



Performance and Audit Scrutiny Committee 21 May 2014

Adoption of a Joint Procurement Strategy

1. Summary and reasons for recommendation

- 1.1 Currently both Forest Heath District Council and St Edmundsbury Borough Council has its own Procurement Strategy and it is desirable that these be replaced by a West Suffolk Procurement Strategy that addresses the issues of procuring services, supplies and works across the West Suffolk region.
- 1.2 A working group of Officers was established and prepared the attached draft West Suffolk Procurement Strategy.
- 1.3 A Consultation exercise was undertaken in respect of the proposed draft between the 31 March and 2 May 2014.
- 1.4 Subject to the outcome of this meeting the draft Procurement Strategy together will be reported to Cabinet for final approval.

2. Recommendation

- 2.1 That the West Suffolk Procurement Strategy is approved.

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3. How will the recommendations help us meet our strategic priorities?

3.1 The strategy should improve procurement activity across both authorities thereby supporting economic growth in general terms.

4. Key issues

4.1 The new strategy highlights the following key objectives:

- minimise red tape, focusing on getting the right supplier with the best tender in a timely fashion;
- ensure that procurement activities deliver value for money and achieve savings by reducing the cost of purchasing and the time taken to select suppliers;
- enable local suppliers, small and medium sized enterprises, and community-based providers to participate where possible;
- use the latest technology to enable faster, efficient and less bureaucratic procurement, to include, but not limited to, the use of appropriate e-Tendering tools and available electronic market places;
- increase transparency in procurement to improve accessibility for new suppliers and to ensure accountability;
- achieve value for money on a whole life basis in terms of generating benefits not only to the council but also to West Suffolk's residents, communities and businesses whilst protecting the natural environment.
- develop efficient supply chains through improving procurement approaches, increasing demand visibility and providing proactive support for suppliers in accessing public sector procurement opportunities.

4.2 The draft strategy, and a proposed consultation plan, was reviewed by Cabinet Planning at both St Edmundsbury and Forest Heath. The consultation plan, having been approved by both was put into effect with the consultation commencing on the 31 March and finishing on the 2 May 2014.

4.3 The consultation was predicated on the draft strategy being made clearly available on both Web sites. Also a number of organisations and individuals were invited, by e-mail, to participate in the consultation. Please see **Appendix C** – Consultation Plan for details.

4.4 **Appendix B** – Consultation Replies is a schedule of the replies and any appropriate comments or actions.

4.5 Two replies have come from neighbouring authorities and both make mention of the National strategy. Although the draft acknowledges the key themes of the national Strategy it should be borne in mind that the national document is in the early stages of development and the anticipated launch of the first draft will be July 2014. The view of Officers is that, with the current drive towards aligning the Rules and practices across SEBC and FHDC it is better to continue creating the joint strategy at this time with the opportunity to review the same, if appropriate, once the national strategy has been adopted.

4.5 There is a reply from a business in which highlights concerns that officers acknowledge and have addressed in the comments.

5. Other options considered

- 5.1 Having considered all the replies to the consultation the view of officers is that the comments reflect the challenges that the authority knew it faced upon drafting the strategy and there is no need to revise the strategy. Further this strategy seeks to operate across both authorities, whilst taking into account the latest best practice.

6. Community impact

6.1 Crime and disorder impact *(including Section 17 of the Crime and Disorder Act 1998)*

- 6.1.1 There will be no discernable impact on crime and disorder.

6.2 Diversity and equality impact *(including the findings of the Equality Impact Assessment)*

- 6.2.1 The strategy does expect buyers and suppliers to comply with both the words and the spirit of equality and diversity legislation.

6.3 Sustainability impact *(including completing a Sustainability Impact Assessment)*

- 6.3.1 The strategy is supportive of sustainable procurement as it will save costs, reduce resource use and deliver other environmental benefits.

6.4 Other impact *(any other impacts affecting this report)*

- 6.4.1 The strategy seeks to articulate support both for small and medium sized enterprises and also local businesses.
- 6.4.2 The strategy encourages the usage of technology and other tools to ensure a more effective buying exercise not only for the authorities but for the suppliers.

7. Consultation *(what consultation has been undertaken, and what were the outcomes?)*

- 7.1 It is proposed that the next stage will be external consultation in accordance with the attached draft consultation plan.

8. Financial and resource implications *(including asset management implications)*

- 8.1 Most, if not all, the actions within the strategy will be undertaken using existing staff resources and budget provisions.

9. Risk/opportunity assessment *(potential hazards or opportunities affecting corporate, service or project objectives)*

Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
	High/Medium/Low		High/Medium/Low
No risks identified			

10. Legal and policy implications

10.1 Although it is not a legal requirement for local authorities to have a procurement strategy it is recognised that in order to have a strategic overview of how councils procure services, supplies and works it is prudent to develop one.

11. Ward(s) affected

11.1 The strategy will affect all wards across Forest Heath and St Edmundsbury

12. Background papers

12.1 None

13. Documents attached

13.1 Appendix A – West Suffolk Procurement Strategy

13.2 Appendix B – Consultation Replies

13.3 Appendix C – Consultation Plan

Forest Heath • St Edmundsbury



West Suffolk

working together

West Suffolk Procurement Strategy 2014-2016

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DOCUMENT APPROVED BY SEBC CABINET? ON	xx.yy.2014
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NEXT REVISION DATE	December, 2016

1. Background and Introduction

This document outlines the approach West Suffolk will take to the process of procuring goods, services and works over the period 2014-16. It covers the procurement process throughout the full life-cycle of the asset or service contract from the initial definition of the business need through to the end of the useful life of the asset or service contract.

The Contract Procedure Rules for each Council set out the minimum requirements for all procurement activity and the methodology by which any procurement is undertaken.

As a significant purchaser, commissioner and buyer, spending over £15 million per year on external contracts, West Suffolk recognises that its procurement processes and spending decisions can have an impact on a range of stakeholders, including local businesses, local communities, council tax payers and community groups. As such, West Suffolk wants to achieve value for money and efficiency through its procurement activities, whilst also supporting the specific aims set out below.

Context

Procurement by the councils will support the delivery of the West Suffolk Strategic Plan 2014-16. Procurement decisions will also be used to ensure West Suffolk maximises the opportunities to behave in a business-like and commercial way.

West Suffolk's procurement activities are governed by a legal framework – principally the EU Public Contract Regulations 2006 and The Public Contracts (Amendment) Regulations 2009, as well as other UK Law and each respective Councils' constitutions.

West Suffolk's procurement activities will support the key themes of National Procurement Strategy for Local Government in England namely making savings, enabling local economies, influencing and shaping markets and improving processes.

At all times during the procurement process the West Suffolk Councils will apply the EU treaty principles namely fair competition, non discrimination, equal treatment, transparency and proportionality.

2. Strategic Aims

In carrying out its procurement activities, West Suffolk will:

- minimise red tape, focusing on getting the right supplier with the best tender in a timely fashion;

- ensure that procurement activities deliver value for money and achieve savings by reducing the cost of purchasing and the time taken to select suppliers;
- enable local suppliers, small and medium sized enterprises, and community-based providers to participate where possible;
- use the latest technology to enable faster, efficient and less bureaucratic procurement, to include, but not limited to, the use of appropriate e-procurement (e-Tendering) tools and available electronic market places;
- increase transparency in procurement to improve accessibility for new suppliers and to ensure accountability;
- achieve value for money on a whole life basis in terms of generating benefits not only to the council but also to West Suffolk's residents, communities and businesses whilst protecting the natural environment.
- develop efficient supply chains through improving procurement approaches, increasing demand visibility and providing proactive support for suppliers in accessing public sector procurement opportunities.

3. Community Right to Challenge

The Community Right to Challenge was introduced in the Localism Act 2012. The right to challenge allows voluntary and community groups, charities, parish councils, or local authority staff to bid to run a local authority service where they believe they can do so differently and better. This may be a whole service or part of a service.

Organisations wishing to exercise the right to challenge will need to submit a written expression of interest. Each Council will consider and respond to expressions of interest which, if accepted, will trigger a procurement exercise for that service. The challenging body can then participate, alongside others. Please see [How the Community Right to Challenge works](#) page in our website for more details.

4. Key Tools for Effective Procurement

West Suffolk will:

- for any procurement activity consider all the options before initiating a buying exercise; consider options for non-conventional contracts e.g. Payment by Results in appropriate cases
- ensure all procurement activities above an appropriate value are conducted using e-procurement (e-Tendering) systems;

- use electronic communication as much as possible for all procurement activities;
- explore collaborative procurement options including but not limited to, Framework Agreements and/or Dynamic Purchasing Systems from Professional Buying Organisations (PBOs), exploring partnerships, joint working, sharing services, and outsourcing options where appropriate;
- take advantage of Government Procurement Cards to facilitate quicker payment of suppliers;
- put in place the appropriate processes and procedures (to include e-invoicing and e-payment) to ensure that all transactions are made in a timely manner;
- only use Pre-Qualification Questionnaire (PQQ) exercises when appropriate to ensure that supplier selection is less bureaucratic;
- ensure that supplier selection criteria are proportionate and based purely on the needs of the contract;
- rely more on a simple process of assessing prospective supplier credentials by ensuring greater use of self-declarations, and requiring only the winning bidder to submit proof of their status;
- take advantage of any procurement tool from Central Government or other appropriate body that allows suppliers to submit their credentials only once to which they can refer when bidding for work. This will ensure that West Suffolk does not burden prospective suppliers with repeated demands for information.

5. Supporting Small and Medium Sized Enterprises (SMEs)

To support Small and Medium Sized Enterprises, West Suffolk will:

- actively consider, where appropriate, separating contracts into smaller parts or lots to facilitate SME participation;
- work to use a mix of the best suppliers to promote a diverse and competitive economy. To help achieve this, the Councils will support smaller businesses, the voluntary and charitable sectors as well as community organisations to become part of the supply chain. This will include active engagement to help them access consortium arrangements and supply chains;
- ensure financial evaluation is proportionate to the contract and therefore does not exclude SMEs from participating in procurement opportunities in West Suffolk;

- encourage main contractors to make timely payment to all sub-contractors and will, where appropriate, ensure that this expectation is reflected within any Invitation to Tender.

6. Supporting West Suffolk Businesses & Local Voluntary and Community Sector (VCS) through Procurement

In addition to support the local economy, West Suffolk will:

- take advantage of a range of communication routes to promote procurement opportunities to local businesses; as well as to local voluntary and community sector (VCS).
- where possible invite local suppliers and local VCS to submit quotations.

7. Leadership and Governance

This Procurement Strategy is a key document for each Council and supports all procurement activity and the Constitutional and Legal requirements of each Council as well as individual policies and strategies.

Each Council will ensure that all officers undertaking any buying activity are aware of this Strategy and will provide the appropriate level of training.

8. Taking a sustainable approach

Good procurement is sustainable procurement and will save costs, reduce resource use and deliver other environmental benefits such as cutting waste to landfill. The Councils wish therefore to meet their procurement needs by taking account of the whole life cost-benefit of the goods and services that are procured. This will help reduce overall costs and generate benefits for the Councils local residents, the local economy, and the wider environment.

West Suffolk will:

- seek innovation from suppliers to help improve efficiency and reduce procurement and operational costs;
- build in the principles of "reduce, re-use, and recycle" and using goods and services that are more energy, water and resource efficient;

- evaluate all our major contracts against sustainability criteria when selecting suppliers and work to target key contracts with higher standards where the risks and opportunities for more sustainable practices exist;
- drive environmental improvement through the supply chain and the wider economic community as potential suppliers;
- seek to use the procurement of Good and Services to improve the economic and social well-being of the community;
- endeavour to share best practice and learn from others to cut cost and become more resource efficient.
- consider how what is procured might improve the economic, social, and environmental well-being of the Councils and how that improvement might be secured, again as long as it was relevant and proportionate – in line with the Public Services (Social Value) Act 2012.

9. Equality and Diversity

West Suffolk will:

- Ensure all applicable procurement opportunities are advertised to alert as wider a range of businesses as possible;
- Conduct its procurement operations in a transparent and fair manner;
- Comply with relevant equality and diversity legislation and expect the same of its suppliers;
- Treat people fairly and not discriminate against but actively promote equality;
- Abide by the councils' statutory equality duties under the Equality Act 2010 and ensure compliance.

10. Health and Safety

The West Suffolk Health and Safety at Work Policy recognises and accepts that each Council has a responsibility as employers for providing a safe and healthy work place and working environment for all employees

West Suffolk will outline key health and safety issues within supplier contracts.

11. Staff and Training

West Suffolk will ensure that all staff directly responsible for procurement and contract management are appropriately trained and possess the required core competencies. Training will be given to ensure staff are up to date with new developments in procurement.

10 Fraud Prevention and Detection

West Suffolk is committed to creating a culture of zero tolerance of, and minimising losses to, fraud, theft and corruption (including bribery) and maintaining high ethical standards in its administration of public funds. Procedures are in place to ensure that third parties are not able to use West Suffolk for the purposes of money laundering, and also to enable anyone with serious concerns about any aspect of our work to come forward and voice those concerns.

Each Council requires that Councillors, all staff (including those permanently employed and temporary agency staff) and contractors will:

- act honestly and with integrity at all times and safeguard the councils' resources for which they are responsible;
- comply with the spirit, as well as the letter, of the laws, regulations and Codes of Practice of all jurisdictions in which the councils operate, in respect of the lawful and responsible conduct of procurement activities.

In line with our commitment to the highest possible standards of openness, propriety and integrity, we encourage anyone with serious concerns about any aspect of our work to come forward and voice concerns should they suspect impropriety or mal-practice.

West Suffolk recognises that the decision to report a concern can be a difficult one to make. The West Suffolk Whistleblowing Policy makes clear how any concerns can be raised in confidence without fear of harassment, victimisation, discrimination or disadvantage

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Response #	From	Area Commented On	Comment	Comments/ Action (if any)
1	Waveney District Council & Suffolk Coastal District Council	General	SCDC and WDC Procurement Strategy will be reviewed later this year and will be tailored to the National Procurement Strategy which is being launched at the LGA Conference in July. This maybe something you wish to consider also if not already? I am of the opinion if possible for the Districts to have a broadly similar Procurement Strategy however with consideration for Localism.	Action – None. We already made reference to the Key themes from proposed National Procurement Strategy.
2	Suffolk County Council	General	<p>Thank you for the opportunity to comment on your draft procurement strategy for West Suffolk (2014-16).</p> <p>Many congratulations on a well written document. Your strategy contains the essential elements of a public sector procurement strategy in line with the latest government thinking around procurement and anticipates some of the changes to be implemented in the major re-write of the EU Procurement regime. The timing of your launch should therefore be choreographed to coincide with the realisation of these changes, particularly around self-certification.</p> <p>There are one or two things which I think may enhance your strategy and reflect the wider intentions of the National Procurement Strategy. For example, you might consider the benefits of wider public sector collaborative commissioning and making use of opportunities for joint procurement albeit within the constraints of developing a local supply base.</p> <p>I suspect the FSB, who have also been invited to comment, will have a view on your supply base and how you classify spend. Your strategy for example, makes no commitment to increasing the level of business to be awarded to local SME's, and there is no baseline to assess any growth towards a target. Equally, you might go further to commit to</p>	<p>Noted.</p> <p>Noted. Thank you. New EU Rules are coming going to be implemented in the UK within March, 2016. Dates yet to be confirmed by Cabinet office. We can not delay launch of West Suffolk procurement Strategy for indefinite period.</p> <p>Noted. We already made reference to the Key themes from proposed National Procurement Strategy.</p> <p>Noted. Proposed West Suffolk Procurement Strategy already talks about supporting SME's and West Suffolk business.</p>

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			<p>working with tier one suppliers to a) achieve social outcomes and b) increase both direct (as sub-contractors) and indirect (as suppliers to tier one suppliers generally) business for local SME's and hence achieve economic growth for West Suffolk.</p> <p>You quite rightly make significant mention of electronic procurement which will become an increasing feature for us over the next few years. West Suffolk have been a very strong advocate of 'Suffolk Sourcing' which is the collaborative hub for local authority procurement in Suffolk. I would certainly like to see an on-going commitment to using it reflected in the strategy because in work being done at county level with the Chamber of Commerce and FSB, we are majoring on Suffolk Sourcing in this context and providing significant levels of support to SME's in getting registered and accessing relevant opportunities. We have recently introduced Twitter feeds @SuffolkSourcing and @SuffolkPCM to promote opportunities and general procurement information.</p> <p>In a similar context you mention dynamic purchasing systems (DPS) and electronic catalogues. Both of these are highlighted in changes to the EU Regulations and will become a more significant feature of procurement in future. Suffolk Sourcing currently has DPS capability and we would be happy to explore this with you especially in light of the changes proposed in the EU regulations.</p> <p>I hope these thoughts provide some 'food for thought' and that you feel able to reflect them in your final version. I would be more than happy to have a chat with Ziaul at any time to go through them or to offer any specific advice that may be required.</p>	<p>Noted. Thank you. Electronic procurement will be at the heart of procurement activities for West Suffolk in line with best practice recommendations.</p>
3	Flourishing People, Local Business	5. Supporting Small and Medium Sized	My experience with other LAs is that they still award contracts to a single larger organisation who can deliver on all lots as it's easier for them to manage one single contract than several smaller ones. Also an element of risk aversion in respect of smaller suppliers. How will they	Proposed Joint Procurement Strategy already requires buyers to actively consider separating contracts into smaller parts or lots

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		Enterprises (SMEs)	overcome this?	to facilitate SME participation; [ref : 5. Supporting Small and Medium Sized Enterprises (SMEs)]. It can not be made mandatory due to different practical reasons.
		5. Supporting Small and Medium Sized Enterprises (SMEs)	Similar to my point above. My experience is that when larger contractors win a contract they already have their supply network in place and there is very little opportunity to break into this. Unless LA insist on use of local supply chain as a condition of contract it is unlikely to happen.	Although there is no legal sanction if we use such a condition in contracts below the EU threshold there is reputational risk as the authority can be reported to the Cabinet office via the <i>Extended Supplier Feedback Service</i> . Further it would be contrary to the E U Treaty Principles particularly that of Open competition. However there is no reason why the authority could not encourage the use of a local supply chain.
		6. Supporting West Suffolk Businesses & Local Voluntary and Community Sector (VCS) through Procurement	Important to include the Suffolk B2B portal but also direct info to Chambers for us to share with members not on the portal	All Local Authorities from Suffolk agreed to use 'Suffolk Sourcing System' as their electronic procurement system. 'Suffolk Sourcing System' deals with end to end procurement process including advertisement and awarding. Suffolk B2B portal is a another portal maintained by Suffolk Chambers of Commerce for publishing quotation/tender opportunities from both private and public sectors. There is an ongoing discussion

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				between Suffolk County Council (who owns Suffolk Sourcing System) to see if a data feed can be facilitated from 'Suffolk Sourcing System' to 'Suffolk B2B Portal'.

Appendix C

Consultation Plan

The following is for approval by Cabinet Planning at FHDC on the 18 March and Cabinet Planning at SEBC on the 25 March.

Consultation Start:	Monday 31 March
Consultation Ends	Friday 2 May
Methods of Advertising	<ol style="list-style-type: none">1) E-mail by Head of Resources and Performance to identified organisations.2) E-mail by Procurement Manager to neighbouring authorities.3) Notification by officers attending the "Meet the Buyer" event at Newmarket.4) General awareness by Economic Development officers and others with contacts to local suppliers.
Consultees	<ol style="list-style-type: none">1) Suffolk Chambers of Commerce2) Newmarket Chambers of Commerce3) Bury Chambers of Commerce4) Haverhill Chambers of Commerce5) Cambridgeshire Chambers of Commerce6) New Anglia LEP7) Greater Cambridge/Greater Peterborough Enterprise Partnership.8) MENTA9) Federation of Small Businesses (FSB) – email to Dave Baker at the FSB directly please, email is dbaker@chartingsuccess.co.uk10) Newmarket Retailers Association11) One BSE12) Start-Up Suffolk13) West Suffolk College14) SCC15) IBC16) MSDC/BDC17) SCDC/WDC18) ECDC (East Cambridgeshire District Council)19) BDC (Breckland Council)17) Community Action Suffolk/ VCS18) All Participants in West Suffolk Business Forum
Content of E-mail	The e-mails will identify and provide a link to the appropriate page of both the FHDC and the SEBC websites where the strategy will be available to be downloaded.

Web site page	This will outline the key messages from the strategy; provide the link where the strategy can be downloaded and invite those wishing to reply to do so by e-mailing comments to the procurement@westsuffolk.gov.uk
Reporting back to Cabinet Planning	It is proposed that the results from the consultation will be reported back to: <ul style="list-style-type: none"> 1) Cabinet planning at SEBC on the 6 May 2) Cabinet planning at FHDC on the 13 May
Reporting to PASC	<ul style="list-style-type: none"> 1) Performance and Audit Scrutiny Committee at SEBC on the 21 May. 2) Performance and Audit Scrutiny Committee at FHDC on the 29 May.
Approval of Strategy at Cabinet	The Strategy can be approved at Cabinet level and will be brought to the following meetings: <ul style="list-style-type: none"> 1) 24 June for SEBC 2) 15 July for FHDC