
NORTH NORFOLK
DISTRICT COUNCIL



PROCUREMENT
STRATEGY

April 2015 to March 2018

Contents

1. Executive summary	2-3
2. What is meant by procurement?	3-4
3. The Council's procurement principles	4-8
4. Local Purchasing	8-9
5. Transparency	9
6. Electronic procurement (e-procurement)	10
7. Risk management in procurement	10-11
8. Probity	12
9. Procurement Code of Conduct	11-12
10. Procurement developments	12

1.0 Executive summary

The Procurement Strategy 2015/16 to 2017/18 establishes the Council's strategic approach to procurement. This strategy should be read in conjunction with the Council's Finance Code of Practice, Contract Procedure Rules and Scheme of Delegation.

This Procurement Strategy also emphasises the increasing importance of, using procurement to support wider social, economic and environmental objectives, in ways that offer real long term benefits.

The Council recognises the importance of a strong and vibrant local economy and the role it can play in stimulating local markets.

The Council has developed its internet site (<http://www.northnorfolk.org/business/314.asp>) to provide potential suppliers with a host of information in relation to the Council's procurement processes, which includes a portal advertising all current tender opportunities.

The Corporate Plan, which sets out what the Council intends to do. It is revised every 4 years.

The current Corporate Plan covers the period 2012-2015 and it sets out the following areas as the Council's main priorities for that period.

- Jobs and the local economy
- Housing and infrastructure
- Coast, countryside and built heritage
- Localism
- Delivering the vision

This strategy provides a corporate focus for procurement, embracing the Council's commitment to strategic procurement and it's alignment with corporate objectives and values. The document is not intended to be a 'user manual', although the principles contained within the strategy should be applied to all facets of

procurement activity. Additional detail regarding the Council's procurement processes can be found within the Contract Procedure Rules. Additionally there are user guides available on the intranet and the Procurement Toolkit has been updated.

2.0 What is meant by procurement?

Procurement is the process of acquiring goods, works and services, covering both acquisitions from third parties and from 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 a useful life of an asset.

Procurement is concerned with the management of the entire supply chain from manufacturer/service provider/works contractor to end-user. The essential task is to identify the optimum route to achieving Value For Money (VfM) in each instance and to employ maximum skill and determination in achieving it. Selection of the best suppliers and managing new forms of relationships with them will lead to the continual improvement of services.

Changes to Local Government funding underline the need for Local Authorities to have efficient and effective procurement strategies. These will support the delivery of front line services. Every aspect of local authority service involves procurement.

There are two main distinguishable aspects to procurement as follows:

- the strategic core function of determining strategy and organisation to ensure that services are purchased and delivered effectively; and
- the professional task of procurement covering both the traditional purchasing of goods and services for the Council's departments and contracting for services direct to the community.

Competitive procurement remains the cornerstone of the Council's procurement approach but there will be circumstances where a direct contract with a sole supplier will be appropriate.

Strategic procurement is a series of activities and processes that sits at the heart of the Council, providing the framework by which the Council obtains value for money in all the goods, services and works that it requires.

A procurement strategy is vital to:

- Securing best value for the Council from money spent
- Supporting the Council's priorities
- Formalise key messages on procurement to officers and members
- Provide consistency and ensure best practices in procurement
- Provide a source of information regarding the Council's approach to procurement for internal and external use
- To create a climate in which all parties (internal & external) can contribute to achieving best value and value for money

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- To comply with legislation, government and other procurement guidance and external audit requirements.

3.0 The Council's procurement principles

The Council's Procurement Strategy recognises that different models and approaches will be required for the very different and divergent services that the Council has responsibility for. The Council will apply the following guiding principles in its procurement activity.

- Consider the impact of all major procurements on the achievement of the strategic priorities of the Council identified within the Council's current and future Corporate Plan.
- The Council will undertake all procurement activity within a corporate framework, applying the overriding principles of fairness, openness and transparency to all activities.
- Preserve the highest standards of honesty, integrity, impartiality and objectivity in all dealings.
- Strategic procurement will ensure that the Council obtains value for money in the acquisition and management of its resources, balancing quality and cost, and supporting improved service delivery through the freeing up of resources.
- Consider the potential for innovation, the management and balance of risk, and the opportunity for new or alternative methods of service delivery.
- All procurement activity should support and promote Council policies and priorities, including equal rights, sustainability, value for money and supporting the local economy.
- Operate within the framework determined by European Union and United Kingdom law and those outlined within Finance Code of Practice and Contract Procedure Rules, in that order of precedence.
- Utilise competition as a means of achieving economy, efficiency and effectiveness, wherever appropriate and seek to ensure that this contributes to the competitiveness of suppliers, contractors and service providers.
- Ensure that procurement activity is customer focused, involving internal consultation and involvement to support service objectives. Feedback will be sought and customer satisfaction measured as a means of improving performance.
- Consult end Service Users, where appropriate, to ensure that the service meets their needs, especially where decisions directly affect their lives.

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- The Council will ensure that procurement activity is undertaken in the most effective and appropriate manner, considering all options including (although not exclusively);
 - Development of strategic partnerships, particularly where these will result in significant service improvements and/or efficiencies
 - The use of collaborative procurement with other Councils and organisations
 - Development and promotion of corporate contracts
 - Use of consortia arrangements and framework agreement such as those available through the Eastern Shires Purchasing Organisation (ESPO) and the Crown Commercial Services (CCS)
 - Continue to support the local economy and SME's, breaking down barriers to entry into the Local Government market place where these exist
 - All procurement will be assessed on a whole life costing and benefits basis and procurement decisions will be evidence based.

Effective procurement is crucial to achieve continuous improvement and to securing value for money in public services. The Council is one of the largest purchasers of goods and services in the district, and has both legal and moral responsibilities when making procurement decisions.

It is important to ensure that procurement decisions are legal, ethical, in accordance with the policies and procedures of the Council and that consideration is given to the impact on the economic, social and environmental well-being of the district. Coordinated and focused procurement activity enables the Council to proactively contribute to both the Community Strategy and the Corporate Plan.

Set out below are six key areas that underpin the procurement principles outlined above.

(i) Value For Money

The Council will aim to achieve value for money, defined, for the purposes of this Strategy, as the best combination of whole-life cost and quality to fulfil the requirements of the users of the service (internal or external as appropriate) or works (e.g. a building) or commodity.

The Council will take a long-term strategic view of the procurement of its requirements, including the potential for innovative funding and the opportunity for working with other authorities especially for goods and services which can be procured more cost-effectively in a collaborative group.

The ability to radically re-think and re-shape the way the Council undertakes

procurement and secures continuous improvement is key.

(ii) Savings

It is essential that the Council not only adopts processes to secure value for money, but that it can evidence the efficiencies obtained to demonstrate delivery of value for money services.

One of the major benefits of effective procurement is its cash-releasing capability. By purchasing works, goods and services more effectively, it should be possible to reduce prices and other costs without having a detrimental effect on services.

(iii) Sustainability

- Any procurement will aim to minimise harm to the environment and to promote conservation of natural resources.

(iv) Equality

North Norfolk District Council aims to treat people fairly, justly and with respect in both employment and service provision, to find ways to support those groups who are disadvantaged or excluded and promote inclusivity and celebrate diversity.

In addition to this, there are several pieces of recent legislation, which collectively, require that the Council must:

- Eliminate unlawful discrimination and harassment.
- Promote equality of opportunity.
- Promote good relations between persons of different backgrounds.
- Encourage participation in public life for people of different backgrounds.

The Council will treat all people fairly including those contracting to supply goods or services. It will not discriminate on the grounds of age, colour, disability, ethnic origin, gender, and sexuality or on any other unjustifiable grounds. Suppliers or contractors appointed for the provision of goods, services or works will have to comply with these criteria.

(v) Partnering

The Council acknowledges the importance and significance of partnerships in delivering services and already benefits from a range of partnerships with the private, public and voluntary organisations.

Partnering may be identified through strategic service performance reviews to provide opportunities for providing improved delivery of a major project or service. This would necessitate the creation of a sustainable relationship with suppliers in the public, private, social enterprise or voluntary sectors to deliver services, carry out major projects or acquire supplies and equipment. The Council will encourage the

development of new methods or approaches to procurement that will deliver services more efficiently, effectively and economically.

Benefits could include:

- better designed solutions
- integration of services for customers
- access to new and scarce skills
- economies of scale and scope
- investment
- community benefits (including jobs and local economic effects)
- the sharing of risk and reward

Partnerships can often have a vital role to play in helping to secure value for money, and the Council would seek to test potential partnership options by:

- Carrying out a challenging option appraisal
- Examining partnering models, including:
 - Public Sector consortium
 - Non-profit distributing organisation
 - Voluntary and Community sector provision
 - Partnering contract
 - Local Authority Company (Local Government Act 2003)
 - Joint Venture Company
 - Framework Agreement

(The preferred model should be identified through a business case before Procurement commences. This should show a clear rationale and mandate for the partnership. This includes a clear terms of reference and political support).

- Examining opportunities for the collaborative procurement of partnerships
- Following best practice in the partnership procurement process, including:
 - building continuous improvement into contracts
 - adopting a structured approach to project and risk management
 - streamlining the process to procure partnerships

In certain situations a properly procured and managed strategic service delivery partnership could potentially help the Council achieve step-changes in the quality of service provided (subject to a robust business case and thorough options appraisal). Strategic partnering of this nature can provide access to new ways of thinking, new resources and new skills whilst allowing for innovation and the pursuit of long-term or difficult goals.

Partnerships can provide access to new investment, opportunities and skills that the Council would not necessarily be able to achieve on its own, and the Council is

therefore committed to exploring all options in order to provide the quality services demanded by tax payers both now and in the future.

(vi) Collaboration

Collaboration between North Norfolk, other Councils and public bodies to combine buying power, to procure or commission goods, works or services jointly or to create shared services is seen as an option which can really 'add value'. This form of public-public partnership should, in appropriate circumstances, be regarded as an option capable of delivering economies of scale and accelerated learning. The Council will seek, for example, to extend existing activities and develop new and emerging activities including:

- Participation in "local" procurement groups and networks.
- Development of a countywide contracts database to help to identify collaborative opportunities
- Extending the use of 'open' framework agreements to enable use within the local or regional public sector community, such as those provided by the Crown Commercial Services (CCS), and Eastern Shires Purchasing Organisation (ESPO)

4.0 Local purchasing

The Council understands its responsibilities to local communities and the opportunities afforded through procurement to help deliver corporate objectives, including the economic, social and environmental objectives set out within the Corporate Plan.

The Council will support businesses within North Norfolk through a range of initiatives including:

- Making it simpler to do business with the Council.
- Reduce the bidding burden on suppliers.
- Have regard to the impact on small/local firms of the way in which a procurement is structured.
- Providing clear information about selling to the Council on our website.
- Advertising contract opportunities with particular attention to local media where appropriate and in accordance with any applicable legislation.
- In longer-term contracts, the Council will incorporate provisions for continuous improvement both within the contracted service and to the the benefit of the community it is serving.
- In higher value contracts the Council will challenge contractors to identify ways in which they can contribute to improving the economic, social and environmental well-being of North Norfolk.

It is important to understand that procurement legislation limits the Council's ability to favour local businesses, but there are numerous ways in which the Council can legitimately support local businesses as follows;

- Continuing to work pro-actively with local businesses and partners (such as the Business Forum) to explain how to do business with the Council, obtaining their feedback in order to improve documentation and processes
- Increasing the level of contact with local business by working in liaison with local businesses to sponsor and support locally held 'meet the buyer' events.
- Encourage supplier partnerships to better facilitate competitive quotations for Council business, through consortium bids.
- Packaging contracts in such a manner that, where possible, it does not preclude the following organisations from tendering:
 - Small and medium sized enterprises (SME's)
 - Local and regional companies
 - Newly formed businesses
 - The voluntary and community sector (VCO's)

The challenge which the Council has to face and overcome in relation to local purchasing and economic development is to balance the following conflicting priorities:

- The overriding requirement to achieve value for money and the necessary quality
- Local sourcing where possible within the legislative framework and
- Procuring in a sustainable way with regard to environmental, social and economic factors

5.0 Transparency

The Local Government Transparency Code 2015 came into effect in 1 April 2015. The Code is issued to meet the Government's desire to place more power into citizens' hands to increase democratic accountability and make it easier for local people to contribute to the local decision making process and help shape public services. Transparency is the foundation of local accountability and the key that gives people the tools and information they need to enable them to play a bigger role in society. The availability of information can also open new markets for local business, the voluntary and community sectors and social enterprises to run services or manage public assets.

The Code sets out what information must be published and the frequency of publication.

6.0 Electronic procurement (e-procurement)

In the context of this strategy, e-procurement generally relates to the contractual business relationship between the Council and its suppliers and contractors. It describes the use of an electronic procurement system to acquire goods, works and services from third parties.

Electronic procurement is an area of procurement that is still developing and changing at an extremely rapid rate. Any Improvement Plan relating to this aspect needs to remain flexible to ensure that it stays responsive to emerging developments, and must include the capacity for improvement based on continuous learning

The use of information and communication technology will be used to reduce the cost, and improve the efficiency and effectiveness, of all aspects of the procurement process for the Council and its suppliers and contractors. It is one aspect of the overall strategy requiring integrated development with other aspects. There are distinct advantages for suppliers including smaller firms.

7.0 Risk management in procurement

It is important to recognise that risk management covers all aspects of procurement.

In procurement activity, it is always good practice to adopt a risk log that identifies the risks associated with the specific procurement exercise, and how the risks will be managed, and this is essential for higher value or more complex procurements. Risk should be managed throughout the procurement cycle to ensure that risks are identified and managed by the most appropriate stakeholder.

Various 'Best Practice' guides are available internally for officers, one of which relates specifically to the management of risk throughout the procurement process.

Review: It is important to try and take a step back from the procurement process once it is complete so that there can be some consideration of the process itself to identify lessons learnt ie what went well, what didn't go well to inform and refine future procurement activity.

Contract Management: This is a significant factor in the success or failure of any contract and as such it needs to be given adequate consideration and time within the procurement cycle. All contracts should have a nominated officer who is responsible for managing and monitoring the contract and this should also include the development of the relationship with that supplier.

Project Management: Any project which involves significant risk must be managed in an appropriate manner using the Council's approved project management methodology. Indicators of significant risk include:

- Staff transfer

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- Significant implications across multiple service areas
 - Significant potential for reputational risk
 - Significant potential for financial risk

The necessary guidance and documentation in relation to project management for staff covers the life of a project from the initial project proposal, business case and project initiation document through to project closure and post project review.

8.0 Probity

Controls within the procurement and financial processes exist to promote good practice and not only help the prevention of fraud but also protect the individuals concerned against allegations of fraud. Compliance with appropriate legal requirements and the internal controls set out in the Contract Procedure Rules and Finance Code of Practice is essential. Involvement in procurement requires consideration of the following:

- There is a duty to behave honestly and in a trustworthy manner maintaining standards which the public is entitled to expect.
- All staff have a fiduciary responsibility which means they are individually and collectively, responsible for the safe and proper arrangements relating to public spending.
- All managers have a responsibility to ensure systems and appropriate training are operating to prevent fraud.

9.0 Procurement code of conduct

Out of necessity all procurement activity must be undertaken to the highest standards of ethics and public accountability. The Council insists on strict ethical standards from its suppliers and must therefore in turn exhibit the highest ethical standards itself. Officers and members must not only be fair and above board in all business dealings, but should also avoid any conduct that is capable of having an adverse interpretation put on it.

All employees must adhere to the Officers' Code of Conduct and the Protocol for Employees on Gifts and Hospitality, whilst members need to take note of the Members Code of Conduct (all available on the intranet).

The Council's Whistleblowing Policy provides further commitment to ensuring the highest possible standards of openness, probity and accountability. In line with that commitment it expects employees, members, contractors and members of the public who have serious concerns about any aspect of the Council's work to come forward and voice those concerns. It is recognised that most cases will have to proceed on a confidential basis and the policy establishes the protocol to be followed in these situations.

In addition to the above employees undertaking any purchasing activity should consider themselves bound by the Code of Ethics of the Chartered Institute of Purchase and Supply (CIPS).

10.0 Procurement developments

Website development

The Council has developed its internet site (<http://www.northnorfolk.org/business/314.asp>) to provide potential suppliers with a host of information in relation to the Council's procurement processes. The site contains sections on Selling to the Council, the Council's Procurement Strategy and Rules, Tips on how to tender successfully and also a section that advertises all current tender opportunities available.