

THE PROCUREMENT POLICY

Background

Procurement means to acquire or obtain and is a term used as a general description for the process of sourcing, agreeing terms and acquiring goods, services or works from an external source, via a competitive process. The Council currently spends around £300 million p.a. (over one third of its total budget) on procuring goods, services, supplies and works. In addition to this extensive procurement activity, the Council is now faced with austerity measures which may result in further procurement from external suppliers.

The policy will be available to all members of staff via Devon's website and will help develop a broad understanding of the Council's procurement arrangements. It will be supported by the Minimum Standards and Procedures for Tenders and Contracts, the CIPFA code of practice on commissioning local authority works and services and by other supplementary detailed guidance which will be issued from time to time as necessary.

Policy

The Council relies heavily on procurement for the delivery of its various services and responsibilities. It is committed to setting high quality standards and achieving value for money in whatever it procures. The Council requires all of its Services to adhere to and promote the following principles of Best Value procurement.

(i) Procurement Generally

The Council requires all Services to:

- be driven by desired outputs and results;
- generate most commercially advantageous balance of quality and cost;
- ensure more efficient administrative and monitoring processes;
- expedite simple or routine transactions, particularly through e-commerce;
- allow a flexible approach to developing procuring and partnering arrangements;
- encourage competition;
- encourage the continuing participation of high quality service providers;
- promote sustainability and equality;

- demonstrate transparency and accountability;
- exercise due diligence

All services will be required to demonstrate:

- commitment to service users;
- value for money;
- due diligence
- compliance with Service aims and objectives;
- continuous improvement;
- commitment to quality and project whole life costing;
- effective management, systems and procedures;
- commitment to the County Council's strategic goals;
- compliance with the regulatory and financial framework of the Council, Government and UK Law;
- consultation with employees and their representatives;
- an even handed approach between private, voluntary and in-house providers;
- appropriate risk management within its procurement activities to protect the interests of the Council and those of the community of Devon.

(ii) In-House Services

The Council believes that in-house services can provide a high quality flexible and value for money framework for developing and delivering services, whilst acknowledging that there are other methods of service delivery. It expects in-house providers to demonstrate an appropriate balance between being best on quality, value for money, sustainability, service and employment practices. The Council will support in-house providers only where they offer value for money and operate in the best interest of service users, or where it is in the Council's strategic interest to do so.

(iii) Partnerships

The Council acknowledges the importance of partnerships in delivering Best Value with the private and voluntary sectors, other public bodies acting locally and with central Government itself. The

Council will encourage the development of such new methods and approaches to procurement to secure the delivery of services more efficiently, effectively and economically.

The four Cs of Best Value — Challenge, Consult, Compare and Compete — are considered an integral part of this procurement policy.

(iv) Competition

Competition may often provide the desired solution to procurement unless issues of risk, long term disadvantage or strategic importance make it inappropriate. The Council will make this decision by reference to a set of published criteria available from the Chief Finance Officer.

The objective of the Council's procurement policy is to provide a means to drive performance by harnessing competition. This policy aims to use competitive forces to achieve Best Value:

Through indirect Competition (i.e. benchmarking) the Council will assess the competitiveness of different functions by reference to other bodies including best value authorities and private and voluntary sector providers. Services provided in-house will be supported and encouraged to achieve equivalent levels of performance or better.

Through direct competition (i.e. alternative means of procurement). The Council will consider, having regard to current performance and suitability whether an alternative means of procurement is appropriate. Contracts will be awarded to the provider offering the most economically advantageous balance of quality and cost.

Where direct competition is deemed appropriate and the in-house provider is competing, the in-house provider will be given the opportunity to compete on equal terms with external providers.

The following will be considered essential elements of competition irrespective of whether indirect or direct:

- Staff and their representatives will be consulted
- Performance standards and monitoring strategies will be developed
- Cost information will be properly identified and collected
- Innovation will be encouraged

- Strategic values and the Council's policy objectives will be protected
- Probity, accountability and competitive neutrality will be ensured
- The responsibilities and accountabilities of all parties must be explicit
- Periodic re-tendering of activities must take place unless contract extensions are expressly authorised by the appropriate Cabinet Member

Services already subject to direct competition will be continually reviewed against the requirements of this policy, to ensure that the manner in which the service is provided remains the most appropriate to deliver Best Value.

(v) Due Diligence

Prior to any arrangements where a financial relationship will exist between DCC and external organisation(s) or where any organisation is to be given permission to use DCC's name, logo, e-mail or telephony system is put into place, the following minimum due diligence checks must be carried out to ensure the validity of that organisation(s):

- Validity of declared Company House data including company number, status and returns to Companies House including:
 - company information, e.g. registered address and date of incorporation
 - current and resigned officers
 - document images
 - mortgage charge data
 - previous company names
 - insolvency information

Company House information can be found at: <https://www.gov.uk/get-information-about-a-company>

Validity of declared VAT Registration number: VAT Registration information can be found at: <https://www.gov.uk/check-uk-vat-number>

In terms of Charities, appropriate due diligence checks might include the following:

- Check Charity Registered number exists and is current;
- Ensure validity of VAT registration
- Verify bank account information
- Check relevant insurances are in place;

- Check Data Protection matters are covered
- Check charity References from that charity's other clients
- Ensure appropriate value for money is to be achieved through the proposals, regardless of whether the provider is a charity, or any other organisation type.
- Undertake Disclosure and Barring checks of relevant personnel, dependent on the service being delivered
- Ensure proposals for services to be delivered are clear, specifications are fit for purpose, documented and agreed, with suitable contract management performance monitoring in place.

All the above need to be proportionate, as always, to the subject matter, financial value and levels of risk involved with the service to be delivered.

Validity of declared Charity number: Charity number registration can be found at:

<http://apps.charitycommission.gov.uk/showcharity/registerofcharities/RegisterHomePage.aspx>

Should you require to undertake enhanced due diligence checks because of risk, value or where the basic checks indicate that there is an anomaly, please contact Procurement.

(vi) Procurement as a Strategic Enabler

- The Council is committed to the principle and practice of sustainability in all of its operations. In furtherance of this, and in consultation with local businesses, the Council will take a number of steps to promote sustainability in the local economy.
- to publicise electronically and through other mechanisms its procurement intentions;
- to publicise how local firms can do business with the Council;
- to foster close working between the procurement and economic development activities of the Council;
- to publicise the Council's expectations of quality and terms of trade.
- The Council will promote the use of environmentally friendly products and activities as far as possible within its resource constraints
- The Council will use its procurement influence to promote best practices throughout its supply chain in relation to sustainability,

diversity and equality issues. Where appropriate, conditions of contract will be incorporated to cover these matters

- The Council is concerned about the impact of the UK procurement law and regulation requirements on procuring locally. Wherever possible, the Council will source locally within the framework of rules within which it operates.
- The Council will work with partners where appropriate to deliver community strategies and other elements of the Government's Modernisation Agenda.

(vii) Procurement Planning

The Council requires Services to develop forward looking and innovative procurement plans, consistent with the Medium Term Financial Planning Framework. These shall be translated into annual Procurement Plans consistent with the Revenue Budget and Capital Programme.

Where The Procurement Policy fits in

The hierarchy of guidance on procurement activity is shown below:

- **STANDING ORDER** – State that officers and members to comply with code of business conduct.
 - **Code of Business Conduct** – the banner under which various codes exist e.g. financial regulations.
 - **The Procurement Policy** – The policy set out in this document.
 - **Minimum Standards and Procedures for Tenders and Contracts and other supplementary guidance** – detailed procedures to underpin the procurement policy.
 - **CIPFA Code of Practice** – external code of practice adopted by DCC.

ANNUAL PROCUREMENT PLAN

Role of the Plan

The Annual Procurement Plan will serve as a statement of purchasing intentions for the County Council and is intended to allow a holistic view to be taken on procurement activity. The overall plan will be constructed from Service Procurement Plans and will enable the Council to identify packaging

and aggregation opportunities in order to benefit from economies of scale, reduce the costs of competition and, where appropriate, to develop markets. It will also enable the Council to identify opportunities for using innovative procurement methods.

The plan will be used to share knowledge on procurement activities to ensure the Council achieves maximum benefit from its considerable purchasing power. The plan will be used to advise elected members on procurement matters and will also enable the Council to manage risks associated with large scale purchasing.

The plan will be prepared annually at the start of the financial year but will need to be updated regularly as changes to procurement intentions become known. Whilst predominantly focusing on the year ahead the plan will also have a "rolling" element and will show the continuing contracts from previous years and, as far as possible, look ahead to the following two years to facilitate planning.

Contents of the Plan

Goods/Services/Works/Utilities to be procured:

- Description of each main purchase area
- Monetary value or budget

Distinguish between:

- New purchases/works
- Existing contract extensions
- Existing contract variation
- Re-tendering of existing contracts
- Spot contracts

Date when procurement will take place

Preferred method of procurement following option evaluation

Comment on state of the market (based on best available information)

Contract period

Location of works, goods or service delivery

Innovative features

Monitoring arrangements

List of continuing contracts from earlier periods and their annual value

In addition to this content Services will be required to indicate expected major variations from the plan in the following two years. This outline of the medium term will facilitate planning beyond the coming year and may be viewed alongside the Council's longer-term budget strategy.

Strategic Procurement Service

Within the context of the Council's regulatory procedures in respect of procurement the Strategic Procurement Service will:

- Review Service Annual Procurement Plans and make recommendations on the methods of procurement through the Corporate Leadership Team to the Cabinet, where appropriate, having taken a holistic view of these plans for the Council, with a view to obtaining optimum value for money.

These reviews to include consideration of the use of these methods of procurement where Services consider open competition to be inappropriate:

- Contract extensions or renewal without re-tendering
- Single tenders from specialist or solitary traders
- Negotiated tenders
- Partnership/PFI arrangement

In addition to considering the use of these particular methods, the service will have an on-going interest in the use of open competition:

- To consider packaging and aggregation opportunities within the Council's planned procurement activity.
- To act in an advisory capacity to service managers on procurement matters (e.g. market development).
- To consider and advise on innovative arrangements for procurement.
- To periodically review the Council's framework for procurement, the Procurement Process and its Minimum Standards and Procedures for Tenders and Contracts and issue other supplementary detail guidance as necessary.
- To bring together the network of skills, experience and knowledge of all Services for the benefit of the County Council and the community of Devon.