

Committee: FINANCE AND RESOURCES

Date: 19 February 2007

Report: PROCUREMENT STRATEGY

### **Purpose of the report**

1. To request Members' approval of the Procurement Strategy appended to this report.

### **Strategic Planning Framework**

2. The information and recommendation(s) contained in this report are consistent with the Authority's statutory purposes and its approved strategic planning framework and in particular the following objectives:

#### ***Best Value Performance Plan objectives***

Section 7 – Corporate and Democratic Core Functions – Objective 1

Plan and manage all aspects of the Authority's business so as to make the most effective use of our resources and consistently reduce the environmental impact of the Authority's projects and operations.

Section 7 – Corporate and Democratic Core Functions – Objective 2

Review Current arrangements for asset management and procurement, and identify most appropriate approach to future management

### **Background**

3. The National Park Authority Performance Assessment (NPAPA) in 2005 identified the need to develop a Procurement Strategy and this requirement has been incorporated into the Best Value Performance Plan.
4. In May 2006 an Officer Working Group involving the Solicitor & Monitoring Officer, Contracts Manager and Senior Finance Officer was established to review the Purchasing Policy (which had not been updated since 2000) and develop a Procurement Strategy. This Working Group presented the draft Procurement Strategy (attached to this report as an Appendix) to Senior Management Team (SMT) and other managers in November 2006, who agreed to recommend adoption. In order to complete the process this Strategy requires Member approval.
5. In developing the Strategy the group reviewed a number of models and concluded that the most 'user friendly' of these had the following features: short in length, setting out general principles of best practice, and linkage to other related

documents. The benefit of this approach, as opposed to a lengthy and detailed document, is that it provides greater flexibility to amend the regulations, policies and procedures that link into the Strategy without the need to continually review the overarching document.

6. The Procurement Strategy is intended for both internal and external use; budget managers will be trained in the implications of the Strategy with reference to how this links with Financial Regulations, and the Strategy will be made available on the Authority's website to inform potential contractors of the Authority's adopted best practice principles of procurement. To further enhance the openness and transparency of communication with suppliers, and particularly to aid small and medium sized enterprises (SME's) in contracting with public sector bodies the Government is encouraging organisations to develop a contractor's guide. The Procurement Strategy and Financial Regulations (as relevant to contractors) will be summarised in a document entitled "How to do business with the Yorkshire Dales National Park Authority – A guide for Suppliers and Contractors", which will be made available on the website.
7. The issue of 'green procurement' was considered at length by the group in consultation with the Sustainable Development and Sustainable Tourism officers with the following conclusions:
  - The Authority does not employ any one person (or group of people) with the expertise to write a definitive 'green' prescription that could be used to underwrite each and every purchase for goods/services that is made.
  - It is difficult to keep up to date with 'green amendments' in an ever-changing environment
  - Often there are multiple factors to take into consideration when determining the sustainability and eco-friendly features of a purchasing decision.

As a result it was felt more appropriate that the budget managers are charged with the responsibility of considering and researching environmental factors of their purchasing decisions. In order for budget managers to do this effectively appropriate resources and tools to assist in the assessment are to be made available. This will require a range of initiatives to be put in place in the future to cover all the different kinds of purchasing decision that officers make on behalf of the Authority. In order to assist in this SMT have agreed to officers working with Recycling Action Yorkshire (RAY) to examine our current practices, suggest areas of improvement and develop a directory of 'green' suppliers which will be tailored to our needs. This initiative is fully funded by Yorkshire Forward.

## **Conclusion**

8. The approval of the Procurement Strategy by members will complete the Best Value Performance Objective 2 in relation to Procurement.
9. In order to communicate the existence and implement the requirements of the Strategy to officers and external contractors there are a number of further actions required, including; circulation of the Strategy and publication on the Authority's website, development of tools to assist budget managers in making 'green

procurement' decisions (including the recommendations of the RAY consultancy), training of budget managers and development of the contractors guidance.

## **RECOMMENDATION**

10. Members are requested to
- approve the Procurement Strategy.
  - note the future actions required to implement the Procurement Strategy.

**Irene Brannon**  
**Senior Finance Officer**

2<sup>nd</sup> February 2007

Background documents:

YDNPA Financial Regulations

# YORKSHIRE DALES NATIONAL PARK AUTHORITY

## PROCUREMENT STRATEGY

### Introduction

The Yorkshire Dales National Park is one of 12 National Parks in England and Wales. The National Park, most of which is privately owned, occupies an area of some 1762 km of mainly upland countryside, part of the central Pennines chain of hills which runs up the spine of Northern England. A small part of the National Park lies in the county of Cumbria, most is within the county of North Yorkshire. The National Park was designated in 1954 and is now administered by the Yorkshire Dales National Park Authority.

The National Park Authority has two statutory purposes, "to conserve and enhance the natural beauty, wildlife and cultural heritage" and "to promote opportunities for the understanding and enjoyment of the special qualities of the park". In carrying out these purposes, the Authority has a duty to "seek to foster the economic and social well being of local communities". It is also the local planning authority.

The Authority is a relatively small Public Sector organization with an average annual budget of £7.5m and an annual spend on supplies/services of £2.2m. This strategy applies to all of that spending.

### Purpose

To promote the delivery of best value supplies/services by the most appropriate procurement route thereby ensuring that value for money is obtained.

To set out a clear, corporate framework for best value procurement, which runs alongside our financial regulations.

### The role of procurement within the Authority will:

- apply a consistent, corporate and collaborative approach across departments
- encourage collaboration with other authorities to deliver best value services and value for money
- encourage joint procurement initiatives with other authorities, where feasible, to secure economies of scale
- support fair employment terms
- support environmentally sound provision
- continue to provide a sound competition policy, which will provide best value and quality

### Methodology

The Authority has developed a procurement mechanism which sets out its detailed procedure for procuring goods and services, by defining:

- financial thresholds for purchasing goods and services and by what method
- the Authority's standard terms and conditions of contract - *refer to Contracts Manager*
- procedures for opening tenders, evaluating them and letting contracts
- relevant matters to take into account in specifications and tender evaluation

**Procurement objectives for the Authority are:**

- to purchase goods and services from suppliers who will provide best value for money
- to work towards e-procurement
- to purchase goods and services from suppliers whose environmental policies and practices are sound (see section on Green Procurement below)
- to continue to employ and encourage local, small and medium size enterprises to bid for the Authority's contracts
- to secure its purchase of goods and services as quickly and efficiently as possible
- to use, where relevant, the collective bargaining power of the Regional Centre of Excellence to secure high value purchases - *refer to Contracts Manager*
- to comply with all legal requirements and relevant government guidelines

The Senior Management Team will take responsibility for ensuring that the Authority's procurement objectives are achieved.

**Action plan – the Authority will achieve these objectives by:**

- ensuring that relevant training on procurement is available to all with purchasing responsibility
- monitoring and reporting on its letting of contracts so that a clear picture of spend across budgets is available
- ensuring that order and contract documentation is available for audit/review purposes
- using the Authority's external Procurement Advisors where in-house expertise is not available - *refer to Contracts Manager*
- making use of select lists, where feasible, that have been established by other authorities in the region
- actively promoting collaboration with other authorities
- clearly specifying its requirements, encouraging competition, and awarding contracts based on clear criteria which are specified in advance

**Good Practice**

The Authority subscribes to guidance issued by the Government on the principles of good procurement, namely:

- the procurement process should give the authority sufficient information to form a view of potential service providers' competence but without placing undue burden on them;
- potential suppliers/service providers should understand clearly from the outset what service standards are expected. They will be provided with adequate, accurate and timely information at all the relevant stages of the procurement process;
- all potential suppliers/service providers will be subject to the same requirements to ensure fair competition and be treated equally throughout the procurement process;

- care will be exercised to avoid taking too narrow a view of how the service might be delivered as this may limit the options and deter potential providers;
- in order to be able to demonstrate that procurement has been undertaken in an open and transparent manner, the Authority will ensure that bidders are fully aware of the basis for bid evaluation and that all stages of the procurement process can be audited satisfactorily with reference to the Authority's procurement strategy and financial regulations which are made available to all bidders

### **Competitive Policy**

The authority makes no assumption on the best method for supply/service provision. Its policy is to procure contracts through open competition based on the Authority's procurement objectives. Existing partnerships and/or contracts are not exempt from the competition requirement and will be reviewed regularly (at least every 3 years) to assess whether they deliver Best Value/Value for money or whether changes should be made.

### **Green Procurement**

The Authority aims to minimise the environmental impact of its purchases/procurement through rigorous use of the 4 R's and has entered into an agreement with Re-cycling action for Yorkshire (RAY) to assist in this process. RAY will provide information on re-cycled products/services and this guidance should be sought before any purchase is made.

- **Reduce** – by only purchasing new goods that are absolutely necessary, (i.e. when it is not possible or viable to re-use or repair goods already purchased).
- **Re-use** – by purchasing products, where possible, that can be re-used many times rather than disposable items
- **Repair** – by purchasing, where possible, products that have been designed and manufactured to allow for the repair and replacement of individual parts.
- **Recycle** – by purchasing, where possible, products that are made from recycled materials, and/or that may be recycled themselves

The Authority will seek to ensure that in all procurement the environmental aspect is taken into account as an essential and integral part of the contract. This will entail specification writing, tender evaluation criteria and contract conditions which give adequate importance to the environmental dimension.

### **Risk Management**

Risk management of contracting with suppliers with no track record will be explored. This will ensure, for instance, that suppliers without long term experience but demonstrating capability will not be ignored. In these circumstances the need to demonstrate financial and economic standing by requesting for three years final accounts may be reviewed in order to introduce to some flexibility and to avoid discriminating against smaller and new suppliers.

Joyce Whitley  
Revised 20<sup>th</sup> November 2006