contracts should be managed, but not all contracts will require the same level of resource to manage them. Service managers should prioritise the key strategic contracts and regularly monitor and report on their performance to ensure that these contracts are achieving the Corporate Priorities.

## **Section 5: Commissioning with Community and Voluntary Organisations**

Where appropriate the Council could deliver Value for Money for its residents by “commissioning” outcomes rather than “procuring” services in the traditional manner. However the principles behind “commissioning” and “procurement” are the same and the strategic direction detailed in this document is applicable to both, regardless of the terminology used to describe specific modes of obtaining a requirement from the external market.

There are many examples of commissioning with the third sector by local government organisations, particularly in social care and other health and well-being related activities. However when assessing models of contract delivery, consideration to commissioning with community and voluntary sector organisations could be given by the Council to activities across a variety of functions. This could range from delivering training or running sports classes.

There are also a number of examples at a local level where functions are currently being commissioned by the Council with the third sector. These examples include the administration of small arts grant allocations, previously undertaken by the Council and now provided by Burton and District Arts Council, a voluntary organisation that acts as the agent for the distribution of these grants to other local groups. Similarly the allocation of some sports grants are administered by East Staffordshire Sports Council on behalf of the Borough Council. Another current example of commissioning is the Council passporting DWP funding to Citizens Advice. This is for referrals for any person wishing to make a claim for Universal Credit who identifies a need for personal budgeting support and / or assistance in accessing the online Universal Credit application process.

As with “procurement”, the Council’s vision for “commissioning” with community and voluntary organisations is to achieve the best outcomes for its residents and communities, whilst maximising the use of all available resources. There are a number of benefits that an active community and voluntary sector can bring to the Borough. It is acknowledged that there are many people, communities and organisations in East Staffordshire that are well placed to deliver the solutions and outcomes which will help the Council to deliver its Corporate Priorities. It is also recognised that in some circumstances other organisations are also well placed to attract external funding and to deliver inward investment to the area. An example of this is the Heath Big Local initiative set up with the support of the Council and is subsequently being managed by a group of local residents and organisations. The partnership have been given the opportunity to use £1 million of National Lottery funding to make a positive difference to the community, and provide future funding opportunities to other local organisations.

Commissioning with the third sector should continue to be assessed as an option for future service delivery where appropriate. Therefore the Council will where appropriate look to commission initiatives that the Council deems necessary (i.e. through analysis in the Service Commissioning phase of the service life-cycle detailed in Section 4) and complementary to the Corporate Priorities and core activity currently delivered by the Council through the third sector in East Staffordshire. These commissioning decisions will be evidence based and outcomes focused, through engagement with residents, service users, communities and other appropriate stakeholders to understand current and future needs.

As with a tender process, the Council will ensure that there is as much competition as possible in the bidding process for a commission, and the procedure will be conducted in a manner that is transparent and provide equal opportunity for those wishing to deliver the service.

## Section 6: Current Arrangements

All contracts for purchase by the Council will fall under the definition of Works, Goods or Services.

- **Works:** In general this will include the execution of building or engineering projects. It can range from civil engineering or construction projects right through to the installation of fixtures / fittings or work such as plastering or joinery.
- **Goods:** This will include contracts for the purchase, hire or installation of goods. The definition of goods is extremely broad, but will include computer software as well as utilities such as electricity or gas.
- **Services:** This will include any proposed public service contract. Again this is a wide ranging definition, but examples could include waste collection or recycling contracts.

The procurement process the Council is required to follow when purchasing works, goods or services is dependant upon the type and estimated value of the contract. For 'lower value' contracts, quotations will be obtained and the budget holder and relevant Head of Service will make the decision as to which supplier to award the contract to. This decision will normally be based on best value for money.

For all other contracts, the proposed works, goods or services will be advertised as widely as possible. Potential suppliers will be asked to express their interest in applying and will then be invited to tender for the contract. Tender documents will be evaluated against pre-determined criteria to find the successful candidate.

Where permissible and appropriate, potential suppliers may be invited to complete a Pre-Qualification Questionnaire (PQQ) before being invited to tender for a contract. Based on the PQQs submitted, a short-list will be produced and these potential suppliers will then be invited to tender for the contract.

Prior to contract award, all interested parties must be informed of the outcome of the tender process. A “stand-still” period should then be allowed for debrief and objection. Unsuccessful tenderers must be debriefed if requested.

All public sector bodies including local authorities are also subject to EU public procurement directives that govern how they may purchase goods, works or services over a specific value. The Public Contracts Regulations 2015 detail fully the requirements for undertaking procurement procedures which are both above and below the European thresholds.

Figure 2 below details the internally and externally stipulated thresholds that govern what procurement procedure should be used. For further advice and guidance on choosing procurement procedures please contact a member of the Council's Programmes and Transformation Team.

**Figure 2: Procurement Thresholds**

TYPE OF CONTRACT / ESTIMATED VALUE		PROCUREMENT PROCEDURE
Works	Goods / Services	
Up to £3,000	Up to £3,000	One oral quotation (confirmed in writing where the total value exceeds £500)
£3,001 to £50,000	£3,001 to £50,000	Three written quotations
£50,001 to £4,104,393	£50,001 to £164,175	Invitation to tender to at least three, and normally no more than six candidates
£4,104,394* and above	£164,176* and above	Follow the EU procurement procedure

*\*EU threshold figures with effect from 1<sup>st</sup> January 2016*

Procurement at the Council is decentralised across the different service areas and departments of the Council, whereby each Service works within our Contract Procedure Rules, Financial Regulations and applicable National and / or European legislation, and individual budget managers are able to procure goods and services.

As every budget manager has ownership of procurement this can result in different approaches being undertaken to procurement, demand management and supplier relationship management. This can make it difficult for the Programmes and Transformation Team to keep fully informed of future requirements or develop core corporate contracts on behalf of the authority. To allow effective forward planning of procurement exercises by the Programmes and Transformation Team, all future potential procurements (including new purchases and where current contracts are expiring) should be documented by services as part of the annual service planning process, and the contracts register kept up to date by contract managers at least quarterly.

The Programmes and Transformation Team will continue to provide relevant training for key procurers and implement and manage appropriate systems across the organisation, standardising the way in which procurement is undertaken and to provide procurers with the tools and knowledge to make their specified purchase in the most appropriate way. This could include looking to share resources with other

authorities. The Programmes and Transformation Team provides co-ordinated corporate support by:

- Providing an experienced skill and knowledge base;
- Managing tender exercises, and providing project management support;
- Ensuring best value and best practice;
- Collaborating with other procurement organisations.

Where estimated contract values exceed the tender threshold, having established the need to procure and compiled a detailed specification, procuring officers should liaise with the Programmes and Transformation Team for advice on timescales at the earliest opportunity, bearing in mind that a full tender process can take upward of three months.

Procuring officers should adhere to the timetables compiled, as delays in providing information (for example specification documents or other technical information), will delay procurement processes leading to the risk of contracts not being let in time, which in turn leads to the potential for service failure. To mitigate this risk, services and departments should ensure that appropriate staff resource and technical capability are allocated to the procurement exercise to liaise with the Programmes and Transformation Team throughout the process. Procuring officers should also liaise with the Financial Management and Legal teams at the outset.

### Supplier Management

There is limited evidence of the monitoring of suppliers on the Creditors system. The Council will therefore where appropriate look to remove suppliers from the system where they have not been used for 12 months.

There is also little evidence of supplier relationship management and there are a number of lower value contracts which could be harmonised into corporate-wide contracts through supplier classification. It is therefore essential that financial and procurement systems are kept up to date and used appropriately and to their potential, and that the contract register is kept up to date with comprehensive information.

## Section 7: E-Procurement and Transparency

### E-Procurement

“E-Procurement” describes the use of an electronic system to acquire and pay for goods, works and services from suppliers. Supplier adoption is demanding, but the benefits include the elimination of paper based systems, stationery, postage and time delays.

All tenders should be carried out using e-procurement methods, primarily via the Council’s e-procurement software solution [www.delta-esourcing.com](http://www.delta-esourcing.com) provided by BiP Solutions. The Delta System offers suppliers the ability to view East Staffordshire Borough Council’s contract announcements in real time, access contract documentation independently (at any time) and submit tender documentation online quickly and easily.

East Staffordshire Borough Council uses BiP Solutions’ e-notice service, for placing EU and non-EU public notices, and facilitates the publication of these notices immediately on the procurement portal giving suppliers instant access to the contract opportunities. It is vital that E-procurement is used in all tender processes as the Public Contracts Regulations 2015 have brought in new requirements surrounding the issuing of procurement documents.

Under the previous 2006 Public Contracts Regulations, provision of electronic access to documents was optional but with the incentive of reduced time limits in European threshold tender procedures if documents were made available electronically via a website or online portal. However the Public Contracts Regulations 2015 has explicitly regulations governing the electronic availability of procurement documents.

These revised regulations declare that *“contracting authorities shall, by means of the internet, offer unrestricted and full direct access free of charge to the procurement documents”* at the point of publication / invite (with website addresses to be made available in the contract notice). Furthermore the 2014 EU Directive on Public Procurement has dictated that each member state must mandate electronic submission of tenders for contracting authorities by September 2018.

The European Commission recommends in the Procurement Directive 2014 that authorities provide their purchasing and procurement information via a Buyer Profile and this facility has been incorporated in this procurement portal. The buyer profile provides information on purchase plans, contact details, future, current and past contracts.

By publishing this information East Staffordshire Borough Council offer all suppliers, including small and medium sized enterprises, the opportunity to identify future

opportunities, respond to current opportunities and to view which suppliers have already been engaged along with the goods and/or services purchased.

### E-procurement in Quotation Gathering and Contract Management

The Council's E-procurement software solution has been extended to provide a fully auditable tool (Quick Call) for managing procurements where the gathering of quotations required, in addition to just managing full tender processes. This allows for contract lists to be set up, ensuring improved supplier engagement, a simple mechanism for exchanging requirements, quotations and feedback in addition to easily identifying and recording usage with 'local' suppliers (requirements for gathering quotations with local suppliers are detailed in Section 7 of this strategy). It is therefore important that Quick Call be used as the default mechanism for obtaining quotations, where appropriate.

This will contribute to an increased focus on below tender threshold purchasing across the Council, and assist in building a detailed spend profile for the Council's purchasing activities to potentially allow more detailed category management. Through ongoing spend analysis, smarter ways of procurement and commissioning could potentially be identified, contributing to improved Value for Money.

The E-procurement software has also been extended to provide a system for managing the ongoing contract management process throughout the contract period. Effective contract management contributes to procurement as it allows for early identification of service issues and potential changes to future delivery models; i.e. the initial definition of the business need - the first stage of the procurement life-cycle.

Continuous contract management is also essential in ensuring service level agreements are maintained and exceeded, and where appropriate penalties applied when standards are not met. This allows prompt identification of service failure, in addition to early analysis of contractual or operational changes to future services or contracts where appropriate. It is therefore essential that robust contract documents and service level agreements are in place. As such the Legal Team should be consulted at the outset of a procurement.

### Transparency

Electronic access to tender documentation and advertisement of opportunities is closely related to issues of openness and transparency. The Transparency Code 2015 stipulates that all contracts and agreements are published online at least quarterly and in easily readable formats. Part of the rationale behind this requirement is to allow potential suppliers, including small and medium sized enterprises, access to contracts registers, increasing the accessibility of future opportunities for working with the Council.

The Council publishes a comprehensive contracts register and other procurement spend data on its website. It is therefore essential that contracts are well managed, kept current and the latest contract information provided to the Programmes and Transformation Team on a quarterly basis for publication.

## **Section 8: Promoting Local Economic Growth**

### Social Value

Before they start the procurement process, commissioners should think about whether the services they are going to buy, or the way they are going to buy them, could secure social, economic and environmental benefits for their area or stakeholders. This should be considered at the pre - procurement stage of contracts for services (i.e. the Service Commissioning phase of the service life-cycle detailed in Section 4) because that is where social value can be considered to greatest effect. The outcome of these considerations could inform the whole shape of the procurement approach and the design of the services required.

When considering how a procurement process might improve the social, economic or environmental well being of the Borough, the Council must only consider matters which are relevant to what is proposed to be procured. The Council must also only consider those matters to the extent to which it is proportionate, in all the circumstances, to take those matters into account.

### Local Purchasing

The Council recognises the positive impact that the business community has on the borough in terms of generating economic wealth for employees and residents alike. However it is also keen to encourage as many businesses as possible to be aware of their social and environmental impact on East Staffordshire and how they can contribute to the Borough's sustainable development.

The Council's portfolio of contracts for goods, services and works covers a wide range of requirements and local, East Staffordshire based suppliers already account for a significant level of expenditure through these contracts, both corporate and service level. These are not necessarily small value contracts, nor are local firms necessarily small traders.

The Council recognises its responsibilities to local communities including promoting local economic development. Local business should be able to compete for work alongside contractors from outside the area and the Council will encourage them in doing this by:

- Where the values of the goods / services are below a tender value i.e. £50,000 ensure at least one supplier from the quote list is 'local'
- Look at including clauses in contracts which reward companies who employ local suppliers and workers
- Work with companies to enable them to compete more effectively in securing work from the Council.

- Increase the level of contact with local companies by working in liaison with organisations such as the Chamber of Commerce and other public sector bodies to support 'meet the buyer' events and development seminars.

## **Section 9: Value for Money Council Services**

East Staffordshire Borough Council aims to provide services that offer Value for Money in terms of economy, efficiency and effectiveness; that are responsive to the needs of our communities; and that have the capacity to continuously improve performance.

All Service areas will be required to review their activities and determine how, if at all, they will be delivered in future. This could mean that services will continue to be provided in-house, externally or in partnership with other service providers. Furthermore Services will be required to consider the budgetary aspects of service delivery and how a procurement process will be managed financially. For example in certain circumstances it may be more appropriate to borrow the money to purchase supplies outright rather than to lease over a period of years, or vice-versa. As such the Council's Financial Management Team should be consulted at the outset of an exercise.

In delivering its ethos of efficiency and effective resource management, the Council will consider all options for the future delivery of services and choose the most effective solution from a range of available methods of service delivery.

For example, Value for Money in procurement can be achieved by:

- i. Reducing the cost of purchasing and the time it takes – the processing overhead;
- ii. Getting better value for money for the goods, services or works purchased, and improvements in their quality;
- iii. Facilitating continuous improvement through contracting arrangements and performance monitoring;
- iv. Improving project, contract and asset management.

Advice on service delivery models and business transformation approaches can be obtained from the Programmes and Transformation Team.

The Council will continue to ensure a corporate approach to the acquisition of goods and services by aggregating requirements and the use of consortia, as well as continuing to utilise Framework Agreements.

## **Section 10: Ethical Procurement**

The Council is committed to ethical procurement. This includes a commitment to eliminating both direct and indirect discrimination. Within the resources available to it, the Council will provide appropriate, sensitive and accessible services. It will not discriminate on the grounds of any of the protected characteristics of equality.

Ethical procurement is more than just buying “fair-trade”. It concerns the living and working standards of people in the Borough, in the County, nationally and internationally which may be affected by our procurement activities. For example this could include ensuring that the products we buy are not tested on animals or that issues of safeguarding are properly considered in procurements, where appropriate.

Notwithstanding the issue that we need to work to best value, we will introduce ethical considerations into our contracts where appropriate and increase awareness and its importance of related issues with suppliers. Selection criteria in procurement processes should be considered and designed to ensure all tenderers satisfy these criteria. Contractors (and sub-contractors, where applicable) who are appointed for the provision of goods, services or works will have to comply with them.

Ethical Procurement also concerns a range of other considerations, including issues related to the exclusions listed in Regulation 57 of the Public Contracts Regulations 2015. This Regulation identifies a number of offences that contracting authorities shall, where appropriate and in accordance with the Regulations, exclude bidding organisations from procurement processes. The list details offences, including (amongst others): conspiracy; corruption; bribery; fraud; serious crime; money laundering; and specified offences under the Asylum and Immigration (Treatment of Claimants, etc.) Act 2004, Sexual Offences Act 2003, Coroners and Justice Act 2009 and Drug Trafficking Act 1994.

Categories of exclusion highlighted for the first time in the 2015 revision of the Public Contracts Regulations include offences listed in section 41 of the Counter Terrorism Act or in Schedule 2 to that Act, where a court has determined that there is a terrorist connection. The Council is committed to supporting the Government’s Prevent Strategy and should be mindful of these issues, and any of the other issues outlined in this section, when procuring goods, services or works.

## **Section 11: Accountability and Probity**

Recommendations for the appointment of a contractor or supplier to the Council must be made through the Executive Decision Process. Dependant on the value and impact of the decision, these may be subject to individual scrutiny via the 'call in' procedure by elected members.

Controls within the financial processes not only help the prevention of fraud but also protect the individuals concerned against allegations of fraud and misappropriation. It is important when referring to these processes to consider the following:

- All managers have a duty to ensure that systems are in place to prevent fraud
- Managers and staff should be aware that they have a duty to behave honestly and in a trustworthy manner
- All staff have are, individually and collectively, responsible for the safe and proper arrangements of the public purse
- All employees have a role to play in maintaining the standards which the public are entitled to expect of officers of the Council

## Section 12: Risk Management

A strategy of this sort not only seeks to improve the business environment by reducing financial risks through effective procurement. It also introduces risks into the authority both at a business level and at a strategic level.

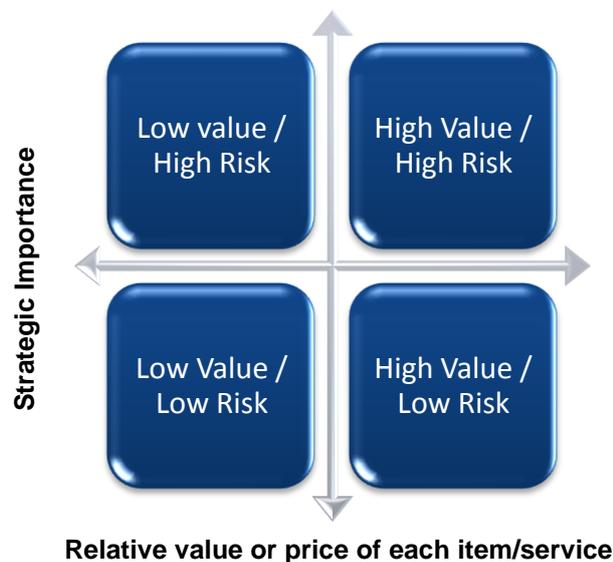
All staff involved in procurement will need to assess the risk involved when changing service providers / suppliers or engaging in new projects. This will need to be considered in respect to both cost and service standards and these factors must be paramount when choosing a particular procurement option.

Risk assessment should be carried out at least when:

- Alternatives to existing service provision are being evaluated.
- During the procurement planning stage.
- Whenever a major procurement change is proposed.
- Whenever a change in the procurement process or methods is proposed.

The area of greatest concern can be seen in the matrix shown in Figure 3:

**Figure 3: Risk Management Matrix**



The high value/high risk area will be the main focus of attention with the other high risk and high value areas proportionally less. Goods and services which fall into these categories will be assessed carefully when alternatives are being considered.

Management of risk involves having processes in place to monitor risks, access to reliable, up-to-date information about risks, an appropriate level of control in place to deal with those risks and decision making processes supported by a framework of risk analysis and evaluation. Risks must be managed in an integrated way.

## **Section 13: Action Plan**

This section details the main components within the Strategy. These are categorised into the following areas:

- Forward Planning
- E-Procurement
- Increased focus on below tender threshold procurement
- Performance Management and Controls
- Promoting Local Economic Growth
- Ethical Procurement

**1. Forward Planning**

April 2016

(Quarterly)  
Ongoing

Programmes and Transformation

**Brief Description:**

To achieve value for money, avoid duplication of contracts and ensure that a tender process is carried out within a timely manner, all contracts should be added to the Council’s Contract Register. This will ensure that contract end dates are adhered to and allow the Officers to prepare for the re-tendering of that contract. By having an up to date Contracts Register will also support the Council’s commitment to delivering the Government’s openness and transparency agenda, allowing potential suppliers to be fully aware of contract review dates and associated procurement opportunities. Current and forthcoming contracts should also be identified during the service planning process to assist this process.

Analysis of business need and procurement or commissioning models should be planned and undertaken in a timely manner, (i.e. allowing enough time for this to be done effectively, ahead of any applicable contract expiry dates).

**Key Milestones & Timescales:**

**Key Outcomes & Benefits:**

**Key Performance Measures:**

Initial collation of forthcoming procurement opportunities via the service planning process **(annually c. March)**

Quarterly revision and publication of the Contracts Register on the Council’s Website **(quarterly)**

Timely analysis of business need **(ongoing)**

- Openness and Transparency
- Value for money

- Compliance with Transparency Code Timescales
- Cost of Contracts

**Component Dependencies:**

Reliance on service managers keeping the Contracts Register up to date.  
Reliance on managers to undertake timely and effective analysis of business need.

**Contribution to Corporate Objectives:**

Value for Money Council Services

<b>ESBC Procurement Strategy 2016-19</b>	<b>Expected Start:</b>	<b>Expected End:</b>	<b>Component Lead:</b>
<b>2. E-Procurement</b>	April 2016	(Ongoing)	Programmes and Transformation

**Brief Description:**

Electronic Procurement is more than just electronic ordering – it is essentially “doing business” electronically. If done correctly e-procurement can improve and streamline the procurement process, improve communication and provide cost savings.

Whilst effective in using e-tendering for ‘high threshold’ value contracts, the Council has recently developed a more modern approach when acquiring goods / services below tender threshold values with the implementation of the electronic “Quick Call” system. The adoption of modern procurement tools will free up expertise from the more mundane tasks for use in these more complex aspects. This also assists the collation of the electronically published contracts register.

European guidance is stipulating that member states mandate electronic tenders by 2018.

<b>Key Milestones &amp; Timescales:</b>	<b>Key Outcomes &amp; Benefits:</b>	<b>Key Performance Measures:</b>
Engagement with suppliers over the mandate for electronic tendering <b>(ongoing)</b>	<ul style="list-style-type: none"> <li>To continue modernisation process and develop a more proactive approaches to procurement and also increase the ability to adopt new ideas. This should allow a rapid response to changes in the market place and the requirements of the Council.</li> </ul>	<ul style="list-style-type: none"> <li>Increased savings</li> <li>Information available on-demand</li> <li>Improved control on what is procured</li> <li>Reduction in process time and cost in the procure-pay cycle</li> </ul>
<b>Component Dependencies:</b>	Training ICT BIP solutions / Delta Reliance on staff to use Delta	
<b>Contribution to Corporate Objectives:</b>	Value for Money Council Services Promoting Local Economic Growth	

ESBC Procurement Strategy 2016-19	Expected Start:	Expected End:	Component Lead:
3. Increased focus on below tender threshold procurement	April 2016	Ongoing	Programmes and Transformation
<p><b>Brief Description:</b></p> <p>We will look to continue to improve on our current arrangements by reviewing the recently deployed Quick Call system's usage and effectiveness, and provide additional training if necessary. Encourage full usage of the Quick Call system by ordering managers. With regards to supplying goods, services and/or works to ESBC, it is recommended that suppliers register on the Council's Delta E-sourcing portal in order to receive contract opportunities for below tender threshold contracts in addition to having visibility of full tender opportunities that match their business. Signing up will also increase the visibility of their products / services with other purchasing organisations. The Council will also undertake spend analysis to identify and achieve savings targets for below threshold spend.</p>			
<b>Key Milestones &amp; Timescales:</b>		<b>Key Outcomes &amp; Benefits:</b>	<b>Key Performance Measures:</b>
<p>Utilise the Quick Call system via Delta <b>(ongoing)</b></p> <p>Training / briefing for staff on this strategy via Managers' Forum <b>(June 2016, updates when appropriate)</b></p> <p>Delta training, including Quick Call and Contract Management <b>(ongoing as identified)</b></p> <p>Engagement with suppliers over the focus on electronic tendering <b>(ongoing)</b></p> <p>Build a spend profile for the Council to assist Category Management <b>(update annually)</b></p> <p>Undertake spend analysis to identify and achieve savings targets for below threshold spend <b>(annually)</b></p>		<ul style="list-style-type: none"> <li>• Value for money in processes</li> <li>• Promoting business opportunities across the borough</li> <li>• Increased visibility of local businesses</li> </ul>	<ul style="list-style-type: none"> <li>• Reduction in process time and cost in the procure-pay cycle</li> <li>• Increased savings</li> </ul>
<b>Component Dependencies:</b>		Agresso Supplier base	
<b>Contribution to Corporate Objectives:</b>		Value for Money Council Services	

**ESBC Procurement Strategy 2016-19**

**Expected Start:**

**Expected End:**

**Component Lead:**

**4. Performance Management and Controls**

April 2016

Ongoing

Programmes and Transformation

**Brief Description:**

To mitigate the risk of inadequate contract management and inefficient procurement exercises, services and departments should ensure that appropriate staff resource and technical capability are allocated to the procurement exercise to liaise with the Programmes and Transformation Team throughout the process. Procuring officers should also liaise with the Financial Management and Legal teams at the outset. It is also essential for managers to manage the performance of suppliers in respect of an awarded contract. This component also seeks to address this issue by having robust procedures in place which allow for and support managers in performance managing their contracts with suppliers.

**Key Milestones & Timescales:**

**Key Outcomes & Benefits:**

**Key Performance Measures:**

Appropriate departmental staff and resource allocated to assess purchasing need and methodology, and to provide technical input to any tender / commission **(as arising)**

Appropriate departmental staff and resource allocated to ongoing contract management **(all contracts)**

Training / briefing for staff on this strategy via Managers' Forum **(June 2016, updates when appropriate)**

Delta training, including Quick Call and Contract Management module **(ongoing as identified)**

Adopt a rigorous "No PO, no pay" approach to suppliers **(ongoing)**

"Switch-off" low usage suppliers to de-clutter the finance system and only switch them back on when there is a requirement **(annually)**

- Better contract management
- Improved service delivery
- Enhanced Financial Management System
- Efficiencies in procurement

- Savings in procurement
- Reduced supplier base

**Component Dependencies:**

Agresso  
FMU

**Contribution to Corporate Objectives:**

Value for Money Council Services

<b>ESBC Procurement Strategy 2016-19</b>	<b>Promoting Local Economic Growth</b>		
	<b>Expected Start:</b>	<b>Expected End:</b>	<b>Component Lead:</b>
<b>5. Promoting Local Economic Growth</b>	April 2016	March 201	Programmes and Transformation
<b>Brief Description:</b> <p>The Council's portfolio of contracts for goods, services and works covers a wide range of requirements and local, East Staffordshire based suppliers already account for a significant level of expenditure through these contracts, both corporate and at service level. These are not necessarily small value contracts, nor are local firms necessarily small traders.</p> <p>The Council recognises its responsibilities to local communities including promoting local economic development. Local business and small and medium sized enterprises should be able to compete for work alongside contractors from outside the area and larger organisations. It is important to ensure that in any procurement or commissioning process, the selection phase is made as simple as possible and proportionate to the scale and complexity of the contract.</p>			
<b>Key Milestones &amp; Timescales:</b>	<b>Key Outcomes &amp; Benefits:</b>		<b>Key Performance Measures:</b>
<p>Where the values of the goods / services are below a tender value i.e. £50,000, ensure at least one supplier from the quote list is local <b>(as arising)</b></p> <p>Ensure selection processes are simple and proportionate <b>(ongoing)</b></p> <p>Work with local companies to enable them to compete more effectively in securing work from the Council <b>(ongoing)</b></p> <p>Work in liaison with organisations such as the Chamber of Commerce and other public sector bodies to support 'meet the buyer' events and development seminars <b>(ongoing)</b></p>	<ul style="list-style-type: none"> <li>Increased business opportunities for local suppliers</li> </ul>		<ul style="list-style-type: none"> <li>Number of local suppliers who we do business with</li> </ul>
<b>Component Dependencies:</b>	Local supply base Chamber of Commerce		
<b>Contribution to Corporate Objectives:</b>	Value for Money Council Services Promoting Local Economic Growth		

ESBC Procurement Strategy 2016-19		Expected Start:	Expected End:	Component Lead:
<b>6. Ethical Procurement</b>		April 2016	Ongoing	Programmes and Transformation
<b>Brief Description:</b>				
<p>We will continue to promote equality and diversity and consider equalities in setting selection criteria for procurement and commissioning activities, where appropriate, being mindful of the objectives set out in the Council's Single Equality Scheme.</p> <p>For agencies delivering services on behalf of the Council we will include within contracts a requirement to deliver an effective and appropriate service, fairly and without unlawful discrimination.</p> <p>Notwithstanding the issue that we need to work to best value we will introduce ethical considerations into our contracts where appropriate and increase its awareness and importance of related issues with suppliers.</p>				
<b>Key Milestones &amp; Timescales:</b>		<b>Key Outcomes &amp; Benefits:</b>		<b>Key Performance Measures:</b>
<p>Consider equalities in setting selection criteria <b>(ongoing)</b></p> <p>Continue to promote equality and diversity <b>(ongoing)</b></p> <p>Continue to consider ethics in procurement and commissioning selection criteria and contracts <b>(ongoing)</b></p>		<ul style="list-style-type: none"> <li>We will promote procurement practices which contribute to the Council's priorities on equality and diversity by providing information on equality issues and making sure we treat all our suppliers equally</li> <li>We will raise the profile of ethical procurement which will have a positive impact on the community at large</li> <li>We will ensure that our supplier base is delivering its services in an equitable and ethical manner</li> </ul>		<ul style="list-style-type: none"> <li>Improved reporting on the supplier base</li> </ul>
<b>Component Dependencies:</b>		Robust approach to Supplier Management		
<b>Contribution to Corporate Objectives:</b>		Value for Money Council Services		

## **Section 14: Further Information and Accessibility**

If you want to know more about this strategy or want to know more about any of the ways that you can contribute to its success, please contact us.

Alternative formats of this publication are available on request. Please contact us to discuss an appropriate format.

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**Procurement Strategy 2016-19**