

Committee: FINANCE AND RESOURCES

Date: 8 February 2022

Report: REVIEW OF PROCUREMENT STRATEGY

Purpose of the Report

1. To present Members with details of the recent review of the Authority's Procurement Strategy.

RECOMMENDATIONS

2. Members are requested to:
 - (i) Approve the updated Procurement Strategy; and
 - (ii) Delegate authority to the Solicitor and Monitoring Officer to make minor amendments to the Procurement Strategy when new procurement legislation comes into effect.

Strategic Planning Framework

3. The information and recommendations contained in this report is consistent with the Authority's statutory purposes and its approved strategic planning framework:

Corporate Plan

Objective 37: Operate Governance Arrangements that are fit for purpose as reported through the Annual Governance Statement and Annual Governance Report.

Action 37.9: Review the Procurement Strategy and produce a Procurement Manual for officers.

Background

4. The Authority's Procurement Strategy (the Strategy) was last reviewed in November 2016. In line with our schedule of reviewing all strategies and policies at least every five years, a review of the Strategy has been conducted to ensure it is still current and remains fit for purpose.

Review

5. The updated Strategy is attached as an **Appendix**. Section 6 of the Strategy regarding sustainability and environmental considerations has been strengthened and a small number of changes have been made throughout. None of these

changes are fundamental, rather the text has been streamlined for clarity and some detail has been transferred into the Procurement Manual. The Procurement Manual represents the previous officer guidance which has been updated to be more accessible and coherent and which provides operational “day-to-day” guidance on procurement to complement the Strategy.

6. The Member Champion for Corporate Management has confirmed that, in their view, the proposed revision of the Strategy is appropriate.

Changes to Procurement Legislation

7. On 6 December 2021 the government published its response to its consultation on the Green Paper on Transforming Public Procurement. Changes will be made to regulated procurement procedures which are anticipated to include reducing the number of procurement procedures, introducing new grounds for exclusion including to make it easier to exclude a bidder for previous poor performance and increased transparency obligations. The various current sets of procurement regulations will also be consolidated into a single regulatory framework. These changes are not expected to come into force until 2023 at the earliest.
8. Whilst the majority of the procurement conducted by the Authority is unregulated because its value falls below the financial threshold set out in the Public Contracts Regulations 2015, the Authority does have a small number of procurements (cash collection, cleaning contract and lease vehicles) that will be impacted by the changes to the public procurement rules. Minor changes may need to be made to this Strategy to reflect the changes to legislation and it is proposed that the Solicitor and Monitoring Officer is authorised by Committee to make those amendments when the new procurement legislation comes into effect.

Conclusion

9. Please see recommendation at Paragraph 2.

Clare Burrows
Solicitor and Monitoring Officer

10 January 2022

PROCUREMENT STRATEGY



Aim:

This Procurement Strategy (Strategy) has been produced to ensure the best use of resources in support of the Authority's 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.

1. Introduction

- 1.1 Procurement is the process of acquiring goods, works and services from third parties including other public bodies and the voluntary sector. This Strategy applies to all such spending, with the exception of those items over which the Authority has no discretion (e.g. business rates).
- 1.2 Overall responsibility for the implementation of this Strategy lies with Senior Managers. All officers must have regard to this Strategy when undertaking any procurement activity.
- 1.3 The Authority spends approximately £4m - £5m a year on procurement, representing 50% of its annual budget (the other 50% being staff costs). There is an over-arching presumption that sustainability and environmental impact considerations will be at the core of procurement decisions. Guidance on how best to achieve this, in the context of our obligation to follow Best Value principles, is included within the Authority's Procurement Manual, which supports this Strategy.
- 1.4 References to contract value in this document are to the relevant amount net of VAT.

2. Approach to procurement

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

3. Methodology

3.1 The Authority has detailed procedures for procuring goods and services and this Strategy must be read and used in conjunction with these:

- Financial thresholds for purchasing goods and services and the methods for doing so and procedures for opening and evaluating tenders and for letting contracts are found in the [Financial Regulations](#). A summary of financial thresholds is included in the Finance Handbook. The Finance team will provide assistance with all of these aspects.
- A Procurement Manual for officers which includes relevant matters to take into account in specifications and tender evaluation and standard terms and conditions to be used for contracts. The Solicitor will provide advice on these matters.

4. Procurement Aims

4.1 When conducting procurement, the Authority aims 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;
- purchase goods and services which enhance the sustainability of the Authority's operations, and from suppliers whose environmental practices and products are sound;
- encourage local, small and medium size enterprises to bid for the Authority's contracts;
- 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;
- secure the purchase of goods and services as quickly and efficiently as possible;
- comply with legal requirements and relevant government guidelines.

4.2 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;
- 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.

5. Good Practice

5.1 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 but will otherwise take the approach that is deemed to be in the best interests of the Authority. This may involve publishing opportunities on our website, 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.

5.2 We are required to use Contracts Finder to publish contract opportunities which exceed £25,000 where the opportunity is also advertised in another way, for example, on our website, in a trade publication or newspaper. We are also required to publish contracting opportunities on Find a Tender Service and Contracts Finder in all cases where a procurement exceeds the financial threshold set out in the Public Contracts Regulations 2015.

5.3 Local authorities are required to publish items of spending over £500 on a monthly basis. The Authority's published information can be found on our website, which covers all spending data, regardless of monetary value.

- 5.4 As part of the [Local Government Transparency Code](#) requirements, we publish our Contracts information on our website every quarter. This applies to all Contracts valued at over £5,000.
- 5.5 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.

6. Sustainability and Environmental Considerations

- 6.1 Sustainability is about adapting the way we live and work to minimise negative impacts on other people and on the natural environment on which we depend.
- 6.2 The Authority is committed to minimising its negative environmental impacts and our last [Carbon Reduction Plan](#) was adopted in March 2020. The manner in which the Authority procures goods and services has a central role to play in ensuring that the Authority meets its commitments.
- 6.3 The best environmental option is to procure and use less. This will conserve resources and reduce pollution, as well as significantly reducing the amount of waste produced. Before buying any goods, officers should consider whether consumption can be reduced by reusing or repairing existing materials and goods. Consideration should also be given to whether alternative procedures can be put in place to remove the need to buy goods. Can goods be shared, borrowed or loaned rather than purchased?
- 6.4 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) and to reduce over-ordering.
 - **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 with minimal environmental damage, or that are biodegradable.
- 6.5 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.

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

6.7 The Authority recognises the advantages of sourcing local goods and services where possible for the Authority and the local economy.

6.8 Financial Regulation 5.1.2 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).

7. Equality

7.1 The Authority is committed to promoting equality of access. The Authority will treat all people equally including those contracting to supply goods or services. It will not discriminate on the grounds of a protected characteristic within the meaning of the Equality Act 2010 or on any other unjustifiable grounds.

7.2 Suppliers or contractors appointed for the provision of goods or services will have to comply with these criteria.

8. Competitive Policy

8.1 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.

8.2 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**.

8.3 Procurement exercises which meet the financial threshold must comply with the Public Contracts Regulations 2015, and are subject to a mandatory standstill period between the decision to award a contract and contract conclusion. Contracts of this size are also subject to 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.

9. Risk Management

9.1 Risk management is an integral part of the procurement process and should be considered at the planning stage of any procurement. Management of risk involves having processes in place to monitor risks, access to reliable current information about risks and appropriate levels of control within a framework of risk identification and analysis,

9.2 In addition to the generic risks associated with procurement activity, there are 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 may be 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.

10. Contract Management

10.1 The Authority takes a proportionate approach to contract management. Where appropriate, contracts will include quality and performance standards which are monitored and reviewed. We will manage contracts to ensure that any performance issues are addressed and that opportunities to obtain additional value during the term of the contract are identified and acted upon.

10.2 Plans should be made well in advance of the expiry of a contract for re-letting it based on a review of previous and current arrangements and performance.

Document Status	
Date adopted	February 2022
Adopted by	Finance and Resources Committee
Lead Officer	Clare Burrows
Date of next review	No later than February 2027 (5 years)