

Cabinet Report



Listening Learning Leading



Report of Head of Finance

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To: CABINET

Dates: South Oxfordshire District Council 30 September 2021

Vale of White Horse District Council 1 October 2021

Joint Procurement Strategy

Recommendations

- (a) That cabinet approves the Joint Procurement Strategy and the actions within it, as set out in **Appendix 1** to this report
- (b) That cabinet approves the Procurement Action Plan and the actions within it, as set out in **Appendix 2** to this report
- (c) That cabinet approves the Ethical Procurement Statement and the actions within it, as set out in **Appendix 3** to this report

Purpose of report

1. For South Cabinet and Vale Cabinet to separately approve the Joint Procurement Strategy.

Corporate objectives

2. The proposed Joint Procurement Strategy directly supports all of both councils' corporate priorities and strategic themes

Background

3. Best practice dictates that organisations should have an overarching Procurement Strategy in place to offer clear guidance for officers when procuring goods and services, whilst at the same time supporting the organisations' priorities and strategic themes.
4. The risk to the council in not having a Procurement Strategy is that officers do not have guidelines to follow to ensure that the council is not open to challenge because of their procurement activities. It is difficult to know whether there are any increased risks at this current time due to contracts already in place.
5. The Strategy should also offer clear guidance to ensure procurements comply with both statutory requirements and the councils' own constitutional requirements.
6. Sitting alongside the Strategy, organisations require an accompanying Procurement Action Plan to set out a program of activities that will help achieve the objectives of the Strategy.

The proposed Procurement Strategy and proposed Procurement Action Plan and Ethical Procurement Statement are attached to this report as **Appendix 1, Appendix 2, and Appendix 3** respectively. Also attached, for information at **Appendix 4** is the application of contract procedure rules requirement from the Constitution.

Options

7. The recommended course of action is for the Strategy and Action Plan to be agreed and adopted by Cabinet. This will give the councils, and importantly individual service teams, clear direction, and guidance of matters to be considered and procedures to be followed when purchasing goods, services and works. In turn, this will ensure resources are focussed on delivering the councils' priorities and strategic themes. Additionally, and not to be underestimated, is by having a clear Strategy and Action Plan it will minimise the risk of non-compliant procurements which could be subject to challenge.
8. An alternative option, which is not recommended, is to not have a defined Strategy and Action Plan. This option might be considered as giving service teams more freedom and flexibility in their work without the constraints of a defined framework to operate within. However, this option would increase the risk of procurements being undertaken that do not support the councils' priorities and strategic themes and/or procurements being non-compliant and opening the councils up to challenge, and the associated costs that can bring.

Climate and ecological impact implications

9. Climate change commitments are included within the Strategy at **Section 2 (Objectives)**. As mentioned above, it is highly important for the councils to have a clear procurement strategy that supports their priorities and strategic themes. This will help ensure climate and ecological impacts are considered when buying goods, services, and works and therefore support the councils' priority to tackle the climate emergency.

Financial implications

10. There are no direct financial implications arising from the adoption of a Joint Procurement Strategy.
11. However, by having a clear Strategy and Action Plan the councils will be better placed to ensure value for money is achieved. Additionally, as mentioned above, this course of action will reduce the likelihood of subsequent (costly) challenges to non-compliant procurements.

Legal implications

12. There are no direct legal implications arising from the adoption of a Joint Procurement Strategy.
13. However, as previously mentioned, by having a clear Strategy and Action Plan the councils will be better placed to reduce the likelihood of subsequent (costly) challenges to non-compliant procurements.

Risks

14. If the councils do not adopt the Procurement Strategy and Procurement Action Plan it will increase the risk of procurements not supporting their priorities and strategic themes and/or leaving themselves open to challenge to non-compliant procurements.

Conclusion

15. As set out in the main body report, it is best practice to have a Procurement Strategy and Procurement Action Plan. This course of action will not only increase the likelihood that the buying of goods, services and works will support the councils' priorities and strategic themes, it should also improve compliance.

Background papers

- None



Procurement Strategy

2021/22 – 2025/26






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1. Introduction

- 1.1. This procurement strategy is a high-level document which sets out the approach to show how procurement will support the councils' corporate plans and their priorities and strategic themes for the next five years
- 1.2. The aim of the strategy and its underlying procedures is to bring value for money to the forefront of any expenditure when procuring services, goods and works. The strategy will help to ensure efficient and economic contracts are in place, that are managed well, and help to reduce costs and risk within the supply chain. The strategy will also help to ensure procurements contribute to the economic, social, and environmental benefits for our communities.
- 1.3. The strategy establishes the rules to be followed in the procurement of works, goods, and services.
- 1.4. DEFINITION: "Procurement is the process of acquiring goods, services and works. The process spans the whole cycle from the identification of needs, through to the end of a service or 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". ¹
- 1.5. The councils' vision for procurement is to:
- challenge the buying decisions of the councils
 - is the procurement necessary?
 - is there another way of achieving the end goal?
 - the councils will only procure goods, services, or works when it represents best value² to do so
 - actively manage all third-party spend to support growth and reduce complexity, cost, and risk in the supply chain
 - actively manage our suppliers to act in a socially responsible way. (for example, does a supplier pay their staff the living wage).

Priorities and Strategic Themes of the councils

Vale of White Horse District Council		South Oxfordshire District Council
Providing the homes people need		Homes and Infrastructure that meet local needs
Tackling the climate emergency		Action on the climate emergency
Building healthy communities		Improved economic and community well-being
Building stable finances		Investment that rebuilds our financial viability
Working in an open and inclusive way		Openness and accountability
Working in partnership		Protect and restore our natural world

¹ National Procurement Strategy for Local Government 2018

²https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/418505/Revised_Best_Value_Statutory_Guidance_final.pdf

2. Objectives

The councils' intention is to procure goods, services and works that:

1. provide best value whilst meeting defined and agreed needs for cost and quality and to carry out all procurement in an environmentally, economically, and socially responsible manner in line with corporate plans
2. ensure all financial commitments and expenditure are managed and controlled in a consistent and effective manner and are conducted in a fair, objective, and transparent process
3. ensure sustainable procurement is embedded in the councils where the need for goods, services, works, and utilities are procured in such a way that achieves value for money on a whole life basis in terms of generating benefit not only to the councils but also to the local community and the economy, whilst minimising damage to the local environment and reducing carbon emissions
4. ensure ethical procurement is embedded in the councils by respecting fundamental international standards against criminal conduct (i.e. bribery, corruption and fraud) and human rights abuse (i.e. slavery in modern times) and respond immediately to such matters where they are identified; contributing to improvement to the lives of people involved in supply chains and people that are impacted by decisions made by supply chains
5. are accessible (through work with economic development colleagues) to local businesses, especially SMEs who may be suitable to bid for certain opportunities, keeping the money in the local economy and reducing the supply chain. In some instances the councils can reserve below threshold procurements for suppliers by location and/or SMEs / VCSEs, where appropriate³
6. ensure opportunities are packaged at an appropriate size to enable SMEs to bid for smaller parts of larger contracts/projects
7. will support South Oxfordshire District Council's delivery of its Climate Action Plan and the council's commitment to becoming carbon neutral within its own operations by 2025
8. will support Vale of White Horse District Council's delivery of its Climate Action Plan and the council's aim for a 75 per cent reduction in carbon emission in their own operations by 2025 and to become carbon neutral by 2030.

3. Governance, structure and corporate responsibility

- 3.1. The councils have a shared Exchequer and Procurement Service Manager, reporting directly to the Head of Finance who has overall responsibility for the procurement function.
- 3.2. The duties of the procurement function include:
 1. To challenge service teams with "do we really need to procure it?" or "can the outcome be achieved in a different way"
 2. supplier analysis and category management to identify supplier base, spend per supplier (total and average transactional spend) and spend per commodity as the basis for co-ordinated and efficient procurement and the implementation of this strategy and associated processes and procedures
 3. to assist service teams to develop specifications, qualitative evaluation criteria and contractual targets

³ Procurement Policy Note 11/20 Reserving Below Threshold Procurements

4. to measure suppliers' ethical and environmental performance against established baselines
 5. to advise and assist contract owners in the control and management of all contracts
(including facilitation, tendering and ongoing performance management to bring improvement to current contracts)
 6. to co-ordinate the actions of employees carrying out procurement activities across the councils in compliance with the strategy
 7. using the online portal to provide alerts for relevant contract opportunities to the market. Proactively advertising to local suppliers
 8. to use the councils' websites, in conjunction with the Economic Development team to advertise opportunities to local businesses who may not otherwise be aware of opportunities
 9. to encourage service teams to follow the wider Corporate Delivery Framework to ensure the correct approach is taken in regard to governance of a project and the appropriate approvals are sought.
 10. To develop and maintain procurement documentation and information on intranet for use by staff undertaking procurements
- 3.3. The procurement function, itself, will be subject to regular internal audits to ensure continued compliance with all policies and procedures.

4. Procurement policies, procedures, best practice and management information

4.1. Procurement Policies & Procedures

4.1.1. To support service teams in ensuring the above principles are sustained, the councils:

1. have documented procurement policies
 2. use an online procurement portal to manage the entire procurement process from expression of interest to contract award⁴ and allows the secure publication of contract opportunities and the entire procurement process to be open, transparent, and compliant with a full audit trail
 3. have an integrated supplier register in the online portal which is used to introduce competition into the procurement process
 4. have standard quotation, tender and contract documentation to ensure a consistent corporate approach
 5. have a procurement team able to provide advice and guidance
 6. have access to the Government's Contracts Finder system to advertise contracts (currently over £25k) in line with procurement legislation.
- 4.1.2 The councils also recognise that to achieve the procurement objectives, they will need to build capacity and skills within the organisation. As such training programmes will be developed to increase skills of staff engaged in procurement activity.
- 4.1.3 The councils are committed to ongoing review, of all applicable procurement documentation, processes, and procedures.

⁴ The council currently subscribes to the South East Business Portal (Proactis)

4.2. Countering fraud

- 4.2.1. The councils are committed to countering fraud and corruption and officers who procure goods, works, and services must be fully aware of the rules and procedures that support this aim.
- 4.2.2. Counter-fraud and corruption arrangements should be the consequence of effective business systems, practices, and control arrangements, specifically the:
 - procurement Strategy
 - procurement policies and procedures
 - employees' code of conduct, which applies to all procurement and especially the sections on relationships with contractors, personal interests, equalities, separation of roles in procuring/tendering, use of financial resources, gifts, and hospitality
 - anti-fraud and anti-corruption policy and process.

4.3. Management of risk

- 4.3.1. Risk management is embedded within the councils. The risk when procuring, including that of fraud and corruption, will be a key consideration and an integral part of the procurement process. The councils will identify the risks associated with major procurements and the contingency for service disruption in the corporate risk register, if applicable.
- 4.3.2. Procurement activity throughout the councils will be monitored on a regular basis by the Exchequer and Procurement Service Manager.

5. Ethical Procurement

- 5.1. The councils recognise that through the purchase of goods, services and works the resulting contracts should promote ethical procurement. Decisions made during the procurement process can have a direct effect on socio-economic and environmental implications.
- 5.2. The councils' approach to this is attached as Appendix 3 – Ethical Procurement Statement

6. Climate and Ecological Impacts

- 6.1. The councils require consideration of climate and ecological impacts to be at the heart of procurement decisions.
- 6.2. Due consideration of the carbon footprint of service delivery, goods manufacturing and provision of works should be factored into the procurement process through statements of requirements and evaluation criteria
- 6.3. Current Government policy requires local authorities to consider tackling climate change through their procurement activities.⁵

⁵ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/990288/PPN_05_21-National_Procurement_Policy_Statement.pdf

7. Standard of conduct

- 7.1. The highest standards of conduct must be observed by all employees engaged in procurement activity. In their dealings they must preserve the highest standards of honesty, integrity, impartiality, and objectivity and comply with this strategy, the procurement process and policies.
- 7.2. All procurement activity undertaken by employees must be conducted in a fair, objective, reasonable and transparent manner. This is monitored regularly by the Internal Audit Team.
- 7.3. In developing the procurement strategy and procurement procedures the National Procurement Policy Statement PPN 5/21, the National Procurement Strategy for Local Government in England 2018; The Public Contracts Regulations 2015, the Local Government Transparency Code 2015 and the Modern Slavery Act 2015 have all been considered.

8. Social Value

- 8.1. The Public Services (Social Value) Act 2012 requires the councils to consider how the economic, social and environmental well-being of their area may be improved when procuring public service contracts. It allows the councils to take into consideration, in the award of contracts, any offer of additional community benefit over and above the specified requirements, where these meet the councils' priorities. The Public Services (Social Value) Act 2012 is intended to have as a positive impact on:
 1. growth in the local economy by supporting local business and community groups
 2. the Improves and protection of the local environment
 3. residents' health, safety and wellbeing in the community by maintaining and improving the services provided including supporting vulnerable residents, reducing health inequalities and improves educational attainment.
- 8.2. The council's procedures will direct service teams, where relevant, to include Public Services (Social Value) Act 2012 requirements in their specifications and evaluation matrix

This strategy should be read in conjunction with the following council documentation:
Procurement Policy - Action Plan

Action plan

Task	Description	Comment	Date	Next Review Date
Standard procurement documents	Best practice dictates that if standard documents are used the procurement process is the same every time and ensures continuity	A suite of procurement documents and guidance notes were produced in 2019. These need to be reviewed and updated as necessary	April 2021	April 2022
Ethical Procurement	Ethical procurement involves Impartiality or objectivity <ul style="list-style-type: none"> • fairness and openness, • due diligence, competency and • a duty of care. 	Ethical procurement statement has been included in strategy. Will be included in staff training material	To be completed by end September 2021	September 2022
Sustainable Procurement	Procurement must achieve value for money on a whole life basis in terms of generating benefit not only to the council but also to the local community and economy	Working with Economic Development to make local businesses aware of the contract opportunities within the council	April 2022	April 2023
Contract Register	A register of all contracts/expenditure over £5,000 that are put in place by the Council	The contract Register is now in place and is continually being monitored by Procurement	April/May 2021	March 2022
Staff Training	Training on procurement policies and the use of standard documents to ensure that all staff involved in the procurement of goods and services are able to undertake procurement activities, where applicable	Initial training completed Nov 2019. Review of all training material and develop online learning information (LEAH)	To be completed by end September 2021	September 2022
Procurement Workplan	Prepare a high-level procurement workplan	This is currently in draft format and will be a working document	October 2021	April 2022

Appendix 2

Reduction of Supplier Base	Decreasing the number of active suppliers through consolidation of multiple contracts	Step by step reduction in the supplier base. Where multiple suppliers are providing the same services to the council	Exercise to commence in April 2022	April 2023
External Website	Keep procurement pages on the external website up to date and fresh	Effectively advertising the councils' procurement activity.	End September 2021	October 2022
E-tendering Portal	E-tendering is the use of electronic tools to increase efficiency and reduce costs during the tendering process. Through the use of e-tendering, a reduction in paper and overhead costs for both suppliers and buyers can be expected	The council is part of the South East Business Portal. Build the supplier base on the portal to ensure that local suppliers, especially SMEs are aware of all opportunities.	April 2022 in conjunction with Economic Development team	April 2023
Local Government Transparency Code 2015	This code sets out the minimum requirements for local authorities to publish sets of data one of which is procurement contracts awarded with a value of >£5,000.	Prepare information using the contracts register and publish on a quarterly basis.	October 2021	October 2022

Ethical Procurement Statement

This statement sets out South Oxfordshire District Council and Vale of White Horse District Council's approach to ethical procurement.

It is based on the following principles⁶ with advice on how to apply them when procuring goods, services, and works for the councils:

1. working conditions are safe
2. promotion of good health
3. employment is freely chosen
4. working hours are not excessive
5. wages meet, at least, the national minimum standards
6. training is provided
7. diversity and good workforce practices are encouraged
8. child labour is eliminated
9. inhumane treatment is eliminated
10. Minimise environmental impact⁷

Legal requirements

Public procurement must be carried out in accordance with UK Public Procurement Directives.

This requires the councils to award relevant contracts, whether subject to procurement rules⁸ or not, in line with EC Treaty principles, including the principles of non-discrimination, equal treatment, transparency, fairness, mutual recognition and proportionality.

These ethical principles are mostly governed by law within the UK/EU and, as such, are legal requirements which would be grounds for excluding a supplier from an award of contract if breached.

These principles, where appropriate, will be included in the councils' standard terms and conditions to ensure that suppliers fully understand the councils' expectations.

Working Conditions are safe

Operate appropriate health and safety policies and procedures overseen by a senior manager responsible for compliance and monitoring and ensuring employees have the necessary training and health and safety equipment.

Provide comfortable and hygienic working conditions with clean toilets and water suitable for drinking and washing.

⁶ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/69421/ethical-procurement-policy-statement.pdf

⁷ List not in order of priority

⁸ https://www.legislation.gov.uk/ukxi/2015/102/pdfs/ukxi_20150102_en.pdf

Promotion of good health

Invest in measures for tackling ill health as healthy employees experience a better quality of life and tend to be more productive.

Employment is freely chosen

Afford employees the freedom to choose to work and not use forced, bonded or nonvoluntary prison labour.

Afford employees freedom of association with the right to join an independent trade union or other workers' associations and to carry out reasonable representative functions in the workplace.

Facilitate alternative means of democratic representation where laws restrict freedom of association and collective bargaining.

Working hours are not excessive

Comply with national and international laws or industry standards on employee working hours, whichever affords greater protection

Wages meet, at least, the national minimum standards

Work towards paying the Living Wage and provide wages and benefits at rates that meet at least national legal standards.

Provide employees with an easy-to-read contract of employment clearly explaining wage levels.

Wages should be in cash and not in kind (e.g. goods, vouchers) with no deductions made unless permitted under national law or agreed by the employee, without duress.

Training is provided

Suppliers will be expected to show, where applicable, training programmes for staff to raise skills and aid professionalism

Diversity and good workforce practices are encouraged

No discrimination - Practice no discrimination in hiring, compensation, training, promotion, termination, or retirement either directly or indirectly, in accordance with the Equality Act 2010 (or subsequent iteration of the Regulations). For the avoidance of doubt this includes compliance with Regulations in relation to blacklisting employees.

Disputes procedure - Provide clear and accessible processes for resolving disputes with employees.

Child labour is eliminated

Provide for any children found to be performing child labour to attend and remain in quality education until no longer a child.

Ensure no children and young persons are employed at night or in hazardous conditions, as defined by the International Labour Organisation.

Inhumane treatment is eliminated

Suppliers must prohibit physical abuse or coercion, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation

Minimise environmental impact

Consideration of the environment and impact on climate change should be made in all procurements, ensuring minimal impacts. Suppliers should be able to demonstrate their environmental standards.

Reference Documents

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/69421/ethical-procurement-policy-statement.pdf

Other local authority published statements

Application of contracts procedure rules requirements

Contract Value	One Written quotation	Three Written quotations	Tenders	Tenders Opened by officers or Validator	Acceptance of tenders by officers	Acceptance of tenders by relevant Cabinet/member or Committee	Order / Contract Signed by head of service	Contract Approved and Sealed by HLD	Bond Required
Up to £10,000	Yes	Optional	No	N/A	N/A	N/A	Yes	Optional	N/A
£10,001 - £75,000	No	Yes	Optional	Yes	If within Budget	If exceeds Budget	Yes	Optional	N/A
£75,001 – UKT ⁹	No	No	Yes	Yes	No	Cabinet member	No	Yes	Risk Assessment must be carried out
Over UKT	No	No	Yes/UKT	Yes	No	Cabinet or relevant Cabinet member or committee	No	Yes	Risk Assessment must be carried out

⁹ UKT – UK Threshold for Procurement