

# Procurement Strategy

## 2018 – 22

New Forest District is a unique and special place, to live, work, visit and enjoy

### Our Procurement Strategy aims to:

To explore and realise the **Quality, Service and Value for Money** offering from our suppliers to support and improve the Council's service provision to our residents and businesses by:

- Challenging the “as is” through creativity and innovation
- Encouraging local & regional businesses to bid for opportunities
- Ensuring fairness and clarity in the sourcing of suppliers
- Make it easy for businesses to interact with the Council
- Operate within the legal framework set by UK Government

### Our Procurement Guiding Principles are:



### Our Procurement Values:

We will be **ambitious, innovative and customer focused** in how we improve the outcomes of our procurement projects to support the delivery of services to our community. We will be **financially responsible** with the public funds made available to us to procure works, goods and services. We will be **collaborative** in our working, and work with others to represent the best interests of our unique and special place. We will be **open and transparent** in our approach and with our plans to deliver our aims and priorities.

You can find out more about our Procurement process at;

<http://www.newforest.gov.uk/article/5654/Tenders-and-Contracts>

## 1. The Council's Corporate Plan for Procurement:

We will be **ambitious, innovative and customer focused** in how we improve the outcomes of our procurement projects to support the delivery of services to our community. We will be **financially responsible** with the public funds made available to us to procure works, goods and services. We will be **collaborative** in our working, and work with others to represent the best interests of our unique and special place. We will be **open and transparent** in our approach and with our plans to deliver our aims and priorities.

### New Forest District is a unique and special place, to live, work, visit and enjoy

Procurement should be seen in the context of the Council's overall vision, priorities and objectives as set out in our Corporate Plan <http://www.newforest.gov.uk/corporateplan>

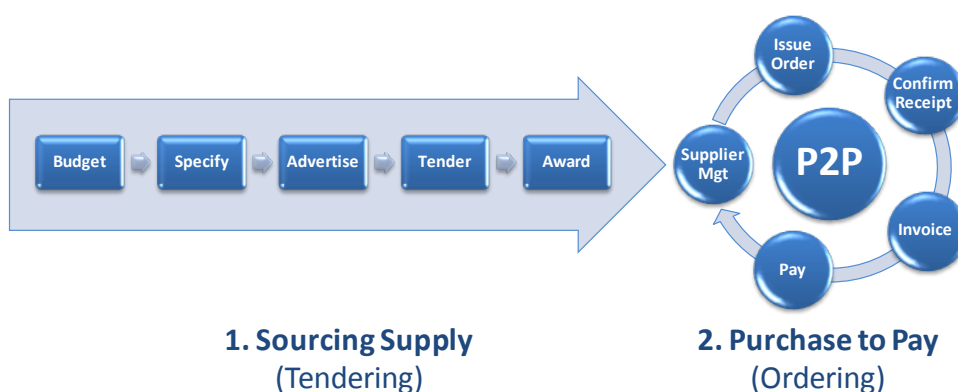
### What is Procurement?

Procurement is about making effective commercial choices in the process of acquiring works, goods and services from suppliers within a pre-agreed financial budget. The process starts from the identification of need, through to the end of a service provision or the end of a product's useful life.

The Procurement Process is made up of 2 distinct elements:

- 1) **Sourcing Supply** to establish approved suppliers via a competitive quotation or tender depending on the contract value
- 2) **Purchase to Pay** process covering the ordering, receipt, invoice processing and payment for works, goods and services

## The Procurement Process



### New Forest District Council Procurement Aims

To support the delivery of good value for money through planned and responsive procurement that contributes to achieving the Council's corporate plan and meets the needs of our customers and local businesses.

## 2. Why do we need a Procurement Strategy?

- **To set out the Corporate direction of travel for Procurement:**  
The Procurement Strategy sets out the major priorities, objectives and improvement goals for Procurement across the Council whilst ensuring compliance with the Public Contracts Regulations (PCR2015) set by the UK Government and the European Union.

- **To support the delivery of the Council's Corporate Plan:**  
The Procurement Process has a direct impact on the achievement of the Council's goals in relation to delivering value for money, improving sustainability and acting transparently.

Procurement is a key component of the Corporate Plan, where our procurement goals include;

- identifying new and innovative methods of procuring services
- producing more flexible contracts
- smarter buying

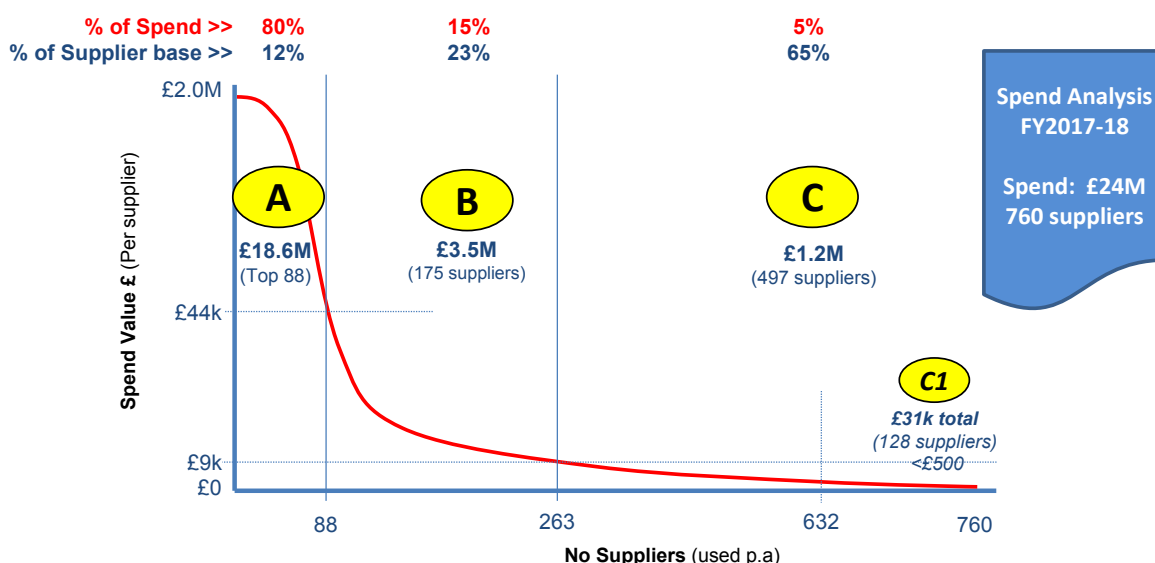
- **To maximise effectiveness of our spending power:**  
The effectiveness of our Procurement decisions has a direct impact on;

- New Forest District Council's budget and Council Tax levels
- The quality and cost of services to the people of the District
- Corporate and service objectives

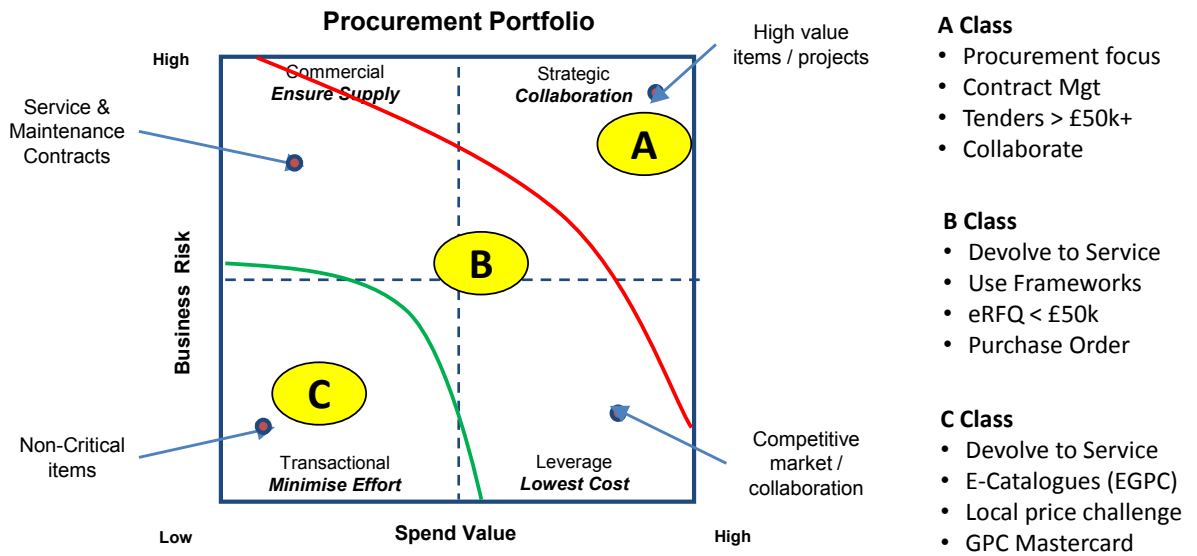
- **Spend analysis for FY 2017-18 showed that;**

New Forest District Council spends around £24 million a year buying works, goods and services from 760 suppliers to support the services to New Forest District residents, businesses and stakeholders.

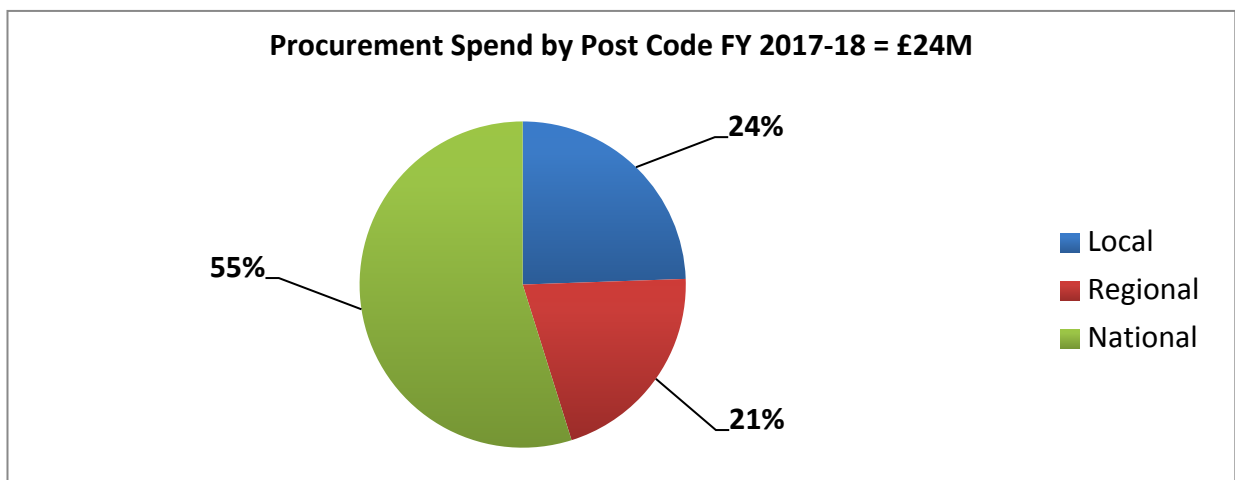
- Pareto Analysis shows that 12% of Suppliers accounted for 80% of spend p.a.
- 65% of suppliers used represented just 5% of our spend p.a.
- Spend under £500 has halved from £67k (316 suppliers) in FY16-17 to £31k (128 suppliers) in FY17-18. This shows the success of implementation of Government Procurement (GPC) cards for low value one-off spend.



- We will consider different approaches for each Pareto ABC spend grouping;



- Spend analysis by Post Code FY 2017-18 showed that 45% of our £ spend is made with Local and Regional suppliers



**Breakdown of Total Spend FY2017-18 = £24M**

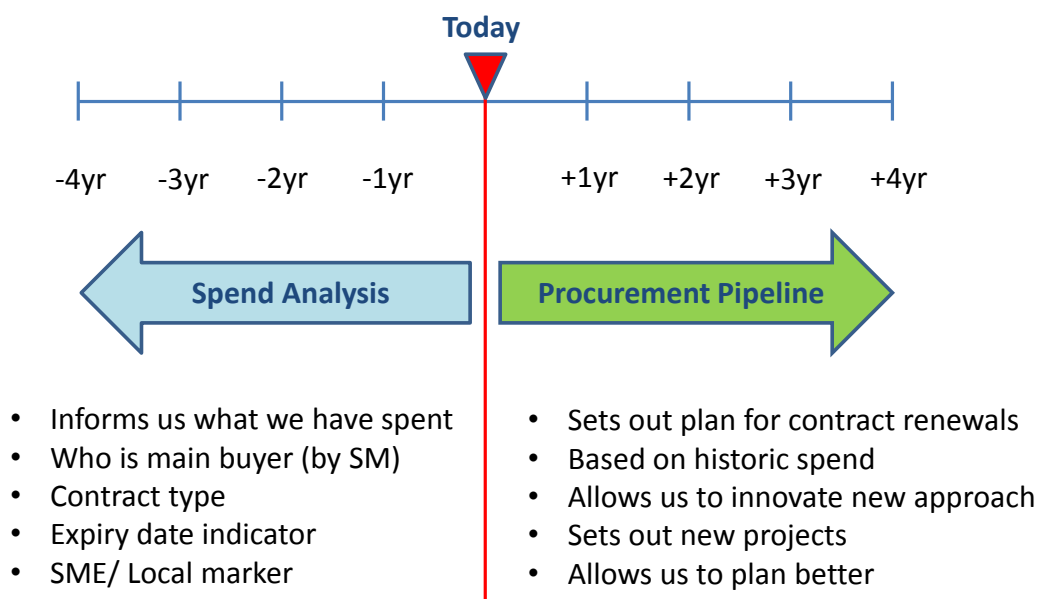
Local (New Forest Postcodes)	= 25% (by Supplier #) and 24% (by £ Spend %)
Regional (Hampshire / Dorset Postcodes)	= 18% (by Supplier #) and 21% (by £ Spend %)
National (All others)	= 57% (by Supplier #) and 55% (by £ Spend %)

- **Spend Breakdown by Procurement Category FY2017-18**

<b>Spend Description</b>	<b>Spend FY2017-18</b>	<b>%</b>
Works - Construction, Repair & Maintenance	£8,262,373.30	35.2%
Facilities & Management Services	£2,655,600.65	11.3%
Information Communication Technology	£2,302,992.62	9.8%
Utilities	£2,088,333.31	8.9%
Building Construction Materials	£2,050,604.20	8.7%
Vehicle Management	£1,656,224.24	7.0%
Human Resources	£967,221.11	4.1%
Arts & Leisure Services	£774,453.83	3.3%
Operations	£702,645.84	3.0%
Grounds Maintenance	£428,624.56	1.8%
Environmental Services	£417,155.82	1.8%
Streetscene	£362,944.31	1.5%
Housing	£321,972.02	1.4%
Consultancy	£263,509.80	1.1%
Financial Services	£245,344.39	1.0%
	<b>£23,500,000.00</b>	

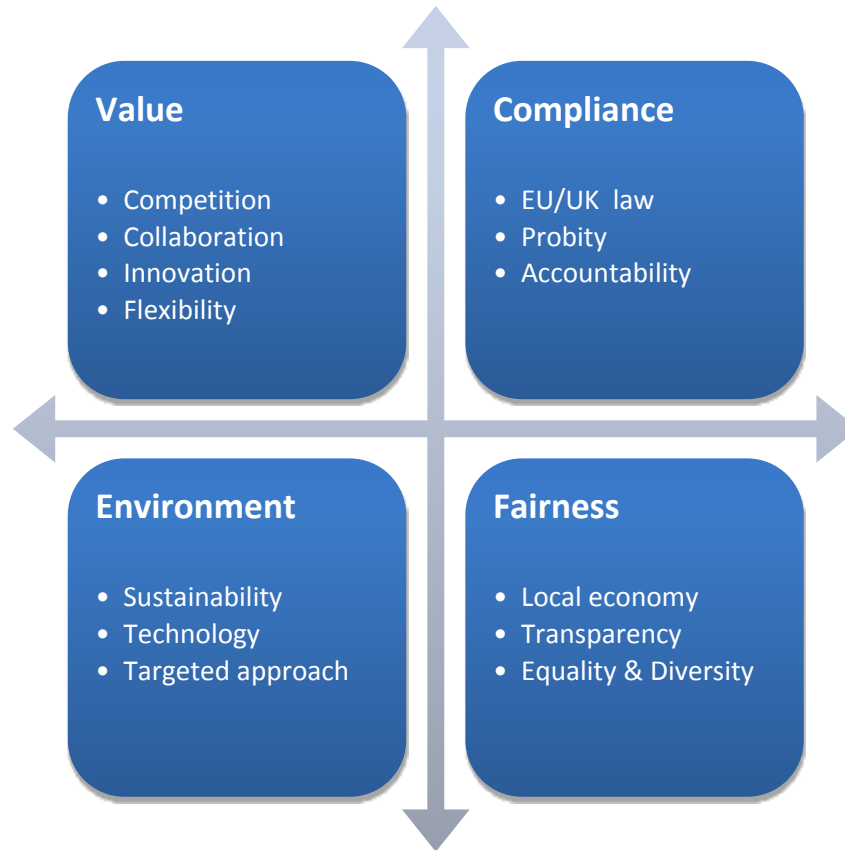
- **Spend Analysis to inform the Procurement Pipeline**

We will use Spend Analysis techniques to inform us of future Procurement Pipeline projects to ensure we improve our contract management activity. The pipeline will allow us to interact with the supply market earlier to understand the latest offerings and enhance the planning of our opportunities and tendering programmes.



### 3. Procurement Guiding Principles

The guiding principles below form the key elements of the Council’s Procurement Strategy.



The following sections of the Strategy explain **the objectives** of each of the above procurement principles, the **improvement goals** the Council will promote within each area and an **action plan** timescale.

The Guiding Principles set out in this strategy apply to a) the AS IS business as usual Procurement to support day to day council services and b) the TO BE future state as set out in the improvement goals.

#### **Definition: Objective, Improvement Goals and Action Plan**

The **Objectives** are the main improvement “themes” within each of the **4 Guiding Principles**.

The **Improvement Goals** are the specific elements of the action plan to deliver the objectives.

The **Action Plan** is the timeline by which we plan to deliver the improvement goals of the strategy.

### 3.1 Value

In order to achieve the best value for money and to encourage **competition** from the relevant supply markets, Officers working closely with the Procurement Team use the Council's e-business portal to advertise procurement opportunities. <https://www.businessportal.southeastiep.gov.uk>

The Council encourages **collaboration** both within the Council and with other regional local authorities to stimulate **innovation** from our suppliers. This helps improve customer service levels, delivers better value and enhances quality.

When inviting quotations or tenders from potential suppliers our primary focus is on the outcome or end result required. This encourages **flexibility** in the approach taken by suppliers to achieve our goals.

Value Objectives	Improvement Goals	Action Plan
<b>Competition:</b>	<b>Spend Analysis:</b> Continue to improve our records of supplier's master file to record supplier size, locality, spend category, contract type (National, Regional, Local) and report savings achieved through the procurement sourcing process. Use pareto ABC modelling to tailor the procurement approach to best suit the needs of the Councils customers through our supply chain.	In Place
	<b>Procurement Pipeline:</b> Improve communication of planned procurement by maintaining a plan of forthcoming tenders / contract opportunities (the Procurement Pipeline). To cover both cross-service corporate wide spend and planned specialist service based contracts. To be publicly available by industry sector via the Council's website.	Apr19
	<b>e-Business:</b> Maximise use of e-tendering and simplify communication between the Council and Suppliers whilst maintaining fully auditable processes.	In Place
<b>Collaboration:</b>	<b>Organisation:</b> Utilise the centre led procurement organisation to coordinate a consistent and corporate-wide approach to procurement.	Dec18
	<b>Work Together:</b> Both in-house and regionally with town & parish councils and other local authorities to identify collaborative opportunities.	Apr20
	<b>Establish Local &amp; Regional Frameworks:</b> The Council will further develop a range of Framework Agreements with local and regional suppliers to provide a reactive and consistent commercial structure for lowest cost whilst minimising contractual commitments. These frameworks will support Service teams to deliver quality, timely and cost effective responses to our customers. Emphasis over the strategy period will be to set up frameworks for building materials, building & facilities management contractor services and building / estates professional services.	Dec18 to Apr20

<p><b>Innovation:</b> <i>Procurement and Service Teams to explore with suppliers how innovative approaches could save the Council money and improve services.</i></p>	<p><b>Stimulate Local Economy:</b> Offer local business an open invitation to innovate. The Council is keen to encourage local entrepreneurs to bring forward ideas to reduce running costs or improve service quality.</p> <p><b>Ideas Forum:</b> Widen our business-to-business communication, by encouraging SMEs to “<b>Pitch Your Product or Service</b>” online. Submissions will be considered in future buying decisions, by publishing via an internal marketplace.</p>	<p>Apr19</p> <p>Apr19</p>
<p><b>Flexibility:</b></p>	<p><b>Build in Change Management:</b> Set up flexible contracts to drive continuous improvements in cost, quality and service outcomes throughout the contract life.</p>	<p>Ongoing</p>



### 3.2 Compliance

The Council complies with UK / EU Law under **Public Contracts Regulations**. This sets out the rules which central and local government must follow with their procurement procedures. The legislation applies to contracts for supplies, services and works based on contract values (see table below). The legislation sets out competition rules, threshold levels for advertising of opportunities, tendering and contract award procedures as well as prompt payment through the supply chain.

To ensure **probity** is maintained in the procurement process, the Council is required to establish and maintain Contract Standing Orders (CSOs). These rules are written in a way that allows local suppliers to apply for contract opportunities via the Council’s business portal either singly or as part of an SME consortium. Higher value contracts are fully advertised to ensure full competition in line with UK / EU procurement regulations.

The Council's service managers whose teams are engaged in the procurement process maintain full **Accountability** for compliance to the Councils CSOs issued and approved by the Executive Management Team and Cabinet.

Compliance Objectives	Improvement Goals	Action Plan
<p><b>Public Contracts Regulations (PCR2015):</b> <i>Procure within the current UK / EU Procurement law.</i></p>	<p><b>Knowledge:</b> Procurement in conjunction with the Legal team, to develop and communicate clear guidance to the organisation explaining UK / EU Procurement law (and any changes made from time to time).</p> <p><b>Compliance:</b> Ensure all Procurement projects are completed in line with the regulations set by UK Government and where above EU threshold values use one of the five defined procedures (Open; Restricted; Competitive Dialogue; Competitive with Negotiation and Innovation Partnership).</p> <p><b>Payment On Time in Full:</b> Ensure that suppliers are paid to the Council’s terms and that main Suppliers are contracted to pay their sub-contractors to the same timeline (back-to-back). The Council has signed up to the BIS Prompt Payment Code: See link here&gt;&gt; <a href="http://www.newforest.gov.uk/article/9517/Payment-of-Suppliers">http://www.newforest.gov.uk/article/9517/Payment-of-Suppliers</a></p>	<p>In Place</p> <p>Monitor</p> <p>In Place</p>
<p><b>Probity:</b> <i>Keep within the Legal framework defined by UK Government and EU regulations.</i></p>	<p><b>Thresholds:</b> Clearly communicate in Corporate Contract Standing Orders (CSOs) and user friendly guides the process to follow based on contract value. The Council has set a local threshold of £50,000 for all contracts to be transparently and openly advertised. Contracts below this value will be subject to competitive quotations from local &amp; regional suppliers to encourage small and medium sector business growth.</p> <p><u>NFDC Local Thresholds – based on contract value</u> Best Value Price check: up to £15,000</p>	<p>Apr18</p>

	<p>Restricted Quotation: £15,000 to £50,000k</p> <p>Openly Advertised in UK: £50,000 to EU Threshold</p> <p><u>EU Thresholds (Jan2018-20) – based on contract value</u></p> <p>Openly Advertised in UK/EU: above £181,802 (Goods &amp; Services)</p> <p>Openly Advertised in UK/EU: above £4,551,413 (Works)</p>	
<b>Accountability:</b>	<p><b>Comply with Contract Standing Orders (CSO's):</b> Ensure ALL staff (and consultants, members, etc.) operate within the guidelines set out in the Councils CSO's.</p> <p><b>Manage Risk (Public Funds):</b> Use appropriate independent checks on suppliers based on value and risk to safeguard public finances.</p> <p><b>To our Customers:</b> Ensure Suppliers are aware of (and commit to deliver) the Council's obligations under health and safety, equality, safeguarding children and vulnerable adults and environmental sustainability, modern day slavery act, data protection.</p> <p><b>For Service Specific Spend:</b> Service Managers to lead with Procurement support. Collaboration opportunities (internally and with other councils / organisations) to be tested wherever possible to establish benefit potential.</p> <p><b>For Corporate Wide Spend:</b> Procurement to lead sourcing projects that effect many Council services with support of key users (by Service) to maximise the Council's commercial impact (test collaboration with other councils or like-minded public sector organisations).</p>	<p>In Place</p> <p>In Place</p> <p>In Place</p> <p>Apr18 – Mar22</p> <p>Apr18 - Mar22</p>

### 3.3 Environment

The Council recognises it has a vital role in sustainable development, through its procurement of goods, works and services. Procurement decisions have a major socio-economic and environmental impact, both locally and globally, now and for future generations.

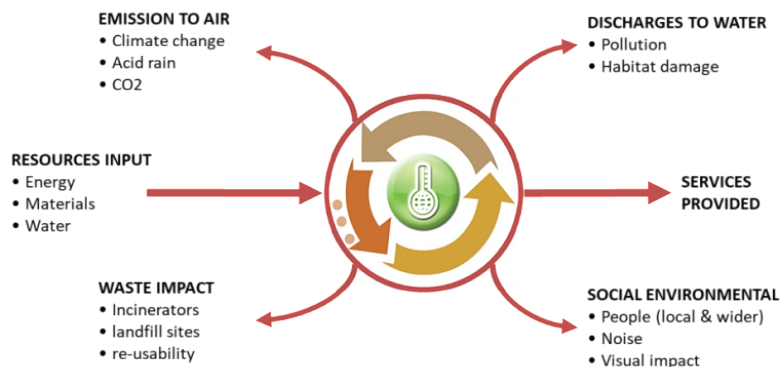
The Council will strive to educate and train internal purchasers to consider **Sustainability** in their procurement projects. The supply market will be encouraged to bring forward new or emerging **Technology** that has a proven positive impact upon the environment.

A **Targeted Approach** will be used to determine and target categories of works, goods and services that have an impact upon the environment. This will help ensure positive outcomes can be delivered through the procurement process (e.g. score impact upon the following: energy conservation, emissions to air, discharges to water, waste and social environment).

Environment Objectives	Improvement Goals	Action Plan
<p><b>Sustainability:</b> <i>Ensure procurement supports innovation that will reduce environmental impact to Air, Water and Land.</i></p>	<p><b>Sustainable Procurement</b> means that the Council meets the needs of the community for works, goods, services in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the Council, but also to society and the economy, whilst minimising damage to the environment.</p> <p><b>Identify Opportunities:</b> Investigate opportunities across the supply chain for energy consumption reduction, emission output reduction, recycling, reduced usage, bulk delivery and better packaging.</p> <p><b>Evaluation of Suppliers:</b> Ensure that where appropriate and allowable, Sustainability Criteria are part of the supplier evaluation process and are used in the award of contracts.</p>	<p>Ongoing</p> <p>Ongoing</p> <p>Apr19</p>
<p><b>Technology:</b> <i>Use our Procurement projects to explore, encourage and realise innovative ideas.</i></p>	<p><b>Specification:</b> Wherever possible and practicable, specify a requirement in line with known European / UK environmental standards or allow suppliers to submit offers for environmentally friendly alternatives.</p> <p><b>Enable:</b> Encourage the supply market to bring forward new/emerging design technology that has a positive and measurable impact upon the environment.</p>	<p>Ongoing</p> <p>Ongoing</p>
<p><b>Targeted Approach:</b> <i>Use a simple scoring method to grade and prioritise projects that improve our environment.</i></p>	<p><b>Impact Analysis:</b> Carry out pre-procurement soft market testing to consider the costs and benefits of environmentally preferable materials, systems or services.</p> <p><b>Partnership:</b> work with other South East Region councils and agencies to maximise sustainable procurement gains.</p> <p><b>Sustainability considerations:</b></p> <ul style="list-style-type: none"> <li>• Reduction of consumption where possible (Do we need it?)</li> </ul>	<p>Ongoing</p> <p>Ongoing</p> <p>Monitor</p>

- Costs/benefits evaluated
- Green options sought
- Green design and supplier selection where available
- Green deliveries and collections
- Operational impact assessment
- Green delivery of operational services
- Reduction of packaging
- End of Life Recycling/reuse/disposal of materials

**Consider Impacts on the Environment**



### 3.4 Fairness

The Council is committed to promote fairness to all suppliers, stimulate local employment opportunities and encourage the **Local Economy** to bring forward ideas that could help the Council save money and deliver better services.

As a major purchaser of goods, services and works in the region the Council recognises the importance of **Transparency** in the communication of forthcoming tender / contract opportunities to promote local employment and the economy. The Council works with agencies such as the Federation for Small Businesses (FSB) and Chamber of Commerce to help SMEs decide if public sector contracts are right for them, if they are ready to tender and how they can submit the best possible proposals.

The Council recognises the opportunity procurement provides to influence the **Equality and Diversity** agenda. We are committed to ensuring that our major suppliers and contractors share our equality and diversity vision and values, and work to implement these. It is the responsibility of staff involved in procurement activities to ensure that equality is embedded in contracts and service provision.

Fairness Objectives	Improvement Goals	Action Plan
<p><b>Local Economy:</b> <i>Engage with local economy small to medium sized businesses (SMEs), representative bodies (FSB/CoC) and Voluntary and Community Sector (VCS) Compact.</i></p>	<p><b>Engagement:</b> NFDC’s Economic Development team and the Procurement team will work with local businesses and agencies such as the FSB and Chamber of Commerce to assist their understanding of how to obtain alerts and apply for Council contract opportunities. E.g. via Meet the buyer events, forums, training events, targeted information, etc.</p> <p><b>The Public Services (Social Value) Act (2012):</b> UK legislation supports the delivery of equality outcomes through procurement. Public authorities have to actively consider how a service being procured might improve the economic, social and environmental wellbeing of the relevant area; and how a public authority might secure that improvement through procurement.</p> <p><i>e.g. Consideration will be taken at the pre-procurement stage via consultations to assess the opportunity for community stakeholders, voluntary and community sector organisations and other interested parties to shape (or provide) the service.</i></p>	<p>Dec18</p> <p>Ongoing</p>
<p><b>Transparency:</b> <i>Ensure the wider supplier base is aware of the Council’s opportunities and how we communicate</i></p>	<p><b>Communication via the Procurement Pipeline:</b> Use clear communication channels to promote forthcoming contract opportunities to allow local SMEs or SME consortia to compete.</p> <p><b>Opportunity Notices:</b> Advertise all contract opportunities in excess of £50,000 electronically via the South East Business Portal (SEBP) so that suitably qualified suppliers can register</p>	<p>Apr19</p> <p>In place</p>

<p><i>upcoming contracts.</i></p> <p><i>Encourage ideas from suppliers that could help the Council.</i></p>	<p>their interest online.</p> <p><b>Advance Notice:</b> Produce an online “Heads Up” list of lower value (below £50,000) opportunities which are specifically suited to SME or local suppliers.</p> <p><b>Extend e-tenders:</b> Extend the use of e-tendering to lower value opportunities to encourage online through a restricted e-Quotation process where local and regional SMEs are targeted via a soft market testing exercise. Saving suppliers time and paper through use of e-Quotation and the Council can support the local economy.</p>	<p>Apr19</p> <p>Apr20</p>
<p><b>Equality &amp; Diversity:</b></p> <p><i>The Equality Act 2010 has laid out specific procurement criteria to be included in contracts and achieved through the procurement process.</i></p>	<p><b>Legislation:</b> The Equality Act 2010: sets out anti-discrimination law and the requirements of the Public Sector Equality Duty (PSED). Compliance with the PSED ensures that Council procurement is fit for purpose and meets the needs of our customers.</p> <p><b>The Modern Slavery Act 2015</b> requires complete transparency in the sourcing of goods and services to ensure slavery, human trafficking and forced or compulsory labour does not occur at any point of the supply chain.</p> <p>The Council’s Equality and Diversity Objectives can be seen on our website;  <a href="http://www.newforest.gov.uk/equalities">http://www.newforest.gov.uk/equalities</a></p> <p><b>Influence:</b> Promote a positive approach to equality and diversity. In our procurement processes, we will make sure that we give our suppliers advice on equality issues and ensure that contracts reflect the outcomes required.</p> <p><b>Obtain Commitment:</b> The Council expects its partners and suppliers to share its commitment to equal opportunities. Procurement can promote equality of opportunity and service delivery in those organisations that supply the Council or its residents.</p> <p><b>Increasing supplier diversity:</b> Meet with potential new contractors and identify barriers to entry for smaller businesses by finding out why they do not respond to advertisements or invitations to tender.</p>	<p>In place</p> <p>In Place</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p>

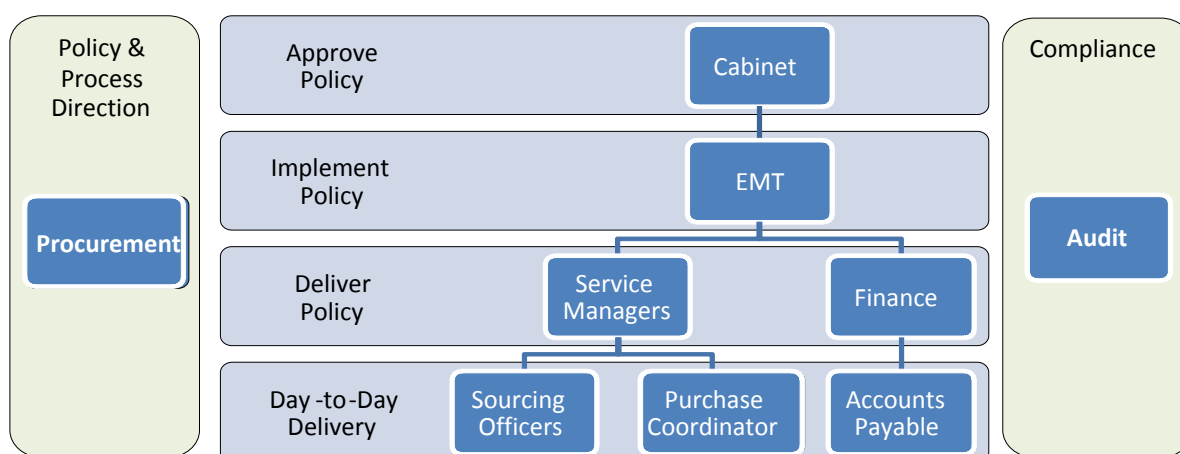
## 4 Procurement Organisation

### 4.1 Governance and Responsibility for Procurement

The **Council's Cabinet** is responsible for setting the overall Procurement Strategy. The **Executive Management Team (EMT)** is responsible for implementing the Council's Procurement Strategy. The **Procurement Team** provide policy and process direction to **Service Managers** (and their nominated Contract Administrators) for procurement projects.

The Council's Cabinet and Executive Management Team has approved the adoption of a **centre led Procurement network** that retains the benefits of a devolved structure whilst adding the direction and control required from centre. This ensures the Council:

- Complies with Public Sector Procurement legislation
- Achieves its corporate plan objectives
- Maintains effective supplier relationship management



### 4.2 Centre Led Procurement Network

The Council's centre-led approach to procurement, where the Service Manager (budget holder) and Strategic Procurement Team work together, combines technical and commercial skills while ensuring that all procurement rules are followed and good practice is established.

The approach covers the design, management and delivery in procuring; a) service specific contracts, b) corporate wide contracts and c) regional collaborative contracts.

The centre led procurement network model encourages:

- **Innovation** in procurement covering the following scenarios:
  - Doing procurement in an innovative way e.g. improving the process or tools used to help buyers and suppliers.
  - Enabling suppliers to offer innovative bids for what we are buying e.g. allow suppliers to offer new solutions.

- Encouraging innovation that may lie outside what we normally buy, e.g. products or services that can bring wider economic and service benefits for the District.
- **Collaboration** between Technical (Service Teams) and Commercial (Procurement, Finance and Legal) in-house teams and with other partners (local government, voluntary sector organisations etc.) to influence the supply market.
- **Consolidation** of spend wherever possible to maximise competitive opportunity.
- **Decision making** at operational level (by Service teams) whilst maintaining corporate process and legal compliance.

### 4.3 Partnerships in Procurement

**Suppliers** are essential to the Council's customer service delivery objectives. The Council aims to ensure that local suppliers are embraced and that their knowledge and service capabilities are utilised to improve services for the local community.

The Council also encourages an active two-way relationship with suppliers to continually improve its procurement approach. Suppliers and prospective suppliers to the Council are encouraged to support procurement developments by using online quotations / tenders as well as proactively proposing innovative ideas that could improve cost, quality and service.

**E-tendering** is fully operational and hosted via the South East Business Portal <https://www.businessportal.southeastiep.gov.uk> for all contracts in excess of £25,000 for restricted e-quotations (and selected lower value projects) and £50,000 for open e-tenders.

**Economic Development** of our region through the continued strong working links with representative bodies such as the **Federation of Small Businesses** and the regional **Chamber of Commerce** will enable engagement with suppliers to ensure a sustainable future in New Forest.

**Inter Council Collaboration** - The Council seeks to play a strong role in regional procurement collaboration in the Hampshire and Dorset regions as well as working with other like-minded Councils and Government Agencies to jointly procure contracts of mutual benefit, through shared resources and know-how. Historically, collaboration at regional level has given rise to a wide range of procurement projects (e.g. Insurance, Cash Collection, Tree Maintenance, Facility Management, etc.) and delivered savings of £5m+ across since 2009.

### 4.4 Skills Development & Best Practice

Procurement will provide support and guidance to Officers through a set of common processes and tools that encourage skills development and knowledge transfer in order to deliver procurement projects for which they are accountable. As there is no 'one-way' for any project the need for prior planning and early engagement is essential to deliver best practice outcomes.

Procurement will develop and monitor methods to ensure efficient and effective Corporate Procure to Payment (P2P) processes that are understood and enacted across the Council.



## 5 General Information

### 5.1 Glossary of Contract Types

- **Works Contracts** - These contracts relate to construction, demolition, building and civil engineering work and completion work such as joinery, plastering and decoration. It includes major repairs or complete refurbishment. For example: building a new affordable housing scheme, refurbishing a leisure centre, resurfacing a car park, repairing a building roof, installing a heating system.
- **Goods Contracts** - These contracts relate to the purchase, hire, siting or installation of goods (sometimes referred to as Supplies), but not their maintenance. For example: equipment, clothing, vehicles and spare parts, office stationery, consumables, gas and electricity.
- **Services Contracts** - These contracts relate to the provision by a person or other entity to provide services. For example: consultancy agreements, provision of maintenance services, provision of professional services (e.g. legal / insurance) and provision of cleaning services.

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