



South Hams District Council Procurement Policy and Strategy

INTRODUCTION

This Policy and Strategy will support the Council with its duty to promote the economic, social and environmental well-being of the District. The Council must be a customer focused provider of services on behalf of the people of South Hams.

It will be utilised for all aspects of procurement, which includes the letting of contracts, the creation of partnerships and shared services, the retention of services and functions in-house and the purchasing of supplies and materials.

It provides guidance and assistance to elected Members and officers in complying with European Directives and the Local Government Act 1999. Complying with the Policy and Strategy and operating in accordance with the Guidelines is essential as procurement is a devolved within the Council.

The Local Government Act 1999 requires all authorities to go back to basic principles and fundamentally **challenge** if a service should be provided at all and, in doing so, examine for whom and how a service is provided. It is important that all methods and options be fundamentally examined and that all projects are designed, planned and managed properly.

We must ensure that the best option is achieved by **comparing** with the best organisations that provide similar services including the private and voluntary sectors.

It is the customer who should inform the procurer what service is required and equally how the service should be carried out. **Consultation** must be both quantitative and qualitative (measures & perceptions).

If, in any procurement, a **competitive** process is not followed there must be a rigorous cost/benefit analysis of current and proposed service provision for comparison with what others could provide. Transparency, probity and propriety must be maintained to ensure that those competing for business are confident that they are operating on a level playing field. Quality issues will involve service process requirements as well as outcomes but must not constrain competition and innovation.

It is important that the private sector involvement is encouraged especially in the small and medium enterprise sector where there is a need to develop potential for providing competitive services. To deliver better services there is a need to ensure that the local economy thrives.



**South Hams
District Council**

PROCUREMENT POLICY

Procurement Policy

The Council has a duty to promote the economic, social and environmental well-being of the district. We must be a customer focused provider of value for money, continuously improving services to the people of South Hams.

Procurement requirements will vary depending on the value and accessibility / availability of the procurement undertaken but the overriding requirement will be community benefit.

Open competition, partnerships and shared services each play a role in the procurement of economic, effective and efficient services. For the purposes of this Policy procurement includes the letting of contracts, the creation of partnerships and shared service arrangements, the retention of services and functions in-house and the purchasing of supplies and materials

All potential service providers, including those that are part of the authority, must be subject to the same requirements and be provided with the same information to ensure fair competition and be treated equally throughout the procurement process.

Regulations

All contracts must be adequately advertised at the levels set out in Standing Orders and Financial Regulations to ensure that all interested parties have the opportunity to bid for work. Procurement by the Council will abide by the European Directives.

In addition we will abide by the Small Business Friendly Concordat and its policies on workforce issues, diversity, equality and sustainability. In doing so we will encourage a diverse and competitive supply market, including small firms, social enterprises, minority ethnic and female owned businesses and voluntary, charity and community sector suppliers.

Cost Efficiency and Effectiveness

We will use the Devon Procurement Partnership framework agreements wherever economic, efficient and effective to do so. We will operate in shared service partnership with other councils in respect of procurement activities wherever possible.

To reduce costs of transactions and assist our small and medium sized enterprise supplier we will require all suppliers to invoice us on a monthly basis. Small purchases may be facilitated using procurement cards subject to Section 151 Officer approval.

Council Priorities

Procurement will play its role in delivering the Council's priorities through its contribution to the Community and Economic Prosperity Strategies. Therefore all procurement must explicitly accord with one or more of the Council's priorities, assist its cross cutting themes and honour its commitments:

CP1. Secure a supply of housing for local people at affordable levels

CP2. Create the conditions for the growth and maintenance of quality economic activity

CP3. Maintain the District's distinctive environment whilst enabling access and sensitive development

CP4. Maintain a clean environment

CP5. Work with others to improve access to key services

CP6. Improve core service performance in a cost-effective way

THEMES:

'Climate change'

'Needs of younger people'

'A healthier community'

COMMITMENTS:

CC1. Equality of opportunity particularly targeting hard to reach and vulnerable groups

CC2. Sustainability

CC3. Community involvement and community vibrancy

CC4. Effective partnership

CC5. Communication, consultation and openness

CC6. Value for money

Suppliers

The identification of potential service deliverers and suppliers must consider:

- The grouping and/or division of services or goods,
- Available resources for the duration of the contact,
- Third party involvement, if any, in delivery or supply.
- Shared service delivery or supply for tasks undertaken in common.
- National or regional procurement for common tasks and where economies of scale can be achieved
- Climate change and other environmental policies, with the objective of minimising the environmental impact in relation to the source and nature of the goods / services purchased, including having regard to the following sustainable attributes:
 - Use of durable, reusable, refillable or recyclable materials and minimal packaging
 - Energy and resource efficiency
 - Sustainable production, distribution and disposal
 - Free from environmentally damaging substances
 - Securing best value

In-house delivery or supply will only be considered when this is shown to be the best balance of economy, efficiency and effectiveness, for local people, in comparison to other available providers.

Activity in local market provision is to be encouraged by making local business aware of all opportunities to provide goods or services.

Contractors, partnerships or in-house teams supplying services on behalf of South Hams District Council will act in accordance with the Council's published policies.

The procurement of Strategic services and functions for the people of the South Hams, by external contractors and their sub-contractors, in joint working, in partnership or by an in-house team, should be based on consultation with the user and the tax payer.

Management of the supply chain can be left to a prime contractor, but their use of sub-contractors can be critical to the success of the contract and our sustainability principles. Therefore achieving a careful balance in the relationships is essential.

We will provide payment within 30 days, or within agreed settlement periods, for any undisputed invoice.

Standards of delivery

Services must be delivered to clear, consistent and fairly applied standards, covering both cost and quality and by the most economic, efficient and effective means available.

All Goods and Services for which the council is responsible, provided by, delegated to or undertaken by or with, partners, voluntary bodies, contractors, sub-contractors or in-house teams, must exclude all GM ingredients, derivatives and the produce of GM fed animals.

The Council will deliver only those services or goods which it is obliged to under legislation or that it has decided to provide in line with its priorities and policies.

Involvement of Members

Members will be engaged at a strategic level, but not at an operational level. Issues of transparency, probity and propriety come to the fore. There is a need for appropriate training to combine with other strategic issues.

The provision or delivery a service or goods, based on all viable choices in delivery, enabling or supply will be considered, appraised and recommendations made as part of the Annual Service Planning process, Fundamental Service Review (FSR) or as and when required by Senior Management Team (SMT) Policy and Development Groups, Scrutiny, or Executive.

Contracts

Procurement decisions should take proper account of workforce issues, including equality of opportunity. Staff and unions should be involved in the option appraisal stage and, where there is a subsequent decision to outsource, involved both in the selection process as well as in the detailed work around the transfer.

Contracts and agreements must be best suited to purpose and take market preferences into account including sufficient flexibility to promote continuous improvement and innovation.

There must be appropriate risk evaluation and apportionment within the contracts /agreement coupled with honesty, trust and an avoidance of undue criticism. Service deliverers must monitor the environment in which they are involved, including communicating directly with and surveying customers and stakeholders, and report on their findings.

The Council will select the most economically advantageous, efficient and effective option, having considered its statutory duties, priorities, values, powers and long-term position. Officers dealing with procurement must take appropriate advice to ensure compliance with financial and legal requirements.

Whenever decisions on the delivery of a service or supply of goods are made by the Council, it must ensure that such decisions and their implications are communicated promptly to the people and organisations likely to be effected.

Whatever form of procurement is used ongoing monitoring is essential. This will include as a minimum the provision of auditable information deemed necessary by the Council from time to time including Key Performance Indicators.



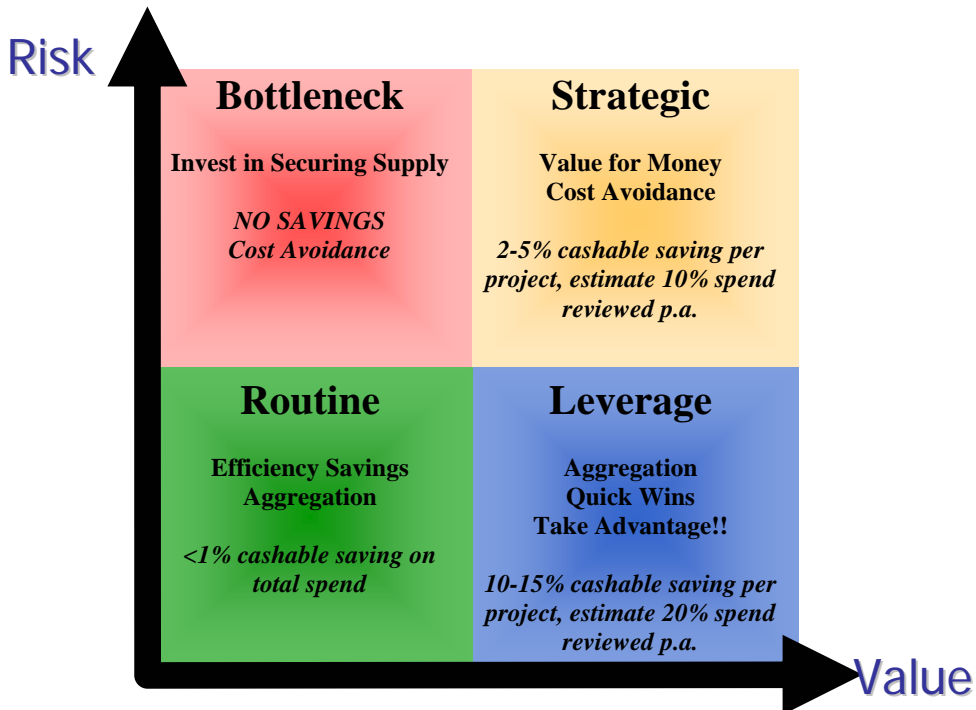
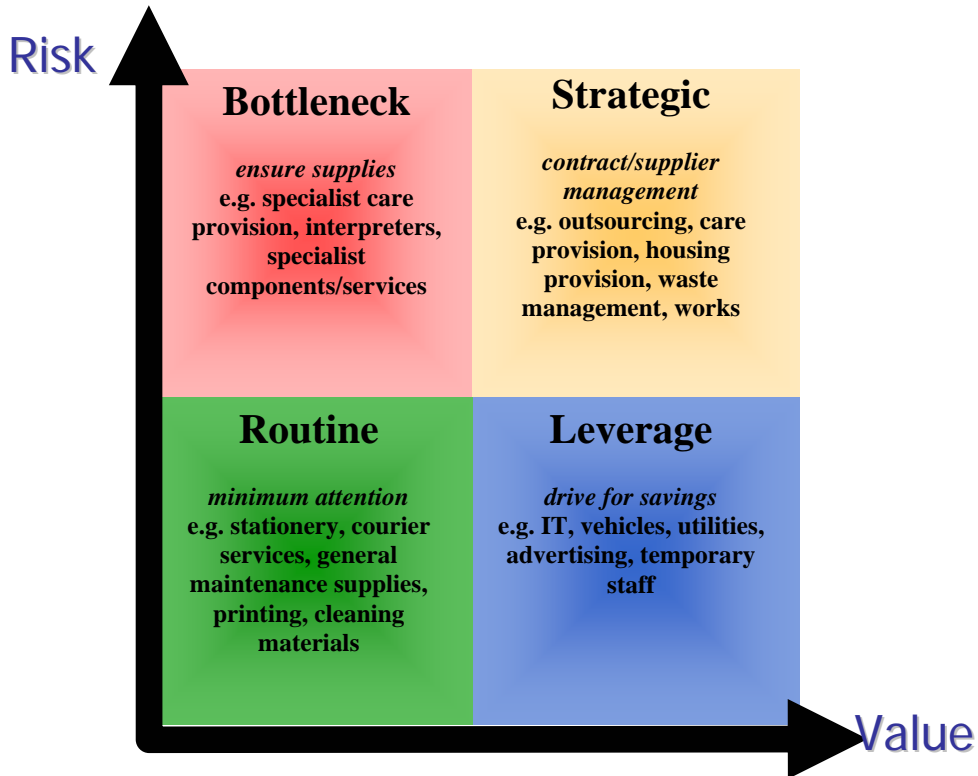
**South Hams
District Council**


PROCUREMENT STRATEGY


Strategy


Types of procurement, value and risk.


Procurement requirements will vary depending on the value and risk (accessibility / availability) of the procurement undertaken. The higher the risk and/or value the greater the need for all criteria to be fully considered.



Routine  Low cost items with multiple suppliers available

Seek to reduce transaction costs by using e-procurement and p-cards and by consolidating invoices (efficiency savings) and by using e-marketplace for all purchases under the standing orders/financial regulations limit – try to move to the leverage box where possible 

Bottle-neck  Low costs but few, specialist, or sole supplier

Secure supply if necessary by holding stock – recognise the risks of sole supplier and ensure mitigated even if looks low value – try to move to Routine box (e.g. buy off shelf don't use bespoke solutions) 

Leverage 

Working collaboratively (Devon Procurement Partnership/Government Frameworks such as Buying Solutions/Shared Service Procurements and other partners) to aggregate own spending to achieve lowest price. ICT, utilities, stationery, water coolers, furniture, agency staff, bailiff services, insurance, mobile phones, line rental, multi-functional devices, professional services.

Strategic 

Shared Services with other authorities / Partnering e.g. with Leisure Trust / long term contracts such as Revenue & Benefits, looking for cost avoidance – buy using project management principles with Members involved in the procurement cycle – use independent Gateway Reviews to assess progress and performance.

The South Hams Procurement Strategy is complimented by the South Devon & Dartmoor Procurement Strategy strengthening the procurement partnership across the Districts in Devon.

Community Benefit

Community Benefit is to be sought from all aspects of procurement by:

- being citizen focused
- accepting Social responsibility
- seeking sustainability, diversity of supply and equality of opportunity to bid for council work
- using Local Strategic Partnership input and where appropriate buying power
- pursuing e-procurement techniques to reduce costs to the council and the supplier
- undertaking supplier adoption work using the Devon Procurement Portal and publishing a 'Selling to the Council Guide' on the internet
- the use of Voluntary Sector and Social Enterprise
- adopting the Small Business Friendly Concordat
- signing up to the prompt payment code
- minimising the environmental impact in relation to the source and nature of the goods / services purchased by having regard to durable, reusable, refillable or recyclable materials and minimal packaging free from environmentally damaging substances. Energy and resource efficiency (Green Energy), sustainable production, distribution and disposal.

Choice of provider

There is no one 'best way' to deliver services, all situations are different and, therefore, a logical process of decision making is required in order to choose the most appropriate way.

Alternative providers must be investigated and reported upon to clarify all available options for the delivery of any service or function. The process should give sufficient information to form a view of the potential suppliers competence without placing an undue burden on them.

Care should 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.

Any procurement, of contracts or goods and services that deviates from fair and open competition must be undertaken with great care and transparency. It must be approved in line with the requirements of Standing Orders and Financial Rules.

Regulations and the reasons for the approach adopted recorded. It is important therefore that the in-house team is divorced from the selection of tenderers and the evaluation process. All procurements over £30,000 must be opened under seal by the Legal & Democratic Services team.

The connection between service quality and handling workforce issues must be considered. In particular, the dependence of quality on appropriately skilled and motivated, workforces.

Criteria for selection

It is necessary to achieve an appropriate balance between considerations of cost and quality. It is unlikely that either a purely cost driven, or an unjustifiably expensive, service will represent the best interests of the people of the South Hams. For 'Routine' low value and low risk procurement the major consideration will be obtaining the correct balance of quality, cost and sustainability.

In addition to cost, quality and sustainability, for more complex, high risk, high value contracts ('bottleneck', 'leverage' or 'strategic'), whatever form of procurement is used the contract should:

- focus attention on what kind of service is needed.
- make it clear to the council and /or contractor, their staff and the public, what level of service is expected
- help managers direct effort to priorities
- help the council to know when they need to adjust services and resources
- provide a route for public involvement in developing services
- develop a climate of continuous service improvement
- put local standards in a national context
- help the council to hold contractors to account for performance
- allocate responsibility for risk and set rewards accordingly
- set out terms of payment
- set out dispute procedures
- set out monitoring procedures and information requirements.

The higher the risk and/or value the greater the need for all criteria to be fully covered.

The procurement process

It is vital that we utilise both project and performance management as the risks in any high value procurement process are high; waste, error and the failure to meet expectations are the more important. To mitigate those risks all procurement processes need to be properly planned and managed.

Any procurement process will be comprised of several stages. To ensure procurement policy is adhered to each process will set out the stages at which elected Member's formal decisions are required and must be agreed by the Executive.

E-procurement through E-Marketplaces, E-Tendering, E-Auctions and P-Cards (Government procurement cards) must be utilised wherever possible to reduce the number of transactions, reduce the number of invoices and provide management information to enable services and supplies to be well managed.

Framework Agreements through the Devon Procurement Partnership, wider local government collaborations and consortia groups, will be utilised to ensure compliance with EU regulations and obtain economies of scale

Our approach to individual contracts, including large contracts and framework agreements, must be supported by a sound business case and options appraisal.

Where we decide that the best value option is to aggregate supply or let a longer-term contract or framework agreement, we will invite bidders to demonstrate their track record in achieving value for money through effective use of their supply chain.

We will commit to consider the role of Small and medium Enterprises (SME) specialist suppliers in delivering elements of larger contracts and framework agreements.

We will publish on our website:

- guidance for suppliers on how to do business with the Council,
- details of forthcoming bidding opportunities
- contact details for each contract, with appropriate links to the Devon Procurement Portal or any regional site

We will advertise contracts using an appropriate range of publications and other means in order to encourage greater diversity and competition.

We will give potential suppliers an opportunity to discuss the procurement in order to understand our requirements and assess their own suitability. Nothing will be done, however, which would give a particular business or provider an unfair advantage in competing for a specific contract.

We will apply our own rules and policies fairly.

At pre-tender stage and during the tender process we will ensure that all tenderers have equal access to relevant information.

We will keep the tender process as simple as possible in order to help minimise the costs to suppliers.

If a pre-qualification stage is used we will use a Council-wide pre-qualification questionnaire containing common core questions with limited bespoke additions for each contract. We will work with regional partners to ensure a consistent approach to pre-qualification.

We will assess potential suppliers against published pre-qualification and tender evaluation criteria. These criteria will be proportionate to the risks of the individual contract process. In particular the criteria relating to financial standing will not be set to unreasonably exclude newer businesses.

We will offer meaningful feedback to suppliers following the procurement process in order that suppliers can improve for future tenders.

We will seek feedback from suppliers, and their respective trade organisations, on our tender processes and address, where we can, any problems that are brought to our attention.

We will publish a complaints procedure. Feedback, where requested by a bidder, is a requirement under EC procurement regulations. Unsuccessful tenderers do have the right to appeal within a 10 day period from notification.

We will treat suppliers openly and fairly.

Suppliers will:

- Be paid on time: No more than 30 days, or agreed payment terms, from receipt of an undisputed invoice. All contracts will require our suppliers to pay their sub-contractors, throughout the supply chain, within 30 days from receipt of an undisputed invoice.
- Receive honest and constructive feedback on the supplier's performance of the contract.
- Be given notice of any performance problems and an opportunity, if appropriate, to put matters right.

Project management will be utilised for all procurements and include, where appropriate, the following auditable, stages where all decisions and the reasons for them are noted.

- Identification of need (is it a statutory duty or discretionary)
- A formal, clear and unambiguous brief/specification
- Financial forecasts including Capital and Revenue matrices
- Summary of the legal position. - EEC procurement directives / Council Standing Orders / Contract Standing Orders / Financial Regulations
- Risk awareness
- Quality requirements including the setting of performance indicators and service level agreements (SLA's)
- Selection of tenderers in accordance with financial regulations / contract standing orders
- Evaluation of tenders, in accordance with financial regulations / contract standing orders

- Granting of contract
- Monitoring and reporting
- Dispute resolution

SUMMARY

The Procurement Policy and Strategy provides the context for the Council's consideration of its available options on the following issues:

- Enabling local people to receive the best services
- Adding value and continuously improving services
- Obtaining services, works and goods, including the use of e-procurement
- Evaluating in-house delivery of services
- Ensuring compliance with EU Procurement Directives and EU and UK legislation
- Ensuring compliance with its Standing Orders (Council and Contract) and Financial Regulations
- Ensuring compliance with Council Policies, Health and Safety and workforce issues including equality of opportunity.
- Developing the corporate approach to procurement, for the achievement of a mixed economy in provision, delivery and supply
- Reviewing and assessing procurement outcomes

Standing Orders (Council and Contract) and Financial Regulations

Thresholds. – please note that the limits quoted apply as at July 2008. They are subject to regular review and **MUST** be checked before proceeding.

Item Value ex VAT	Award Procedure	Requirement	Short Listing (From Standing orders relating to contracts)
Below £3,000	Most favourable prices and terms, having regard to the principles set out in the Council's Procurement Strategy.	Good Practice	Officer - See Financial Instructions
£3,000 to £29,999	3 written quotations appropriately evidenced.	Yes	Officer and Service Manager
£30,001– £75,000	Invitation to Tender to at least four Candidates	Yes	Officer and Service Manager in consultation with the Corporate Procurement Officer – see Rule 7.1.5
£75,001– EU Threshold	Invitation to Tender by advertisement/list to at least four Candidates	Yes	Officer and Service Manager in consultation with the Corporate Procurement Officer
Above EU Threshold	EU Procedure or, where this does not apply, Invitation to Tender by advertisement/list to at least four Candidates	Yes	Officer, Service Manager and Strategic Director/Head of Service in consultation with the Corporate Procurement Officer
£30,000 – EU Threshold	All purchases made via a local authority purchasing and distribution consortium are deemed to comply with these contract procedure rules and no exemption is required e.g. Devon Procurement Services. However, purchases above the EU Threshold must be let under the EU Procedure, unless the consortium has satisfied this requirement already	Yes	See paragraph 3.7
ICT	All system developments and purchases of computer	Yes	

	equipment or software must be approved by the Head of ICT, or her/his nominated deputy.		
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A copy of the up to date Financial Regulations and the Contract Procedure Rules can be found on the intranet or in the procurement tool

L:/All Areas/Procurement/Procurement Tool

Summary of Public Sector Thresholds

EU Thresholds can be found at

http://www.ogc.gov.uk/procurement_policy_and_application_of_eu_rules_eu_procurement_thresholds_.asp

Goods & Services - Public Sector contracting authorities - £139,893 incl. of VAT

Works (excluding subsidised works) All bodies - £3,497,313 incl. of VAT

Sustainable Procurement

The Council has a separate Sustainable Procurement Strategy, Policy & Guidance which can be found on the Procurement Pages of the intranet or within the procurement tool.

Equalities in Procurement

South Hams District Council have a legal duty to promote equal opportunities and ensure that all members of the community are treated fairly and equally in the field of their work. It is important to know that possible suppliers accept their legal duties in this area and will be able to manage staff appropriately.

The expectations and awareness levels for equalities in procurement can be found in appendix A.

Appendix A

✘ TEIGNBRIDGE, WEST DEVON & SOUTH HAMS DISTRICT COUNCIL PROCUREMENT STANDARDS FOR EVALUATING SERVICE PROVIDERS ACTIONS ON DIVERSITY AND EQUALITY (Including racial equality, gender, age, disability, sexual orientation and religious belief)					
LEVEL 1 – MINIMUM STANDARDS <u>Firms of 5 or more employees</u> Must achieve criteria 1 - 4		LEVEL 2 – MINIMUM STANDARDS <u>Firms of 50 or more employees</u> Must achieve criteria 1 - 8		LEVEL 3 – MINIMUM STANDARDS <u>Firms of 250 or more employees</u> Must achieve criteria 1 - 8 AND Encouraged to achieve 9 – 12 also	
↓	↓	↓	↓	↓	↓
1	Provide a written equality policy (or general equal opportunities policy) which covers at least: recruitment, selection, training, promotion, discipline & dismissal, and (a) victimisation, discrimination & harassment, making it clear that these are disciplinary offences within the firm; (b) identification of the senior position with responsibility for the policy and its effective implementation; (c) communication of the policy to staff.	5	Written instructions to managers and supervisors on equality in recruitment selection. Training, promotion, disciplines & dismissal of staff. These can be instructions for general opportunities in employment.	9	Regular consultation on equality issues within the workforce
2	Effective implementation of the policy in the firm's recruitment practice, to include open recruitment methods such as the use of job centres, careers service or press advertisements	6	Training in equality for managers and any staff responsible for recruitment and selection. This may be in the form of general equal opportunities training.	10	Regular ethnic monitoring of selection transfer, training, promotion, discipline and dismissal
3	Regular Reviews of the policy	7	Monitoring of: - <ul style="list-style-type: none"> • The numbers of job applicants for employment from different ethnic groups. • The numbers of employees from different ethnic group, by grade and section. 	11	Mention in the firms recruitment advertisements and publicity literature of its arrangements for offering equal opportunities
4	Regular monitoring of the number of job applicants from different ethnic groups	8	If monitoring reveals under-representation of particular ethnic groups, action to check that criteria 1-3, & 6-7 are being used effectively in the firm, and to make changes if necessary	12	If monitoring (as in criteria 7 and 10) indicates under-representation of any group take action to check the criteria 1-3, 5, 6, 9 and 11 are being used effectively within the firm and if not, take appropriate advice. Take appropriate action (including positive action as a result of that advice)
NB: Firms that have under 5 employees must be fairly treated and each quote or tender information based on the requirements and relative risk to the authority. As a minimum there must be basic provision for basic compliance with non-discrimination legislation.					