



TEST VALLEY BOROUGH COUNCIL

PROCUREMENT STRATEGY

2018 – 2022

1. Introduction

- The purpose of this strategy is to set out the Council's vision for the way forward in its procurement of services, supplies and works for staff, partners, suppliers and stakeholders. The principles included within this strategy should be applied to all procurement activity.
- The strategy supports Test Valley Borough Council's Contract Standing Orders and should be read alongside this document. In the event of any conflicts between Contract Standing Orders and this Procurement Strategy, the Contract Standing Orders will take precedence.
- This Procurement Strategy sets the framework in which the Council will work to ensure that procurement delivers value for money across all services and contributes to the achievement of our corporate priorities and the outcomes within the [Corporate Plan](#).
- The strategy sets out:
 - Roles and Responsibilities
 - Our procurement objectives
 - Our procurement principles
 - Our commitment to collaborative procurement
 - Our commitment to sustainable procurement
 - Our commitment to making it easy to do business with the Council
 - The regulatory context to procurement
 - Our commitment to continuous improvement

2. What is Procurement?

- The National Procurement Strategy for Local Government defines procurement as: "...the process of acquiring goods, works and services, covering both acquisition from third parties and in-house providers. The process spans the whole cycle from identification of needs, through to the end of a services 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-house in appropriate circumstances."

National Procurement Strategy for Local Government, October 2003

3. Test Valley Borough Council's Contract Standing Orders

- Contained within Test Valley Borough Council's Constitution are the Council's Contract Standing Orders. These are a set of rules that apply to the procurement of goods, services or works, including those that fall below the thresholds established by the EU. These rules must be adhered to for the procurement of all supplies and services.

- Contract Standing Orders are updated periodically and adjustments to the financial limits are reviewed accordingly. Existing contracts will not be affected by revisions to CSOs. Any new versions of CSOs will apply to procurement processes which commence after the adoption of the new version of CSOs.
- Contract Standing Orders reflect that the Council is spending public money and must achieve value for this public money. Therefore it is essential that officers responsible for procurement in Test Valley understand the CSOs and their application.
- Contract Standing Orders were last amended following the inception of the Public Contracts Regulations 2015 (PCR 2015). The procurement officer will ensure that those affected will be notified of the changes. The thresholds were also amended to aid flexibility in the procurement process.

4. Roles and Responsibilities

- All procurement shall be undertaken in compliance with relevant regulations, Contract Standing Orders and Financial Regulations.
- The Head of Finance has overall responsibility for ensuring that all procurement activity across the Council is performed in a way that is consistent with the requirement of the Contract Standing Orders
- Heads of Service must ensure that all contracting offers within their service are suitably trained and aware of the Contract Standing Orders. Heads of Service must also ensure that all goods and services purchased by their service are procured in a way that is consistent with the rules.
- Contracting officers have a duty to familiarise themselves with Contract Standing Orders. For all procurements the Contracting Officer must follow the requirements included within the Council's procurement thresholds.
- The Procurement officer provides support and advice on the application of Contract Standing Orders.
- The Procurement Officer will seek to continually review and develop the Council's Procurement practices.
- The Procurement Officer will seek to develop solutions which present the most economically advantageous way of meeting our service and supply requirements.

- Specialist areas of procurement are the responsibility of individual services.
- All individuals with identified procurement responsibilities will receive training to ensure that they have the relevant skills to deliver this strategy.
- All contracting officers and budget holders will receive periodic procurement updates to ensure that they are up to date with current regulations and Contract Standing Orders.

5. Our procurement objectives

- The Strategy focuses on a number of objectives which are set out below. Our objectives are to:
 - Realise benefits from an efficient procurement process.
 - Promote a procurement process that is fair and presents opportunities to all to bid for work.
 - Achieve cost reduction in procurement of goods, works and service.
 - Enhance procurement skills across the Council.
 - Ensure compliance with relevant law, policies and procedures in order to minimise the risk to the Council.
 - Increase the proportion of spend against contracted and approved suppliers.
 - Measure procurement performance and promote continuous improvement.
 - Explore opportunities for how the Council can further secure social and economic benefits through its procurement process.

6. Our procurement principles

- Our procurement principles are:

To ensure that all procurement options are considered in the delivery of our services to ensure that value for money is achieved.

 - All procurement activity supports our corporate priorities and the outcomes within the [Corporate Plan](#) and the current Corporate Action Plan.
 - All procurement is operated in a legal and professional manner with high standards of probity, transparency, openness, accountability and fairness in order to encourage interest from a wide range of suppliers and service providers.
 - A proportionate approach which balances our high standards with a commitment to making procurements efficient for the benefit of the Council and our suppliers.
 - All procurement exercises will seek to achieve best value for money. The Council will therefore concentrate on whole life costs¹, quality, fitness for purpose and sustainability rather than lowest price alone.

¹ The National Procurement Strategy published in October 2003 made the link between whole life costing and best value, stating: 'In the context of the procurement process, obtaining 'best value for money' means choosing the bid that offers 'the optimum combination of whole life costs and quality (or fitness for purpose) to meet the customer's requirement'. This requires assessing the ongoing revenue/resource costs over the life of the use of the asset as well as the initial capital investment.

- A commitment to an efficient procurement process through appropriate use of electronic procurement ('e-procurement'). The Council aims to utilise a full eProcurement system prior to October 2018.

7. eProcurement

- The Council implemented a new eProcurement system in April 2018. The system is intended to be used for all procurements with a contract value exceeding £20,000.
- As well as allowing for compliance with legislation, an eProcurement system will provide the following benefits:-
 - The system allows for the efficient creation of tenders and corresponding notices as they are set up at the same time
 - The system allows for all communication takes place via the system
 - The system provides a robust audit trail for our procurement activity and communications. Evaluation scores are held within the system.
 - The system allows for better monitoring procurement activity across the Council.
 - The system will help improve the quality of the Councils contracts register as the register is created and maintained within the system. All existing contracts can also be uploaded to the system
 - The system allows the Council to access a robust supplier database. All suppliers required can be easily added to the tender as and when required
 - All tender documents are kept on the system in one place ensuring an electronic record is held.
 - Formal contracts can be uploaded into the system.
 - Reminders can be created in the system to notify the contracting officer when a contract is due to end.

8. Collaborative procurement

- Collaboration describes the various ways in which Councils and other public bodies come together to combine their buying power, to procure goods, services or works jointly or to create shared services. Collaboration is a form of public-public partnership.
- The aim of collaboration is to help to deliver improved services whilst also realising financial savings. The Council recognises the benefits of working with other organisations to help achieve these goals.
- The benefits of the partnership approach include:
 - better designed solutions
 - integration of services for customers
 - access to new and scarce skills
 - economies of scale and scope
 - value for money

- high quality of service delivery
- The Council is currently a member of the Hampshire & Isle of Wight Procurement Partnership which is a forum for the Council to explore joint working. This includes collaborative tenders and creating or using local frameworks with other Hampshire Councils. There are a number of recent examples of collaborations which are delivering efficiencies for the Council the most recent being the joint insurance procurement across the Hampshire Insurance Forum. Other benefits include standardisation of specifications and the sharing of knowledge across the County.
- In addition to the above, the Council is committed to making effective use of frameworks and collaborative buying where appropriate. National frameworks used by the Council include those created by [Crown](#) Commercial Services, ESPO and YPO.

9. Sustainable procurement

- The Council recognises the role that the procurement of works, goods and services has in furthering sustainable development. Where relevant, the Council will seek to adopt sustainable procurement practices that are consistent with current standards.
- Sustainable Procurement means using procurement to support wider social, economic and environmental objectives, in ways that offer long-term benefits.
 - “Sustainable Procurement is a process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy, whilst minimising damage to the environment”

Procuring the Future Sustainable Procurement National Action Plan: Recommendations from the Sustainable Procurement Task Force 2006

- Environmentally aware procurement is concerned with effective protection of the environment and prudent use of natural resources. Efficient use of materials, energy and other inputs is central to effective procurement i.e. – doing more with less.
- Sustainable Procurement should consider the environmental, social and economic consequences of, and suppliers' capabilities to address:
 - Design;
 - non-renewable material use;
 - manufacture and production methods;
 - logistics;
 - service delivery;
 - use; operation; maintenance;
 - reuse; recycling options; disposal;

- Procurement decisions should be based on an assessment of whole life costs and fitness for purpose rather than lowest price alone. This enables sustainability and quality to be taken into account when options are being considered. For example, factors such as sustainable packaging, fuel efficiency and replacement cycles can be taken into account, as well as social factors where appropriate. Therefore the sustainability requirements of the Council can be achieved through the application of carefully considered procurement processes.
- The sustainability impact of a procurement exercise should be considered at each key stage in the process:
 - Identification of need (reduce consumption and waste)
 - Specification (whole life costing, specific sustainability requirements)
 - Supplier qualification and appraisal (compliance with equalities law)
 - Tendering and evaluation (effective criteria)
 - Contract management and review (sustainability KPIs, monitoring)
- The Council will strive to incorporate the principles of the Sustainability Strategy into its procurement decisions and actions. Environmental issues such as renewable energy and materials, recycling, waste and pollution are high on the sustainable procurement agenda, along with reduction of consumption of energy and materials.
- Economic and social objectives are also high on the sustainable procurement agenda. Economic objectives include reducing the barriers which prevent suppliers from working with the Council. This can be achieved by informing suppliers (including SMEs) of procurement opportunities and providing guidance through a range of activities including Meet the Buyer events and information provided on our Web site.
- Social objectives can be achieved by including requirements for suppliers to provide apprenticeships and training in our specifications and evaluation criteria where this is proportionate to the nature of the contract.

10. Doing business with the Council

- The Council is an important investor in the local economy and the contribution to service provision made by small and medium-sized enterprises (SMEs), social enterprises (SEs) and voluntary and community sector suppliers is valued by the Council.
- Our supplier selection and tender evaluation procedures must be transparent, non-discriminatory and based on Best Value. Although procurement legislation does not allow us to simply favour small or local businesses over others, where possible the Council will offer guidance to support potential suppliers, including SMEs, through the process whilst ensuring that its procurement decisions create best value for the Council Tax payers.
- The Council is keen to ensure its procedures are business friendly, straightforward and transparent and are appropriate to the scale and risk involved so that they are

not unduly onerous for local and small suppliers. Within the context of the regulatory framework and the probity requirements of spending public money we aim to make it as easy as possible to do business with the Council.

11. The regulatory framework

Context

- Local Authorities must procure their goods within the law. Current legislation is found in:
 - EC Treaty Principles
 - Public Services (Social Value) Act 2012
 - PCR 2015
 - The Local Government Act 1999
 - Employment legislation
- EC Treaty Principles demand that all procurement is conducted on the basis of:
 - Non discrimination –we will not discriminate against suppliers from other EU Member States by making it more difficult for these suppliers to tender for our contracts.
 - Equal treatment - all tenderers or prospective tenderers will be treated equally and fairly, ensuring that competition is honest, open and unbiased.
 - Mutual recognition –we will give equal validity to equivalent qualifications and standards from other EU Member States.
 - Proportionality – our procurement processes will be appropriate to reach the desired aim and will not be excessively burdensome in relation to the risk and value of the procurement.
 - Transparency – to ensure fairness, equal treatment and accountability, we will provide full and accurate information regarding a contract and the procedures we will use to select tenderers and to award the contract.

PCR 2015

- The Public Contract Regulations 2015 are part of UK law and apply to all Local Authorities. They set out procedures for the award of contracts above certain financial thresholds. Their purpose is to open up the public procurement market and to ensure the free movement of goods and services throughout the EU, thereby increasing opportunities for competitive suppliers, contractors and service providers to provide the European community with more innovative service solutions and better value for money.
- The Public Contracts Regulations are mandatory and must be applied without variation. Failure to apply these correctly is a breach of legislation and could result in significant financial penalties for the Council.

The financial thresholds contained in the regulations are reviewed biannually and apply for the period 1st January to the 31st December.