



Corporate Procurement Strategy

December 2014

Corporate Procurement Strategy 2014 – 2018 Contents

- Section 1 – Introduction
- Section 2 - Strategic aims and objectives of Procurement at Dartford Borough Council
- Section 3 - Principles for Effective Procurement
- Section 4 - Procurement Analysis
- Section 5 - The Procurement Cycle
- Section 6 - Value for Money
- Section 7 - Equality and Diversity
- Section 8 – Sustainability and Social Value
- Section 9 - Ethics and Probity
- Section 10 –Closing Statement
- Appendix A - Links to other documents

Introduction

Dartford Borough Council's Procurement Strategy has been strengthened to reflect the changing needs of the Council and the community it serves.

This Strategy will support and promote corporate priorities while adhering to overriding principles of: probity, equality, fairness and transparency within our procurement activity. The Strategy is a top view of how the Council approaches the procurement process. In doing so, the Strategy seeks to support the Council's vision to make Dartford "the place of quality and choice, a place where people choose to live, work and enjoy their leisure time".

The Importance of Procurement

Strategic procurement sits at the heart of the Council. It provides the framework within which the Council optimises value for money for every pound spent, whether this is on goods, services or works. The potential gains in value are significant. The Council's expenditure on bought-in goods and services is in excess of £22m each year.

Strategic procurement has the potential to be the means by which the priorities of the Council, elected members and management are implemented through successful relationships with suppliers and partners.

What do we mean by Procurement?

"Procurement is the process of acquiring goods, works and services, and spans the whole cycle from identification of needs, through to the end of a service contract or the end of the useful life of an asset. It involves option appraisal and critical 'make or buy' decisions which may result in the provision of services in-house in appropriate circumstances".

The Council has a diverse range of procurement requirements. Procurements range from contracts for supplies and services to more complex arrangements such as partnerships, management agreements, joint commissioning with other public sector organisations and construction projects.

What is the purpose of the Procurement Strategy?

We have a clear ambition to be the best we can and a duty to secure best value and continuous improvement in the way that functions are carried out, having regard to a combination of efficiency, economy and effectiveness. With significant reductions in government grants, the development of a clear procurement strategy is seen as a key step towards obtaining value for money whilst maintaining required quality and delivery of demanding efficiency targets.

This document sets out the Council's strategic approach to procurement. It is not intended to be a procurement manual; however, the principles contained in this Strategy are to be applied to all procurement activity. Consideration of this Strategy

is not optional and should be read in conjunction with the Financial Guidance Manual, Contract Standing Orders and the Procurement Guide.

The strategy sets out the Council's strategic approach which should be taken in procurement activity in relation to the majority of procurement activity. However there will be some occasions when the circumstances of the procurement necessitate an alternative approach. Available approaches are provided for within the Contract Standing Orders which enable directors to act in the most expedient to the efficient management of the service/Council in appropriate circumstances. The following strategy does not override these provisions.

Strategic aims and objectives of Procurement at Dartford Borough Council

This strategy reflects the Local Government Procurement Pledge (LGA - www.local.gov.uk):

“Local government will use all efforts to use procurement to help:

- *Deliver value for public money*
- *Drive local, social and economic growth and regeneration*
- *Provide inclusive services through a diverse supplier base”*

Specific detail on how these will be realised is set out within the range of policies, standards and guides that support this Strategy. It is important to ensure that procurement decisions are legal, ethical, in accordance with the Council’s policies and procedures and that consideration is given to the impact on the economic, social and environmental well-being of the Borough of Dartford.

Coordinated and focused procurement activity supports the Corporate Plan and delivery of corporate priorities in a number of areas including:

- Achieving value for money in procurement analysis and assessment.
- Benefitting local people and organisations, including developing the third sector and SMEs in our borough.
- Encouraging innovative approaches to social, environmental and economic issues in our borough.
- Delivering sustainable solutions, benefiting our communities beyond the length of a contract i.e. reducing unemployment by including apprenticeship training within contract clauses.
- Improving job opportunities and skills in the Borough.

Principles for Effective Procurement

The following principles will form the basis of all procurement activity:

Strategic procurement will support improved service delivery and where possible free up resources:

- so that that the Council obtains value for money in the acquisition and management of its resources, balancing quality and cost.
- to disseminate information about procurement policy throughout the Council.
- so that that all procurement activity is undertaken within a corporate framework to enable the acquisition of goods, services and works to the required quality in the most efficient manner.
- so that all procurement activity supports and promotes policies and priorities, taking into account equalities, sustainability, social cohesion and economic regeneration.
- so that consideration of various factors, including the non exhaustive list below, takes place within the procurement activity:

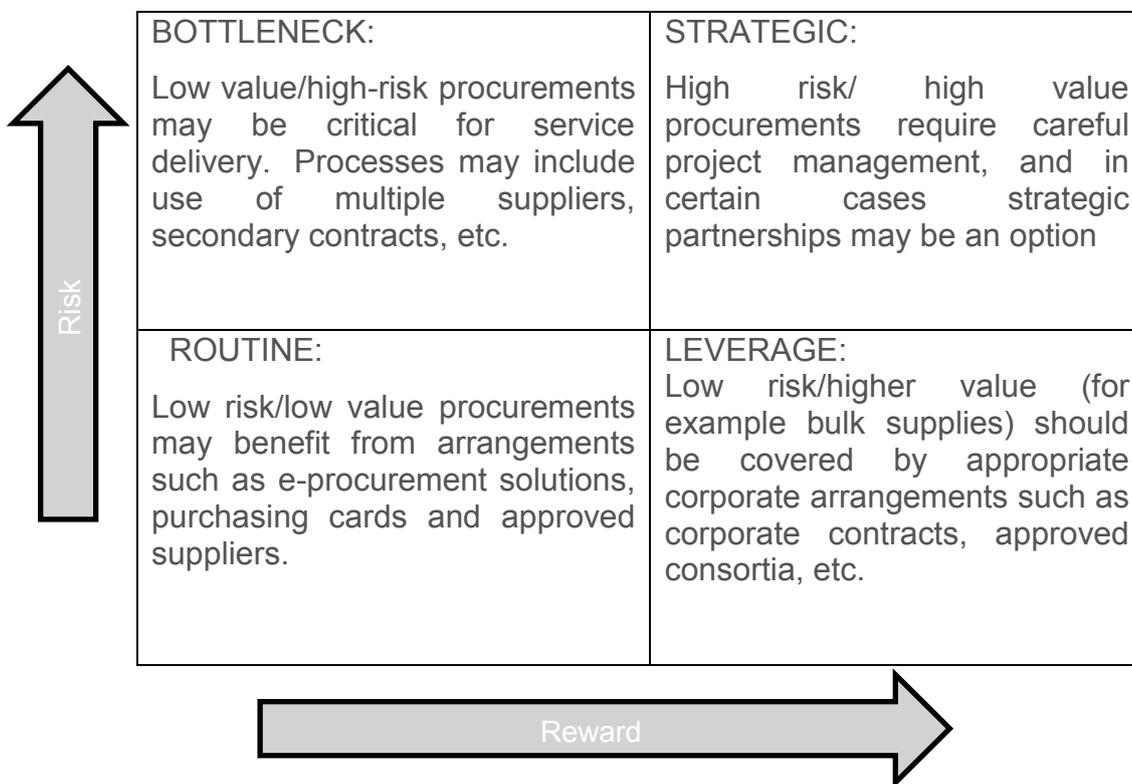
- develop, promote and enforce the use of centralised corporately let contracts.
- use consortia (for example, Pro 5 and Crown Commercial Services).
- use approved nationally negotiated contracts (for example those arranged by the Government Procurement Service).
- use and develop approved e-procurement solutions (for example, e-tendering system pro-contract).
- collaborative procurement with other councils and organisations.
- develop strategic partnerships, particularly where these will deliver significant service improvement and/or efficiencies.
- all procurement activity will be assessed on a whole life costing and benefits basis.
- the risks of each individual procurement activity will be considered and managed in accordance with the Risk Management Framework.
- procurement activity will be transparent (and fully compliant with the Local Government Transparency Code 2014), fair, consistent and be undertaken to the highest standards of probity and accountability.
- procurement decisions must be evidence based.
- strategic procurement will be managed through Financial Services. The service will predominantly be a central resource which oversees and supports procurement activity across the Council.
- The Procurement Team will work closely with the Procurement Working Group in both communicating developments and opportunities and in discussing and improving processes.
- The Procurement Team will lead on the implementation of category management across the organisation to identify key spend areas (category management in procurement can help to reduce the cost of buying goods and services by maximising value from the supply base).
- the Procurement team will monitor that spend is under contract and managed appropriately and that information is easily accessible.
- the Procurement team will facilitate fair and open competition in the award of contracts, including non-discrimination, equal treatment and transparency.
- the Procurement team will uphold compliance with EU and national legislation on the award of works, supplies and services contracts.
- The need for a contractors to have a comprehensive Safeguarding Policy Where those services involve children and young people or adults who may be regarded as vulnerable due to physical or mental health issues.

Procurement Analysis

The choice of procurement method will depend on the strategic importance, the value of the goods, services or works, and the potential risk associated with each procurement option.

Different procurement options will be suitable for different goods and services and will involve undertaking different practical steps to achieve the desired outcome. We will develop strategic management of procurement by modelling its requirement on a risk/value matrix, illustrated below. Equally, individual procurement decisions should also be considered on their own merits following an appraisal of the suitable procurement options. It is important that the option selected is the one most likely to deliver optimum value for money for the Council and its residents.

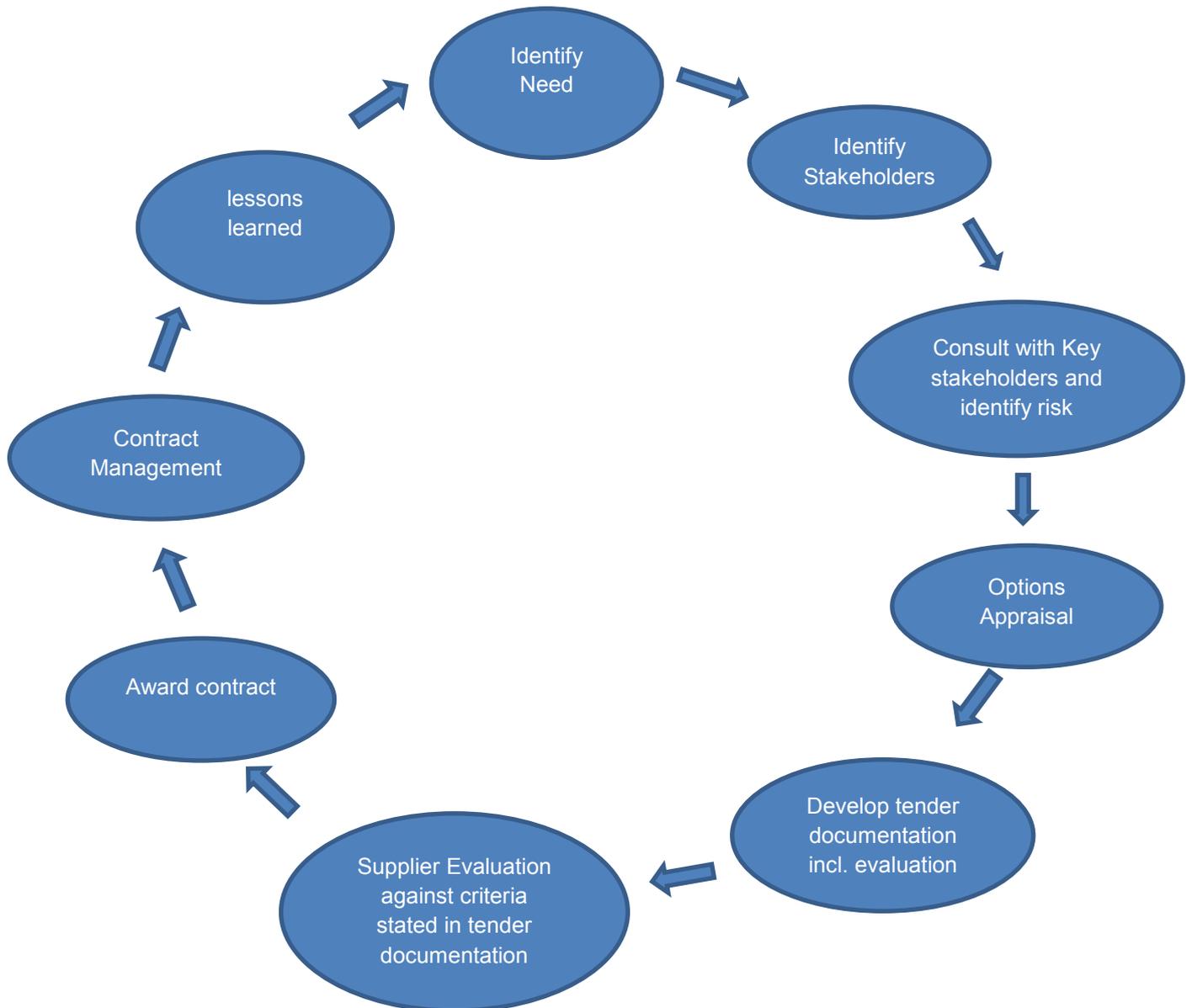
The following Procurement Analysis diagram illustrates some of the possible procurement options available



The Procurement Cycle

The procurement cycle illustrates the process requirements of acquiring goods, works and services and identifies the key stages needed to deliver a successful procurement project from initiation through to contract conclusion.

START



Value for Money

Dartford Borough Council is committed to achieving value for money, in order to demonstrate economy, efficiency and effectiveness of service delivery. Procurement decisions such as whether to continue to provide the goods, services or works, and whether to provide them internally or externally are central to this requirement.

It is essential to adopt processes to secure best value. Evidence of the efficiencies obtained will demonstrate delivery of national efficiency targets arising from, for example, Comprehensive Spending Reviews and national indicators.

The Council is therefore:

- driven by optimising outputs and results
- driving down the cost of goods and services procured
- challenging the status quo in order to continually improve the way in which we procure and commission goods and services
- balancing quality and cost
- minimising administrative processes and unnecessary bureaucracy
- ensuring simple or routine transactions can be carried out in the most efficient manner
- considering all options in obtaining the most appropriate solution
- valuing innovation and creativity
- using competition to obtain best value
- being transparent and accountable
- working with other public sector organisations in order to achieve value for money and maximise economies of scale for routine supplies

In order to demonstrate value for money, the following are built into the procurement activity:

- performance targets are established as part of procurement processes.
- procurement procedures and processes are regularly reviewed.
- the management of risk is an integral part of the procurement process and must be robust for all contracts where there is evident risk and assessment records should be retained in accordance with standing orders.
- we invest in procurement training and systems to support the procurement process.
- as part of the competitive procurement process, the Council will evaluate tender bids against pre-stated evaluation criteria ensuring a considered balance between price and quality/achievement of objectives.
- every contract will be properly managed by an identified contract manager who fully understands the value for money requirement whether this is supplies, services, or works and can actively monitor delivery of the contract within its stated terms, including performance outputs.

Sustainability and Social Value

Sustainable procurement is the process of purchasing goods and services which take into account the wider outcomes, whether these are social, economic or environmental and the impact that such purchasing has on people and communities whilst still achieving value for money.

Sustainable procurement means improving the efficiency of public procurement, by optimising public market power to bring about major environmental and social benefits locally and globally.

“The Public Services (Social Value) Act 2012 places a statutory duty on authorities to consider in their procurement and commissioning processes:

- a) how what is proposed to be procured might improve the economic, social and environmental well-being of the relevant area; and
- b) how, in conducting the process of procurement, the authorities might act with a view to securing that improvement”

This shifts the focus from the bottom line price or cost of a service towards the overall value of the outcomes delivered. In other words, it is not just about what is being delivered but how a service is being delivered. Social benefits can include tangible benefits, such as jobs for the long-term unemployed or sub-contracting opportunities for small businesses, and also softer benefits, such as engagement with communities or groups of individuals who might otherwise feel entirely disengaged. This also helps to support the Council’s public sector equality and diversity duties.

The Council is addressing sustainability and social value through:

- Embedding sustainability within the procurement process including whole life costing
- Use of sustainability and social value clauses appropriate to the contract
- Embedding of the considerations contained within the Public Services (Social Value) Act 2012
- Including social value considerations within procurement documentation and guidance so that each procurement is an opportunity to review the potential for additional social value

Equality and Diversity

Sustainable procurement also embraces the Public Sector Equality Duty set out in the Equality Act 2010 ensuring that equality and diversity, including cohesion is addressed in all procurement activity, irrespective of whether provided in house or indirectly through another organisation. Fulfilment of this duty will be carried out in line with Dartford's Equality and Diversity Document Framework.

Dartford Borough Council is addressing this through:

- Building equality and diversity terms and conditions into standard procurement documents.
- Assisting officers in addressing equality and diversity in procurement activity including undertaking Equality Impact Assessments (EIAs), where required, to ensure that equality and diversity requirements are built into contracts where relevant.
- Monitoring compliance against equality and diversity requirements in contracts.

Ethics and Probity

All procurement activity must be undertaken to the highest standards of ethics and probity. Dartford Borough Council insists on ethical standards from its suppliers and service providers, and in turn, the Council must exhibit the highest ethical standards. Officers and elected 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 placed on it.

All those involved in the Council's procurement and selection process will:

- At all times, fully comply with all the legislation to which they are subject
- Use an appropriate process conducted in an honest and ethical manner
- Maintain the Council's business free from the adverse effects of fraud and corruption
- Positively encourage prevention ensuring conflicts of interest are avoided or managed
- Devise cultures and procedures to enable detection
- Vigorously investigate substantiated complaints
- Conduct confidential and fair investigations
- Take all appropriate actions where fraud and corruption is suspected

To support these aims, this Strategy is underpinned by a robust framework of policies, including the Whistleblowing Policy, Codes of Conduct, declarations of conflicts of interest, confidentiality undertakings, Comprehensive Equalities Policy and the Anti-Fraud and Corruption Policy.

Dartford Borough Council also expects its suppliers and contractors to deliver the same levels of accountability. Therefore, our processes include:

- Due care and diligence as part of a rigorous supplier adoption process.
- Obligations placed on suppliers/contractors to uphold the highest standards through appropriate levels of accreditation, including health and safety, risk management, insurances, equalities, conflicts of interest; specific contract terms and conditions reflecting government and Council policy, including performance standards and prompt payments.
- A duty to ensure that sub-contractors where appointed uphold the same high standards as placed on the main contractor - the Council reserves the right to reject the use of any particular sub-contractor for, but not limited to: financial risk, criminal prosecutions pending, conflicts of interest.
- Proactive contract management including ongoing due diligence, risk management and dispute resolution
- Taking all appropriate actions in accordance with the Bribery Act 2010 and the Council's policies and procedures, where fraud and corruption is suspected.

Closing Statement

This reviewed Strategy has been aligned to meet the needs of the Council now and into the future, during a period of significant change and cost constraints for public sector organisations.

This Strategy supports the Council's Corporate Plan. Working within a legislative framework, we will endeavour to use procurement as an opportunity to provide leverage for local and community benefit where possible.

The success of this Strategy will be assessed against a range of measures and targets which will be annually agreed by the Council and monitored.

Procurement Documents and Other Publications

- [Contracts Register](#)
- [Contract Standing Orders](#)
- [Procurement Guidance Documents](#)
- [Equality and Diversity Document Framework](#)
- [Financial Guidance Manual](#)
- [Whistleblowing Policy](#)
- [Anti-Fraud and Corruption Strategy](#)
- [Declarations of Interest](#)

Contributory Strategic Documents

- [Corporate Plan](#)

All the above documents and publications can be viewed www.dartford.gov.uk

National

- National Procurement Strategy
- Equality Act 2010
- Localism Act 2011
- Public Services (Social Value) Act 2012

EU

European procurement regulations (<http://www.ojec.com/Directives.aspx>)