



SUSTAINABLE PROCUREMENT STRATEGY

2015 – 2018

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FOREWORD

I am pleased to present Melton Borough Council's revised Sustainable Procurement Strategy which will cover our work until 2018.

Continuing government efficiency targets and funding reductions will put substantial pressure on our ability to continue to deliver high quality, sustainable and value for money services for the people of Melton. Ensuring that our procurements are of the highest quality and meet best value standards will help us to respond to those pressures.

In these challenging times, we look to our shared procurement service - The Welland Procurement Unit, to deliver excellence in all our procurement activities. This will help to ensure that we secure value for money and efficiency savings on all our expenditure whilst ensuring that our procurement activities are socially responsible and take into account equalities issues.

This Strategy provides the framework for the management of all procurement activity within the Council. The Strategy is supported by the Council's Contract Procedure Rules and its Procurement Toolkit for officers.

Further this Strategy embraces and is part of the delivery of Melton Borough Councils' mission, which is:

We want to enhance the quality of life for everyone in the borough of Melton to achieve a sustainable, prosperous and vibrant community... a place where people want to live, work and visit.

We will share our resources and work in partnership with suppliers and other partners to drive down costs and improve service quality. We will ensure that our procurements deliver value for money whilst enabling the engagement of local, regional and national suppliers as required.

The Strategy will be kept under review to ensure that it reflects the progress achieved and takes into account best practice across the country as well as changes in the challenges we face.

1 **BACKGROUND**

The recent economic climate combined with national initiatives means that there is a continued focus on procurement to deliver high quality goods, services and works at the best possible value. This focus has resulted in a growing emphasis on streamlined, efficient and effective procurement processes that deliver whilst complying with relevant legislation and regulation.

The Council receives its professional procurement advice and support from the Welland Procurement Unit - a shared service supporting six local authorities (Blaby District Council, Borough Council Wellingborough, Corby Borough Council, East Northamptonshire Council, Melton Borough Council and Rutland County Council) in the East Midlands.

1.1 **The National Procurement Strategy**

The 2014 National Procurement Strategy reinforces this focus on best value with its emphasis on four key areas:

- Making savings: category management, partnering and collaboration, corporate approach to contract management, performance monitoring and transparency, risk and demand management
- Supporting local economies: inclusion of economic, environmental and social value criteria in all contracts, improving access for SMEs and VCSEs
- Leadership: commitment at the top of each Council, procurement as part of the strategic commissioning cycle, commercially focused procurement culture.
- Modernising procurement: commercialisation and income generation, supplier innovation, e procurement.

The Strategy emphasises the need for procurement activity to be, and to be seen to be, a strategic activity – one which can help solve problems, harness innovation and deliver savings.

1.2 **The Procurement Regulations 2015**

2015 will see the government transposing the new EU Procurement Regulations into law for England and Wales (and separately for Scotland). These regulations build upon the implementation of the 2006 regulations (by codifying case law), bring in new provisions (for example a requirement for e procurement) and also implement many of Lord Young's recommendations to support SMEs in accessing government contract opportunities.

Through the Welland Procurement Unit, the Council will ensure that its procurements both comply with these regulations and make best use of the opportunities offered by them.

1.3 The Transparency Agenda

The Government has recently expanded its transparency agenda with the aim of making it easier for suppliers to understand what contract opportunities there might be available in any individual Council area. It is now mandatory that Councils publish the following information quarterly (in addition to that information already being published):

- Every Invitation to Tender for contracts to provide goods or services with a value over **£5,000**;
- Every contract (including a purchase order or framework) entered into with a value over **£5,000**.

2 INTRODUCTION

The Council has a vision, which is:

We want to enhance the quality of life for everyone in the borough of Melton to achieve a sustainable, prosperous and vibrant community... a place where people want to live, work and visit.

It is vital that procurement activity is seen in this context. This strategy will promote effective procurement across the Council. Every aspect of the procurement process and practice must be aimed at delivering best value for the benefit of the people of the Borough.

This strategy also sets out how the Council will adopt a strategic approach to sustainable procurement based on national and regional drivers, best practice and recommendations on sustainable procurement.

It is important to define what is meant by procurement so we can understand the scope of this strategy. The National Procurement Strategy (2014) defines procurement as:

“the process of acquiring goods, works and services. It includes acquisition from third parties and also from in-house providers. The process spans the whole cycle from identification of needs, through to the end of a service contract or the end of a useful life of an asset. It involves early stakeholder engagement, assessing the impact on relationships and linkages with services internally and externally, options appraisal and the critical ‘make or buy’ decision and determining the appropriate procurement strategy and route to market.”

Local Authorities are required to deliver value for money public services and ensure continuous improvement in the way that activities are carried out, having regard to a combination of efficiency, economy and effectiveness. Procurement has a crucial role to play in delivering our strategic objectives and in improving the quality of the services delivered to our community. Government has highlighted that the development of a clear procurement strategy is a key step in achieving value for money and in delivering on the demanding efficiency targets that have become a part of central Government spending reviews.

In the context of this strategy and the procurement process, obtaining ‘best value for money’ means awarding a contract to a bid which provides the optimum combination of whole life costs and benefits to meet the customer requirements. This is not necessarily the lowest price bid and requires the evaluation of the ongoing resource/revenue costs as well as any initial capital investment. Consideration must

be given to social, environmental, economic and other strategic objectives in evaluation of the bids.

Value for money and efficiency targets will not be achieved if the Council fails to approach competition positively, taking full account of the opportunities for innovation and genuine partnership. These are all available from working with others in the public, private and voluntary sectors.

Importantly this strategy seeks to balance three priorities:

- Deliver year on year efficiencies, but not at the cost of quality
- Develop and embrace socially responsible procurement that delivers value for money, engaging local and regional suppliers to promote the local economy and taking account the social and environmental impact of spending decisions
- Ensure that equalities issues are fully taken into account in all procurement decisions

This will rely on developing collaborative working within and across public authorities and partner organisations to achieve economies of scale.

The overarching purpose of this strategy is to support the delivery of high quality public services that offer value for money and are procured in a manner that takes into account sustainability, best procurement practices and all legislation that governs these activities.

This strategy document is a high level statement of principles and policies and is subject to the Contract Procedure Rules and is supported by the Procurement Toolkit, which set out in more detail the procurement methods and practices.

3 PROCUREMENT PRINCIPLES

3.1 Securing Value for Money

This will be achieved by the use of the following tools:

- 3.1.1 Competition: legislation and the Council's own Contract Procedure Rules provide for competition at any value of procurement over £5,000. Even below that value there is a responsibility to ensure that value for money is considered. Whichever type of competition being used, it should be conducted fairly, transparently, equitably and without discrimination.
- 3.1.2 Market consultation: understanding the market is important in all procurements, and particular care is needed to ensure that local and SME businesses are included in any research undertaken.
- 3.1.3 Continuous improvement: this strategy is part of the arrangements to secure continuous improvements in service delivery in terms of economy, efficiency and effectiveness. Procurement will be used to promote continuous improvement by suppliers and targets for such will be established in Contracts.
- 3.1.4 E Procurement: the use of E Procurement tools can help to streamline and simplify processes for both the Council and potential suppliers. Through the Welland Procurement Unit, the Council has access to an E Tendering Platform which when combined with e invoicing and payment systems will help secure efficiency savings.
- 3.1.5 Equality: The Council has a legal responsibility to ensure that the equality standards it has internally are supported by all suppliers that undertake work for it. The Council also has to ensure that the services it provides meet the diverse needs of the people and are equally accessible to all. This assurance is delivered through both the procurement process and contract management.
- 3.1.6 Strategic Commissioning: strategic commissioning can be defined as the "process of identifying strategic outcomes in relation to assessed user needs and designing and securing appropriate services to deliver these outcomes." Examples include the Council's work through the Local Strategic Partnership, the Sustainable Community Strategy and the Corporate Plan.

3.2 Sharing Services/Collaboration

Collaboration describes the various ways that the Council and other public bodies come together to combine their buying power to buy supplies, services or works to maximise the value for money achieved. Collaboration may also include the development of shared services. The Council is currently involved in shared service arrangements such as ICT, Legal Services, Welland Audit Consortium and the Welland Procurement Unit. It also takes part in joint procurements wherever they will be of value to the Council.

3.3 Sustainability

- 3.3.1 Local Suppliers: the Council has always worked hard to ensure that local suppliers are able to access opportunities advertised by it. The Social Value Act (2012) has reinforced this work. All procurements valued at over £25,000 are now advertised as widely as possible and the 'Doing Business with the Council' pages on the website are regularly reviewed.
- 3.3.2 The Environment: the Council seeks to minimise the adverse environmental impact of its activities and the activities of its suppliers. This message is reinforced both through the procurement process itself and through active contract management.
- 3.3.3 The Sustainable Community Strategy: Procurement will continue to contribute to the realisation of the strategic vision in the Council's Sustainable Community Strategy.

4 LEGAL FRAMEWORK AND STANDARDS

4.1 European Public Procurement Directives

The EU Public Procurement Directives (incorporated in UK law as the Public Procurement Regulations) are intended to ensure that public procurements are fair, transparent, equitable and non-discriminatory. As a Contracting Authority under those Regulations, the Council is legally bound to comply with them.

4.2 Contract Procedure Rules

The Council's Contract Procedure Rules set out the Council's rules for managing all procurement activities. They form part of the Council's Constitution and as such ensure that all relevant legislation is complied with.

4.3 Professional Standards

All Council employees are bound by the Council's code of conduct which ensures that officers carry out their work to the highest possible standards. In addition, the Chartered Institute of Procurement and Supply (CIPS) has its own code of conduct relating to procurement professionals, to which the members of Welland Procurement Unit comply. These standards make it clear that all procurements should be carried out in a way which promotes fair, ethical and legal practices – including the prevention of fraud.

5 PROCUREMENT PROCESSES

The Council's Contract Procedure Rules and Procurement Toolkit set out in detail the processes which must be followed by officers conducting procurements. In addition, the Welland Procurement Unit is available to offer further advice as necessary. The basic principles, are described above. Some of the additional requirements are summarised below.

5.1 Tender/Quotation Evaluation

The objective of the evaluation process is to select the bid (tender/quotation) which represents best value for money, this recognises that lowest price is not necessarily the same as best price. In order to do this a range of criteria should be considered including sustainability, quality, equality, health and safety etc. These criteria are established and documented in the quotation/tender document provided to potential suppliers and evaluations follow the scoring and weighting methodologies established to ensure that the process is fair and transparent.

5.2 Framework Agreements

The Council has access to a wide range of compliantly procured framework agreements offered by purchasing bodies such as the Crown Commercial Service and ESPO. These framework agreements may offer value for money, particularly for standard requirements, and the Council will consider the use of such Framework Agreements before conducting its own procurement.

5.3 Project and Contract Management

All major procurements are managed in a structured way incorporating best practice, particularly in risk management. In addition, once established all Contracts are actively managed to ensure that value is being delivered, deliver remains within budget and where possible continuous improvements are made.

6 STRATEGIC PRIORITIES FOR PROCUREMENT

6.1 Effective and Efficient Procurement

6.1.1 The Council will ensure that the procurement process is undertaken in the most efficient and effective manner by:

- Training and developing staff to ensure they are informed of the strategy, procedures and best practice.
- Ensuring that all procurement activity is undertaken within the framework provided by the Contract Procedure Rules.
- Developing and promoting the use of corporate Terms and Conditions documents to support standardisation and ensure that the roles and responsibilities of all parties are defined.
- Adopting e procurement solutions to streamline procurement operations.
- Use of compliant national and regional contracts/Framework Agreements.

6.1.2 The Council will ensure that value for money is achieved by:

- Considering all options in obtaining the most appropriate solution for all requirements.
- Using competition when securing externally sourced goods, services and works as provided for in the Contract Procedure Rules.
- Collaborative working with other local authorities and organisations in procurement and the sharing of practices and experience as a way of providing more flexible and cost effective services.
- Ensuring that tender evaluations consider the whole life costs of the requirement and not just the initial expenditure required.
- Clearly demonstrate that any in-house provider offers value for money when compared to external providers of the same service.
- By valuing innovation and creativity.

6.1.3 The Council will manage risk by:

- Giving full consideration to the risks and the consequences of such during every stage of the procurement cycle.
- Ensuring that processes are in place to manage risk.
- By ensuring that risks are shared as appropriate with the supplier in a contractually sound way.
- Effective contract management.

6.1.4 The Council will optimise technology by:

- Utilising Welland Procurement's e-tendering platform as appropriate.
- Utilising other finance and procurement related technology as appropriate.

6.1.5 The Council will monitor performance by using the following tools as appropriate:

- Using a range of performance indicators.
- Benchmarking performance against other local authorities and relevant public bodies.
- Through the accurate recording of procurement savings and other efficiencies.
- Through regular review by the Welland Procurement Board and directly with the Welland Procurement Unit.

6.1.6 The Council will employ effective communication by:

- Engaging with all internal stakeholders to ensure a good definition of the requirements.
- Providing access to high quality procurement information from the shared service of the Welland Procurement Unit.
- Starting an early dialogue with potential suppliers so that the packaging of elements to be procured can be tailored to be attractive and secure the best value for money.

6.2 Socially Responsible Procurement

6.2.1 The Council will promote economic regeneration by:

- Active communication with local suppliers to support their access of information on business opportunities, how to do business with the Council and identifying who is responsible for different spend categories.
- By providing information about opportunities through various local, regional and national advertising portals.
- Breaking down larger contracts into lots wherever possible, to support SMEs in accessing opportunities.
- Following the principles of the Small Business Engagement Accord as entered into by the Council with the Federation of Small Businesses East Midlands.
- Encouraging, where relevant, larger suppliers to sub contract elements to local businesses.

6.2.2 The Council will promote social improvements by:

- Increasing officer understanding of the opportunities for ethically labelled products and accredited suppliers.
- Encouraging the use of apprenticeships through contracts, as allowed under the Social Value Act.

6.2.3 The Council will promote environmental considerations by:

- Ensuring that environmental and sustainability considerations are taken into account in the procurement cycle.
- Where negative environmental or sustainability impacts are identified, action will be taken to reduce that impact through the procurement process and subsequent contract management.
- Ensuring that sustainable goods and services are used where this is consistent with best value.
- Using sustainability criteria, including the minimisation of waste, in procurements to support bidders in considering the environmental impact of their bid.

6.3 Customer Focused Procurement

6.3.1 The Council will promote equality by:

- Committing to maintaining the 'Achieving Level' in the Equalities Standard for Local Government.
- Ensuring that all members of the diverse community within the Borough have equal access to the services of the Council by ensuring that such equality of access is written into contracts with suppliers.
- Ensuring that all procurement activity complies with the EU Procurement principles of fairness, transparency, equity and non discrimination.
- Ensuring that equality is considered throughout the procurement cycle and during contract management.
- Ensuring that equality is considered throughout any supply chains for which the Council is the ultimate customer.

6.3.2 The Council will deliver customer focused procurement by:

- Sharing information as required and permitted to support the needs of customers.
- Managing demand with suppliers so that in cases where a service represents a cost to the Council, demand can be managed to ensure services are delivered within budget and where a service represents an income to the Council, demand can be increased to maximise that income for the Council.
- Encourage suppliers to use appropriate technology to support a customer's end to end journey.

7 MONITORING THE STRATEGY

This Strategy will be monitored using two methods:

- 7.1 The Council will periodically undertake procurement case studies to determine their success at delivering the priorities of this Strategy. The case study review will take the form of seeking the views of the key stakeholders and a paper based review of the procurement process, contract and subsequent contract management activities.
- 7.2 The Council will continue to manage a schedule of risk based Internal Audits to enable procurement policy and practice to develop and improve as required.

8 TRAINING AND AWARENESS RAISING

- 8.1 The Welland Procurement Unit is responsible for providing the Council with relevant training in connection with procurement. Such training will cover procurement legislation and best practice, contract management and other relevant issues agreed from time to time.
- 8.2 The Welland Procurement Unit will work through its Board with the Council to ensure that this procurement is provided in a timely and effective manner.
- 8.3 In addition to formal training, the Welland Procurement Unit will, from time to time, include articles in the Council's newsletter reminding officers about their responsibilities under this Strategy and the Contract Procedure Rules.

9 SUMMARY

This Sustainable Procurement Strategy sets out the framework and issues to be addressed in the coming years to ensure that best practice is embedded and implemented.

By complying with this Strategy, the Council will demonstrate that procurement follows a consistent process that secures best value for money as well as other strategic benefits.

The Strategy should be read in conjunction with the Procurement Toolkit which provides detail on procurement methods and processes.

10 CONTACT DETAILS

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