

**MELTON BOROUGH COUNCIL**

**SUSTAINABLE PROCUREMENT  
STRATEGY**

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## FOREWORD

I am pleased to present Melton Borough Council's new Sustainable Procurement Strategy to see us through to 2012. We recognise that sustainability is much more than just 'going green'. Sustainability makes an important contribution towards the sustainable development of our Community and ensuring equality of access to the Council services.

We are currently faced with difficult economic times and demanding Government efficiency targets which will put considerable pressure on our ability to deliver good quality, sustainable, value for money services for the people of Melton.

So in these challenging circumstances we look to our shared service with The Welland Procurement Unit to deliver excellence in all our procurement activities thus ensuring we secure value for money and efficiency savings on all our expenditure.

This Strategy provides the framework for the management of all procurement activity within the Council to ensure that it is undertaken in the most effective and efficient manner. Within this framework the Council will strive to deliver three clear priorities:

- Deliver year on year efficiencies without compromising quality
- Develop and enhance socially responsible procurement that delivers value for money while engaging with the local and regional suppliers to promote the local economy and taking account of the social and environmental impact of all spending decisions
- Ensure that equalities issues are fully taken into account in all procurement matters

Further this Strategy fully 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.*

The Council is committed and determined to adopt and develop new and innovative ways in which to procure our required goods, services and works to secure the savings that will benefit the people of The Borough of Melton.

We will share our resources and work in partnership with suppliers to drive down costs and improve service quality. We will adopt a mixed economy approach, we will evaluate tenders on the basis of whole life costs and we will break down all barriers to procurement opportunities.

The Strategy needs to be delivered with enthusiasm and pace if the challenges posed by the economic climate are to be overcome and our priorities achieved, further it will require high level commitment, action and buy-in from members, staff and suppliers.

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

Malise Graham MBE  
Leader of the Council

## **BACKGROUND**

As stated in the Foreword we are currently experiencing a severe economic downturn, this along with a number of national initiatives for continued efficiencies puts much greater emphasis on all procurement operations. As such it is imperative to ensure that all procurement is cost effective and efficient in terms of process and practice, and succeeds in all possible cost savings.

A key area within the National Procurement Strategy was a drive for collaborative working within the Public Sector both at a national as well as a local level. The Council embraced this recommendation engaging the service of The Welland Procurement Unit which provides professional procurement advice to Melton Borough Council and five other Local Authorities.

### **THE KEY NATIONAL INITIATIVES ARE:**

#### **National Procurement Strategy**

Published in 2003 the National Procurement Strategy set out how Councils can improve the delivery and cost effectiveness of high quality services through more efficient, prudent and innovative procurement practices. The strategy recognised that effective procurement can realise economic, social and environmental benefits. It also encouraged a mixed economy approach, improvement in opportunities for Small and Medium Sized Enterprises (SME's) continued improvement and sustainable partnerships.

These improvements were to be achieved in the period 2003-2006, and as stated previously one of Melton Borough Council's early achievements was establishing the shared service of The Welland Procurement Unit. The National Procurement Strategy has neither been revoked nor superseded so the Council are obliged to maintain progress in the areas highlighted within the document, and so informs a number of objectives in this strategy.

#### **Sustainable Procurement**

The publication of the UK Sustainable Development Strategy in 2005 set out the ambitious goal to make the UK the leader in the European Union in sustainable development. The subsequent report in 2006 from the Sustainable Procurement Task Force sets out the strategic framework for delivery of the four key priority areas:

-Sustainable consumption

- Climate change and energy
- Protecting natural resources
- Creating sustainable commodities and a fairer world

This Report has been incorporated into the Local Government Sustainable Procurement Strategy by the Local Government Association.

## **Comprehensive Spending Review**

The Comprehensive Spending Review 2007, places a requirement on Melton Borough Council to achieve 3% per annum 'cashable' savings targets for the years 2008-2009 to 2010-2011.

The achievement of this new efficiency target will be challenging, but a continued focus on effective procurement and the achieving of value for money should mitigate some of the impact of the economic climate at present.

## **Economic Pressures**

A factor in its own right is the current economic situation, which has deteriorated over the last year and sees the UK economy in recession. This economic climate continues to impact on Melton Borough Council by the increasing demands on its service provisions.

The above mentioned pressure on services will be exacerbated by a continued decrease in income, which is forecast to continue through 2010-2011.

# INTRODUCTION

Melton Borough 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 can be seen in the context of the contribution that it can make to delivering on this vision.

This strategy will promote effective procurement across all activities and aims to set out a flexible planning framework within which all procurement reform can evolve to combat the intensity of the challenges currently posed. Every aspect of the procurement process and practice must be tuned to deliver cost savings for the benefit of the people of the Borough of Melton.

This strategy also sets out how Melton Borough Council will adopt a strategic approach to sustainable procurement based on national and regional drivers, best practice and the recommendations of the Government's Sustainable Task Force.

It is important to define what is meant by procurement so we can understand the scope of this strategy. The National Procurement Strategy for Local Government in England published in 2003 quotes:

*'Procurement is the process of acquiring goods and services covering both acquisitions from third parties and from in-house providers. The process spans the whole life cycle from identification of needs, through to the end of the service contract or the end of the useful life of an asset. It involves options appraisal and the critical 'make or buy' decision which may result in the provision of services in appropriate circumstances.'*

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 selecting the submission that provides the optimum

combination of whole life costs and benefits to meet the customer requirements. This is not necessarily the lowest price submission and requires assessment of the ongoing resource/revenue costs as well as initial capital investment. Consideration must be given to social, environmental, economic and other strategic objectives in evaluation of the submissions.

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 the local and regional suppliers to promote the local economy and taking account of the social and environmental impact of spending decisions
- Ensure that equalities issues are fully taken into account in all procurement decisions

This will demand a mixed economy approach to procurement and relies 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,

# **PROCUREMENT POLICIES AND PRINCIPLES**

Melton Borough Council is committed to developing an approach to procurement which delivers value for money along with equal access and a quality service to all. To achieve this, procurement should be managed in accordance with the following Policies and Principles.

## **SECURING VALUE FOR MONEY**

### **Mixed Economy**

Melton Borough Council is committed to selecting the best service provider regardless of the sector in which the provider operates on the basis that this will deliver the best value or money for the people of the Borough of Melton.

### **Competition**

All supplies, services and works are to be secured by competition as competitive procurement promotes economy; efficiency and effectiveness in the Council's spend. Competition will also contribute to the competitiveness of suppliers, contractors and providers.

### **Market Consultation**

Potential service providers under consideration are to be consulted as stakeholders in all procurement processes. Their views should especially be sought on the proposed packaging of the procurement and on any alternative provisions or methods which may be more attractive to the market thereby offering opportunities for cost savings to the Borough of Melton.

### **Continuous Improvement**

This strategy is part of the arrangements to secure continuous improvements in the service delivery in terms of economy, efficiency and effectiveness. Procurement will be used to promote continuous improvement within service providers and targets for such will be established in Contracts.

### **E-Procurement**

E procurement is not just using modern technology for the purpose of procurement but using such systems for the purpose of achieving economy, efficiency and effectiveness in procurement. Melton Borough Council

already utilise the Oracle financial system (and have an intention to implement the Procurement Module) and the Welland Procurement Unit will investigate further systems that afford savings in transitional costs for possible use in the procurement process.

## **Equality**

The Council has a legal responsibility to ensure that the equality standards it has internally are supported by all organisations that perform work for it. The Council also has to ensure that the services it provides meet the diverse needs of the people and affords them equal access to the services provided.

## **Financial Resources**

All aspects of the procurement process from strategic procurement planning and option appraisal through to contract management will have financial implications. As such the planning and monitoring of financial resources must be a constant part of the procurement process.

## **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 of Melton Borough Council's approach to Strategic Commissioning are developing through work with the District's Local Strategic Partnership, in order to the priorities and ambitions agreed within the Districts Sustainable Community Strategy and Melton Borough Council's Corporate Plan. Such examples are the Neighbourhood Management, Children Centre Commissioning Programme and through Third Sector Commissioning.

## **SHARING SERVICES**

### **Collaboration**

Collaboration describes the various ways that the Council and other public bodies come together to combine their buying power to procure supplies, services or works or to create shared services. Melton supports such efficiency initiatives and is currently engaged in collaborative working by sharing services such as ICT Disaster Recovery, Legal Services, the Welland Procurement Service and Joint Procurement of consultancy and other services wherever possible.

## **Partnering**

Partnering describes the creation of long term flexible relationships with service providers to deliver such items as a Construction Project, based on the sharing of risks, rewards and continuous improvement.

## **SUSTAINABILITY**

### **Sustainable Procurement**

All major procurement shall have due regard to the issue of sustainability and decisions will be taken to ensure that work is packaged so as to encourage biodiversity and deliver the wider sustainable development goals.

### **Local Suppliers**

In line with the initiatives of the Glover Report, the Council promotes the use of local suppliers and acknowledges that a decision to purchase locally can maximise the resource benefit, contribute to Council objectives and have environmental benefits. But at all times the Council is mindful that it would not be in their best interests if local suppliers were given an unfair advantage

### **Environmental**

The environmental impact of all procurement decisions should form an integral part of the evaluation process for each and every strategic procurement activity, and should be one element of the whole life costs considered.

### **Sustainable Community Strategy**

Procurement will continue to contribute to the realisation of the strategic vision contained in the Melton Borough Council Sustainable Community Strategy.

## **STANDARDS AND PROCESSES**

### **EU Public Procurement Directives**

The EU Public Procurement Directives (incorporated into UK law as the Public Procurement Regulations) are intended to ensure that where public

funds are to be used for the purchase of supplies, services or works, there will be full, fair and transparent Competition. As a Contracting Authority Melton Borough Council are legally bound to comply with these regulations.

### **Contract Procedure Rules**

All procurement will conform to the revised Contract Procedure Rules which set out how procurement activities are to be undertaken to ensure compliance with the above regulations, and on which staff have been trained.

### **Professional Standards**

All procurement activity will accord with procedures, shall be undertaken in a professional manner and will ensure the highest standards of transparency, probity and accountability.

### **Ethics and Fraud Prevention**

The procurement process should always be legal, transparent and seek not to expose the Council to undue risks. All procurement activities should be conducted in a manner that promotes fair, ethical and legal business practices.

### **Framework Agreements**

Where the council has put in place or has access to Regional or National framework Agreements, goods and services are to be ordered under these arrangements as far as possible

### **Workforce Issues**

Where procurement involves the potential transfer of employees then the Council shall take every care to ensure that the process is handled in accordance with the advice and guidance published by Communities and Local Government.

### **Tender Evaluation**

The objective of the evaluation process is to select the service provider that offers best value for money, whilst recognising that lowest price does not necessarily mean best price. To be able to assess the best value tender consideration needs to be given to sustainability, quality, green issues, e-capabilities, and these criteria need to be established and documented prior

to tenders being sought. Each of the criteria should then be recorded in the evaluation model and scored for each tender that is submitted.

## **Project Management**

All major procurement projects are to be managed to a structured project management method tailored to the project and incorporating best practices in risk management. Further all contracts are to be actively managed and monitored to ensure a timely delivery, within budget and to the required standards.

# MELTON BOROUGH COUNCIL STRATEGIC PRIORITIES

As stressed throughout this Strategy the primary purpose is to support delivery of high quality public services in a sustainable manner that offer value for money, while recognising the difficult current economic climate and challenging Government initiatives.

The strategic priorities in achieving this purpose are threefold:

## EFFECTIVE AND EFFICIENT PROCUREMENT

### **1. The Council will ensure that the procurement process is undertaken in the most efficient and effective manner by:**

- a. Training and development of staff to ensure they are informed of the strategy, procedures and that all procurement adheres to 'best practices' as set out by bodies such as The Chartered Institute of Purchasing and Supply and the Office of Government Commerce.
- b. Undertaking all procurement activity within a corporate framework.
- c. Developing and promoting corporate contracts and standardisation of all documentation with responsibilities and accountabilities of all parties explicitly defined.
- d. Adopting approved e-procurement solutions that streamline procurement operations.
- e. Use of approved national and regional negotiated contracts such as those arranged by ESPO or by the Office of Government Commerce

### **2. The Council will ensure that value for money is achieved by:**

- a. Consideration of all options in obtaining the most appropriate solution for all service requirements
- b. By using competition when securing all externally sourced goods, services and works
- c. Collaborative working with other local authorities and organisations in procurement and the sharing of practices and experience as a way providing more flexible and cost effective services

- d. Ensuring that all tender evaluations consider the whole life cost of procuring goods, services or works and not just the initial capital expenditure
- e. Clearly demonstrate that any in-house provider offers value for money when compared to external providers of the same service
- f. By valuing innovation and creativity
- g. By working with the East Midlands Regional Improvement and Efficiency Partnership

**3. The Council will manage risk by;**

- a. Giving full consideration to the risks and the consequences of such during each and every stage of the procurement cycle
- b. Ensuring that procedures are in place to manage the risk
- c. By transferring those risks that it is appropriate to do so to the service provider on a contractually sound basis so as to minimise the potential consequences
- d. Effective contract management

**4. The Council will optimise e-technology by;**

- a. The Welland Procurement Unit will develop and utilise the Due North system to monitor tender activity and provide a portal for tender opportunity information for local suppliers
- b. The Welland Procurement Unit will investigate technology that will reduce transactional costs

**5. The Council will monitor performance by:**

- a. Utilising a range of performance indicators
- b. Benchmarking of performance against other local authorities and partnerships
- c. Through the accurate recording of procurement savings and efficiencies

- d. Through regular review by the Welland Procurement Board and directly with the Welland Procurement Unit

**6. The Council will employ effective communication by:**

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

**SOCIALLY RESPONSIBLE PROCUREMENT**

**7. The Council will promote economic regeneration by:**

- a. Active communication with Local suppliers as to how to access information on Melton Mowbray business opportunities, how to do business with the Council and by identifying who is responsible for all spend categories
- b. By providing information about future procurement activity through the Due North system
- c. Using contract packaging to break down larger contracts to match local SME capacity
- d. Following the principles of the Small Business Engagement Accord as entered into by Melton Borough Council with the Federation of Small Businesses East Midlands
- e. Encouraging, where legitimate, for larger service providers to sub contract elements to local providers

**8. The Council will promote social improvements by:**

- a. Increasing our understanding of the opportunities for utilising Fairtrade products and suppliers, details of which are available on the Fairtrade Foundation website [www.fairtrade.org.uk](http://www.fairtrade.org.uk)
- b. Promoting all businesses to encourage apprenticeships

**9. The Council will promote environmental considerations by:**

- a. Ensuring that environmental and sustainability considerations are taken into account in the procurement cycle
- b. Where negative environmental or sustainability impacts are identified action will be taken to reduce the impact through such items as specifications and evaluation criteria
- c. Ensure that environmentally preferable goods and services are always used where this is consistent with best value
- d. Using sustainable specifications will be a key part in promoting bidders to submit sustainable tenders
- e. Minimising waste by the re-use of materials to be replaced should be considered in all tenders and contracts

**EQUALITY PROCUREMENT**

**10. The Council will promote equality by:**

- a. Committing to achieve Level 3 in The Equal Standard for Local Government.
- b. Ensuring that all members of the diverse community of Melton Borough have equal access to all the services provided
- c. Ensuring that all procurement is undertaken in a fair and inclusive manner
- d. Equality must be considered at each and every stage of the procurement cycle
- e. Encouraging all service providers to have a written equal opportunities Policy and procedures
- f. Ensure that all Sub Contracts have an equality clause
- g. Ensure that all pre-qualification documents include questions on equality and that these are completed

## SUMMARY

This Sustainable Procurement Strategy sets out the framework and issues to be addressed in the coming years to ensure that best practices are embedded and implemented when performing any procurement activity.

By complying with this Strategy the Council will demonstrate that procurement will follow a consistent approach that secures best value for money and other strategic benefits for the people of the Borough of Melton.

The Strategy should be read in conjunction with the Procurement Toolkit, which provides more detail on the procurement methods and procedures and how the issues herein should be applied in practice.

## CONTACT DETAILS

Please contact us if you have any questions or comments regarding this Strategy.

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