

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Procurement Policy

Meeting/Date: O&S Economic Well-being, 8 December 2015
Cabinet, 10 December 2015

Executive Portfolio: Councillor J A Gray (Resources)

Report by: Procurement Manager

Ward(s) affected: All

Executive Summary:

The purpose of this report is to seek approval for the Procurement Policy. The Procurement Policy outlines how the procurement function supports the Corporate Plan and Council's objectives, whilst minimising risks and seeking value for money.

The Policy describes how the Council will manage procurement risk, the overarching EU principles, our approach to delivering value for money, helping local businesses compete for public spend and the performance and governance of procurement.

The Policy provides for the structure and organisation of procurement and creates a foundation to develop detail plans and objectives for procurement.

Recommendation for Overview & Scrutiny:

Overview and Scrutiny are invited to consider the Procurement Policy at Appendix 1 and provide comments to Cabinet.

Recommendation for Cabinet:

Cabinet are asked to approve the Procurement Policy at Appendix 1.

1. PURPOSE

- 1.1 The purpose of this report is to seek approval for the Procurement Policy attached at Appendix 1.

2. BACKGROUND

- 2.1 Effective and efficient procurement supports the Corporate Plan through contributing to the best use of resources, assisting local businesses and, whilst operating in a regulated environment, minimising any attendant legal or reputational risks associated with non-compliance. The Procurement Policy sets out the operation of a procurement function in high level terms.

- 2.2 The Policy provides a definition of procurement; outlines the principal risks; lists the EU procurement principles; outlines how to improve value from procurement; engage with local businesses; summarizes performance targets, and procurement governance.

- 2.3 The Policy is underpinned by:

- the Code of Procurement which provides the regulatory and process necessary for compliance. This was approved by Council in May 2015.
- guidance for staff undertaking procurements in the form of written protocols, template documents, targeted training and ad-hoc advice. This is updated as needed.

3. SUMMARY OF THE POLICY

Definition

The acquisition of goods, services and works is defined and the scope of the organisations involved.

Risk Management

The Policy identifies the principle risks attached to procurement and how we ameliorate those risks.

Value for Money

Value for money is defined as fundamental to procurement and its basic guises are named.

Principles

All public procurement is subject to EU Treaty principles and these are listed.

Procurement Policy

The methods employed to deliver value are listed.

Business Engagement

Steps to support businesses in finding and competing for public procurement opportunities are outlined.

Performance Management

The basic performance and savings targets are listed.

Resources

The mechanism used to match process to cost and therefore, minimise the resource expended is presented.

Governance

The basic governance measures are explained.

4. COMMENTS OF OVERVIEW & SCRUTINY PANEL

- 4.1 To be completed after Overview & Scrutiny (Economic Well-Being) – 8th December 2015.

5. KEY IMPACTS/RISKS

- 5.1 The key impact of the introduction of the Policy will be to support the pursuit of Value for Money through a structured approach to procurement with clearly identified objectives and constraints.

The risk of not having a policy is the absence of a fundamental definition of the role of procurement and a starting point for the development of a Procurement Business Plan.

6. LINK TO THE CORPORATE PLAN

- 6.1 The Policy will support the achievement of the Corporate Plan requirement of “becoming more business-like and efficient in the way we deliver services”.

7. CONSULTATION

- 7.1 None

8. LEGAL IMPLICATIONS

- 8.1 There are no direct legal implications. Future legislative change may, however, effect the Policy.

9. RESOURCE IMPLICATIONS

- 9.1 The Policy itself will not have any direct resource implications. However, the operation of the Policy:
- will support the achievement of savings, cost avoidance and additional income.
 - may lead to proposed changes in process and systems that could in future have resource implications. Such proposals would be subject to the approval of a suitable business case.

10 REASONS FOR THE RECOMMENDED DECISIONS

- 10.1 The Policy is the keystone to the operation and function of procurement. It will underpin the development of more detailed objectives and targets in the form of a procurement business plan

11. LIST OF APPENDICES INCLUDED

Appendix 1 – Procurement Policy

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PROCUREMENT

Policy 2015

Date Approved: xx/xx/2015

Review Date: xx/xx/2017

Version 7

Definition

The Council defines “procurement” as the process used to acquire goods, services or works and the letting of concessions. The acquisition may be from external providers such as contractors, third sector suppliers (voluntary organisations) or other public sector bodies.

Risk Management

Operating in a regulated environment there are risks to reputation and legal sanctions, including fines and litigation costs, resulting from poor procurement practice as well as business impacts due to inadequate quality, performance or delivery. Whilst responsibility for procurement resides in each Council service area, a Procurement Manager is established in the Resources Service to assist service areas with their procurement responsibilities and to provide training to ensure knowledge of compliant process and good practice.

Value for Money

Value for Money is at the heart of how the Council delivers its services; regardless of whether these are front-line or back-office. Effective procurement seeks to deliver value for money through lower whole life costs, cashable savings, cost avoidance and minimising the overhead required.

Fundamental Principles

All procurement processes will adhere to the EU procurement principles (Treaty of Rome 1957) of:

- Openness and transparency.
- Equal treatment of all suppliers.
- Proportionality; procurement processes will be proportionate to the risk and value of the requirement.
- Non-discrimination on the basis of EU member state.

Procurement Policy

To deliver value and savings through:

- compliant, competitive processes;
- adoption of innovative methods;
- simplified and streamlined documents and procedures;
- exploiting opportunities for joint working;
- improving commercial and market knowledge; and
- supporting local business participation.

Public and Business Engagement Considerations

- The Council's economic development team will be consulted to ensure that local business organisations and their members are aware of national and Council procurement policy and practice.
- The Council will publish a pipeline of forthcoming requirements to enhance local business engagement.

Performance Management

Savings targets are set and monitored by the Head of Resources. The key targets are:

- Zero legal challenges through compliant effective processes;
- Savings, cost avoidance or additional revenue of £50,000 per year;
- Delivery to relevant staff of up to 12 training sessions per year; and
- Engagement with local business through 2 events per year.

Resources

Annually reviewed financial thresholds determine the type of process required to ensure the appropriate level of effort for routine purchases.

Threshold Values	Process
Up to £5,000	A single written estimate or offers
£5,000 up to £25,000	Three written estimates or offers
£25,000 to £75,000	Three formal written quotes or offers
£75,000 to EU Threshold	Competitive Tenders
Over EU Threshold and above	EU compliant process

The resource implications (including Legal and Finance) for acquisitions with identified risk, complexity or high value (>£75k) are considered case by case. This contributes to deciding the most effective procurement process for that requirement.

Governance

The Council will have regard to all statutory and local procurement regulations, including the requirements of the Councils Constitution and relevant policies. The Code of Procurement will be updated to ensure that it is in line with prevailing legislation and Procurement Policy.