

PROCUREMENT STRATEGY

***Vision:** To promote the effective procurement of goods and service, in terms both of value for money and sustainability, and to provide a clear corporate framework for the procurement process.*

1. Introduction

Procurement is the process of acquiring goods, works and services from third parties including other public bodies and the voluntary sector. This Procurement Strategy applies to all such spending, which is in the order of £2m a year, with the exception of those items over which the Authority has no discretion (e.g. business rates).

This Strategy supports the vision set out in the National Park Management Plan, including that the Yorkshire Dales National Park should be a thriving area which is home to strong, self-reliant and balanced communities, and is resilient and responsive to the impacts of climate change.

Overall responsibility for the implementation of this Strategy lies with the Senior Management Team. All officers must have regard to this Strategy when undertaking any procurement activity.

References to contract value in this document are to the relevant amount net of VAT.

2. Our approach to procurement

We will:

- apply a consistent, corporate and collaborative approach across all Directorates;
- encourage joint procurement initiatives with other public bodies where feasible, to achieve value for money and secure economies of scale;
- support environmentally sound provision;
- provide a sound approach to competition, which will achieve best value and quality.

3. Methodology

The Authority has detailed procedures for procuring goods and services:

- Financial thresholds for purchasing goods and services and the methods for doing so; procedures for opening and evaluating tenders and for letting contracts (Financial Regulations: Section 5 'Procurement of Goods & Services'; Section 6

'Contact Procedures'; Section 7 'Leasing Contracts'). A summary of financial thresholds is also included at section 2.2 of the Finance Handbook. The Finance team will provide assistance with all of these aspects.

- Standard terms and conditions of contracts; relevant matters to take into account in specifications and tender evaluation (Legal Practice Manual: Section 13 'Contracts'). The Solicitor will provide advice on these matters.

To help officers to apply the Authority's procurement processes, a guide to the legal issues that they will face has been prepared (see **Appendix**; included in the Legal Practice Manual Section 13.1.

4. The Procurement aims of the Authority:

- to purchase goods and services from suppliers who will provide best value for money; achieving best value includes the potential to identify and make savings, but this will be balanced against the quality and appropriateness of the particular supply.
- to purchase goods and services which enhance the sustainability of the Authority's operations, and from suppliers whose environmental practices and products are sound (see section 7);
- to encourage local, small and medium size enterprises to bid for the Authority's contracts;
- to advance equality of opportunity, both in the procurement process and in ensuring that goods and services procured help all people to understand and enjoy the National Park;
- to secure the purchase of goods and services as quickly and efficiently as possible;
- to comply with legal requirements and relevant government guidelines.

5. The Authority will achieve these aims by:

- ensuring that appropriate training on procurement is available to all with purchasing responsibility;
- aggregating related spending across the Authority, to maximise procurement efficiencies;
- ensuring that order and contract documentation is available for audit and review purposes;
- using appropriate external advisors where in-house expertise is not available;
- making use of relevant framework agreements and other select lists that have been established by other public bodies after following good practice for public sector procurement.

In order to participate in a framework agreement, the Authority must be within one of the classes of organisations which the agreement covers. If not, then we will seek to have the Authority added to the agreement;

- actively promoting collaboration, including partnerships and shared services, with other public bodies;
- clearly specifying its requirements, encouraging competition, and awarding contracts based on clear criteria which are specified in advance;
- requiring contractors to take all reasonable steps to meet their obligations under the Equality Act 2010;
- maintaining the currency of procurement practices in the light of changes to best practice and the law;
- as part of the annual programme of project and service reviews, examining the value for money of procurement activity relating to that project or service.

6. Good Practice

The Authority subscribes to the following principles of good procurement:

- 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. The cost of tendering for work will be kept to a minimum for suppliers, relative to the value of the contract;
- 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 will be treated equally throughout the procurement process;
- care will be exercised to avoid taking too narrow a view of how services 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 all bidders are fully aware of the basis for bid evaluation and that all stages of the procurement process can be audited satisfactorily. Unsuccessful bidders will be told the outcome of the contracting exercise, and on what grounds their bid was unsuccessful.
- When publicising contracting opportunities, we must comply with the law (public procurement regulations) but will otherwise take the approach that is deemed to be in the best interests of the Authority. This may involve publishing opportunities on the internet, or in another media, or inviting known contractors to apply. The results of all formal quotation and tendering exercises are also published on our website:

- Current Contract opportunities <http://www.yorkshiredales.org.uk/ydnpa/our-service-to-you/access-to-information/open-data/contracts-tenders>.

We are also required to use the Government's Contract Finder (<https://www.contractsfinder.service.gov.uk/Search>) to publish contracting opportunities in all cases where a procurement exceeds the EU threshold; below this level, we are required to use Contracts Finder in accordance with our internal procedures, which in the case of the Authority, is the £50k limit set for contracts above which a tendering exercise is required.

- Contracts Awarded <http://www.yorkshiredales.org.uk/ydnpa/our-service-to-you/access-to-information/open-data/procurement-data>.

Financial Regulations set out the process by which quotes and tenders can be submitted to the Authority by e-mail (clauses 5.13 and 5.14).

- Local authorities are required to publish items of spending over £500 on a monthly basis. See <http://www.yorkshiredales.org.uk/ydnpa/our-service-to-you/access-to-information/open-data/open-data-finance> for the Authority's published information, which covers all spending data, regardless of monetary value.
- The Authority will pay all invoices for goods and services received as soon as possible, and at least within the '30 day' limit set by central government. We will monitor our compliance with this requirement, recognising that prompt payment can assist small businesses in particular with their cash flow.
- We will actively manage all contracts to ensure that any opportunities to obtain additional value during the term of the contract are identified and acted upon.

7. Sustainability

The Authority aims to minimise the environmental impact of its procurement through rigorous application of the following principles:

- **Reduce** – by only purchasing new goods that are absolutely necessary (i.e. when it isn't possible or viable to re-use or repair goods already purchased). Whenever a piece of equipment is being replaced, we will seek any opportunities to buy a more eco-efficient version.
- **Re-use** – by purchasing products, wherever possible, that can be re-used many times, rather than disposable ones.
- **Repair** – by purchasing, wherever possible, products that have been designed and manufactured to allow for their repair or for the replacement of individual parts.
- **Recycle** – by purchasing, wherever possible, products that are made from recycled materials, and/or that may be recycled themselves, or that are biodegradable.

Wherever practicable, 'whole life' costs (and not just the initial price) will be considered when assessing value for money. These include:

- purchase, packaging, transportation, installation and commissioning costs;

- operating costs, including labour, maintenance, re-processing, recurring license charges, energy and energy efficiency; carbon, water and consumables usage;
- management costs, including staff training, insurance, health and safety and environmental costs;
- life expectancy whilst remaining fit for purpose;
- disposal costs.

Sustainability will be incorporated as a central component in any architectural, engineering, design or construction contracts.

Financial Regulation 5.2 permits budget managers to consider the environmental impact of purchasing, and sets limits below which officers are permitted to spend slightly more (than the cheapest possible price) on goods or services which are more sustainable. This can include buying locally-provided goods or services, where environmental benefits can be demonstrated from their use (such as significantly lower travel volumes incurred).

8. Competitive Policy

The Authority makes no assumption on the best method for supply/service provision, and will consider different options for such provision. Our policy is to procure contracts through open competition based on our stated 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 value for money or whether changes should be made.

Where a procurement decision is to be made other than solely on price, any additional criteria will be explained clearly in the request or offer to quote or tender. Such criteria may, for example, include quality or environmental factors, financial stability or prior experience of providing similar services.

Pre-Qualification Questionnaires (PQQs) may no longer be used as part of a contracting exercise. Instead, selection criteria should be defined at the start of the process; advice on devising such criteria can be obtained from the Solicitor.

Procurement exercises which are covered by EU Procurement rules, threshold limits for which can be found at <http://www.ojec.com/thresholds.aspx>, must comply with the Public Contracts Regulations 2006, and are subject to a mandatory standstill period between the decision to award a contract and contract conclusion (Financial Regulations, paragraph 6.3). Contracts of this size are also subject to:

- the Remedies Directive 2009, which enables the Courts to set aside contracts where it is proven that there has been insufficient competition;
- the Public Services (Social Value) Act 2012, which requires the Authority to consider how what is proposed to be procured might improve the economic, social or environmental well being of the Authority's area and how the Authority might act in securing that improvement where it is proportionate to take those matters into account.

Advice on these matters will be provided by the Solicitor, who will also advise on any changes to these requirements which arise as a consequence of the UK leaving the EU.

9. Risk Management

In addition to the generic risks associated with procurement activity, there is a small number of specific risks that require management:

- In the event that an officer managing an ongoing contract or service leaves the Authority, there is a significant risk of loss of continuity. Directors will ensure that there is a thorough hand-over process in such instances.
- All officers are required to declare any personal interests that they or members of their close family may have in any organisation which has or may seek to have a contractual relationship with the Authority. Managers will ensure that persons with such interests will not take any part in relevant procurement exercises.
- As part of the contracting process, the financial viability of potential contractors is assessed based on their last three years of published accounts. Because this procedure risks excluding any newer suppliers, in instances where a supplier without long term experience is likely to be able to demonstrate capability, consideration will be given to waiving the requirement.
- Procurement activity takes place within a framework defined by a range of legislation, which continues to evolve. We will ensure that managers responsible for procurement are made aware of any new changes that affect the Authority's processes.

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Procurement (= “buying things”)How do I go about it and where can I find resources to help me?

Key resources referred to below can be located as follows:

YDNPA Procurement Strategy	From the Intranet home page
Financial Regulations	From the Intranet home page
Legal Practice Manual	X:/Corporate Services/Legal/1Practice Manual/13 Contracts

Question	Answer
Does YDNPA have a policy or strategy in relation to procurement?	Yes. See the Procurement Strategy on the Intranet.
What procedures do I need to follow?	That depends primarily on the value of what you are buying. See Financial Regulation 5.9. In summary: <ul style="list-style-type: none"> • If it is going to cost less than £5000 the relevant budget holder can buy it in whatever way they think will provide best value for money. • If it is going to cost over £5000, written quotations are required. • If it is going to cost over £20,000, a written contract is required as well. • If it is going to cost over £50,000, a tendering process is required (instead of written quotations). • If it is going to cost over £164,000 (as at November 2016), EU public procurement rules must be followed. See document 13.1.1 in the Legal Practice Manual for a general “walkthrough” of the process.
How do I work out what it is going to cost?	It’s your best estimate based on previous experience, experience of colleagues elsewhere etc. The calculation of cost must be the total cost over the whole period (e.g. a 3 year contract for £10,000 a year costs £30,000). You must not break your requirements down into bits to try to get underneath any of the financial thresholds.
I’m going to need to seek quotations. How do I do that?	See Financial Regulation 5.13 and document 13.1.1 in the Legal Practice Manual
I’m going to need to seek tenders. How do I do that?	See Financial Regulation 5.14 and document 13.1.1 in the Legal Practice Manual
Are there are circumstances in which I can just ask for a tender from one contractor, rather than having to go out to competition?	See Financial Regulation 5.14.13
I’m going to need a written contract. How do I go about that?	See Financial Regulation 6.1 See documents in Section 13.2 of the Legal Practice Manual, which includes written contracts.

I need to send out a questionnaire to people who are interesting in tendering. Do we have an example I can base this on?	See document 13.2.1 in the Legal Practice Manual.
Do we have an example of documentation I could use for seeking quotations?	Yes: document 13.2.2 in the Legal Practice Manual. You can adapt this to your needs. Ask Legal Services for help if you need it.
Do we have an example of documentation I could use for seeking tenders?	Yes: document 13.2.3 in the Legal Practice Manual. You can adapt this to your needs. Ask Legal Services for help if you need it.
Are tenders / quotations just about the lowest price, or can other issues be considered?	Other issues can be considered – in particular quality: see document 13.1.3 in the Legal Practice Manual. See also Financial Regulation 5.2 in relation to environmental issues.
Do we have to tell bidders what the criteria are that we are going to use to decide who gets the contract?	Yes. See paragraph 6 of the Procurement Strategy, and document 13.1.3 in the Legal Practice Manual.
Can we take environmental / sustainability issues into account in procurement?	Yes – see Section 7 of the Procurement Strategy. Relevant points would have to be included in the tender / quotation documentation. See also Financial Regulation 5.2
I've advertised the contract and several organisations have applied to tender. Do I have to invite them all to tender, and if not how do I decide between them?	No you don't have to invite them all. Inviting between 3 and 5 is normal, though you may invite more if there are good reasons. See document 13.1.2 in the Legal Practice Manual to help you decide who to invite.
It seems I'm going to have to follow the EU public procurement procedures. What does this involve?	See document 13.1.1 in the Legal Practice Manual.
What happens if I've only received quotations from fewer than three potential suppliers?	You'll need a delegation agreement to proceed, in line with paragraphs 5.12.2, 5.13.2 and 5.14.13 of Financial Regulations, contact the Finance team or the Director of Corporate Services.
I've just completed a tendering exercise and want to award the contract. Is there a standard form letter I can send out?	Yes. Letters in fact, as you need to write to the contractors who were unsuccessful, as well as the one who won. See Legal Practice Manual documents 13.2.4 and 13.2.5
I've just completed a tendering exercise under the EU rules, and I understand there's a "standstill period" before I can award the contract. Where can I find out about this?	Financial Regulation 6.3 You also need to complete a "Record of Contract Awarded" form – see 13.2.6 in the Legal Practice Manual.