

# Procurement Strategy & Policy document 2015 – 2018



## Contents

1. INTRODUCTION.....	4
2. VISION FOR PROCUREMENT .....	5
3. STRATEGY AND POLICY OBJECTIVES .....	5
4. PRINCIPLES.....	5
5. PROCUREMENT AT HARTLEPOOL BOROUGH COUNCIL .....	6
5.1 Implementation Responsibility and Accountability (NPS C) .....	6
5.1.1 Corporate Management Team .....	6
5.1.2 Members.....	6
5.1.3 Heads of Service, Managers and Team Leaders.....	6
5.1.4 Corporate Procurement Team.....	6
6. EFFICIENT AND EFFECTIVE PROCUREMENT .....	7
6.1 In-house Teams (NPS B) .....	7
6.2 Voluntary and Community Sector (VCS) Strategy (NPS B) .....	8
6.3 Public Health Contracts (NPS C) .....	9
6.4 Tactical Procurement Strategies (NPS A) .....	9
6.5 Procurement Policies, Procedures and EU Directives (NPS D).....	10
6.6 Analysis Of Spend (NPS A) .....	10
6.7 Contract Specification (NPS A) .....	11
6.8 Evaluation of Tenders (NPS A).....	11
6.9 Price / Quality Evaluation (NPS D).....	11
6.10 Capital Assets and High Risk Procurement Projects (NPS A).....	12
6.11 Collaboration and Shared Procurement (NPS A).....	12
6.12 Risk (NPS A).....	13
6.13 Business Continuity (NPS A) .....	13
6.14 Sustainability and Social Goals (NPS B) .....	14
6.15 Public Services (Social Value) Act 2012 (NPS B) .....	14
6.16 Localism Act 2011 – “Right To Challenge” (NPS B).....	15
6.17 Developing the Local Economy and Voluntary Sector (NPS B) .....	16
6.18 Equality and Supplier Diversity (NPS B).....	16
6.19 Local Suppliers (NPS B) .....	17
6.20 Contract and Supplier Management (NPS A) .....	17
6.21 Training and Development (NPS C) .....	17
7. e-PROCUREMENT POLICY (NPS D).....	17

Figure 1 - Procurement Processes .....18

Figure 2 - Advertising requirements .....19

8. INCOME GENERATION .....20

Income Generation (NPS D) .....20

Disposals (NPS D) .....20

# 1. INTRODUCTION

Improving the way in which Councils across the country buy goods and services is a key factor in modernising local government and achieving the necessary reductions in the Council's cost base, never more so than in the current economic climate.

It is recognised that the Council's approach to procurement can have a positive effect by reducing operating costs and by ensuring our procurement decision making processes consider a broad range of issues and principles, not just price.

The Council believes that its procurement activity can make a positive contribution in terms of equality and diversity, a successful local economy and a thriving voluntary sector.

The positive effect of the procurement function has also been recognised by the Local Government Association and they have produced a '*National Procurement Strategy for Local Government in England*'.

This strategy is built around four particular themes which apply across the whole of Local Government. These themes are:

- Theme A - Making Savings (NPS A)
- Theme B - Supporting Local Economies (NPS B)
- Theme C - Demonstrating Leadership (NPS C)
- Theme D - Modernisation (NPS D)

It is Hartlepool Borough Council's intention to apply the appropriate elements of the National Procurement Strategy to its own procurement practices and to augment these with other local procurement priorities, creating a compilation which supports both national and local aims and objectives.

Further details of the above themes are provided in Annex A.

Where this Procurement Strategy and Policy document links to the National Procurement Strategy, the elements are annotated with a reference to the relevant theme referred to above.

The purpose of this Strategy and Policy document is to describe our approach to developing procurement within the Council to better achieve our objectives and to meet the pressing needs of the Council in terms of reducing its cost base and increasing its levels of income generation.

## 2. VISION FOR PROCUREMENT

The Council's vision for its Corporate Procurement Service is:

*'To support the delivery of cost-effective high quality services which underpin the Council's corporate priorities, through a strategic and systematic approach to procurement and business development'*

## 3. STRATEGY AND POLICY OBJECTIVES

The objectives of the Corporate Procurement Service are to:

- Continue to develop a category management focused approach to procurement
- Deliver a common, corporate process of strategic sourcing and business development, making use of partnership and collaborative working where appropriate
- Drive out inefficiencies and reduce costs both in and through the procurement process, making use of e-procurement solutions where possible
- Increase the proportion of spend against contracted and approved suppliers
- Enhance governance and skills within procurement, ensuring that procurement processes are legitimate and that maximum benefit is derived through knowledge of applicable legislation
- Support the required increase in income generation
- Support the local economy within the constraints of public procurement legislation

## 4. PRINCIPLES

The principles which underpin our procurement activities are:

- We will require that all procurement activity supports our corporate priorities
- We will enact our commitment to strategic, effective, consistent and co-ordinated procurement, which recognises and reflects local circumstances.
- We will promote and deliver sustainability, local economic development and equality and diversity objectives through procurement activities.
- We will maximise procurement collaboration with other public bodies and partnering arrangements with suppliers where this supports the best interests of the Council and local economic development
- We will enhance our procurement relationship with the voluntary and community sector
- We will ensure that procurement is undertaken by suitably skilled and experienced staff
- We will ensure that all procurement is operated in a legal and professional manner with the highest standards of governance, probity, transparency, openness, accountability and fairness

- We will encourage a varied and competitive supply market
- We will ensure an efficient procurement process through maximising the use of electronic procurement ('e-procurement')
- We will develop and operate an efficient, effective and successful process in relation to commercial bid development, tender submission and contract management (through service delivery departments)

## 5. PROCUREMENT AT HARTLEPOOL BOROUGH COUNCIL

### 5.1 Implementation Responsibility and Accountability (NPS C)

#### 5.1.1 Corporate Management Team

The Corporate Management Team, through the Director of the Regeneration and Neighbourhoods Department as the corporate lead for Procurement, is responsible for owning, leading, driving and challenging services to implement the Council's procurement strategy and policies.

#### 5.1.2 Members

To provide political commitment to the strategy and policies, the Finance and Policy Committee has lead responsibility for procurement and will ensure that procurement is recognised and proactively considered in the political processes of the Council and its partners.

#### 5.1.3 Heads of Service, Managers and Team Leaders

Operational responsibility for procurement of a value less than £60k (or £100k for Works) rests with individual managers throughout the Council. They manage and undertake procurement activity in line with the strategy and policies, and acting within the Contract Procedure Rules (CPR's) specified in the Council's Constitution. They are expected to implement any good practice guidance provided by the Corporate Procurement Team and to contribute to the sharing of information around good practice, to improve the procurement performance of the Council.

Departmental procurers are also responsible, as budget holders and Client managers, for development of specifications, development of contract conditions particular to the service/products/works required, and following contract award, for the ongoing management of the contract.

#### 5.1.4 Corporate Procurement Team

The team has responsibility for managing all tender activity and all EU tenders.

The team advises and supports service areas on issues around smaller value quotes.

The team provides an interface between the Council and the collaborative procurement partners it engages with.

The team is responsible for ensuring that all Council spend is compliant with Public Procurement Regulations and the Council's own Contract Procedure Rules (CPR's).

The Corporate Procurement team are also responsible for the development of contract conditions for corporate contracts, and following award, for the management of corporate contracts.

In addition to procurement activities, the team also provides bid management services for areas of the Council tendering to win business with other organisations, and a service to maximise income from the disposal of redundant equipment.

## **6. EFFICIENT AND EFFECTIVE PROCUREMENT**

Procurement covers the process of acquiring goods, services and works either from third parties or through in-house sources and covers the entire cycle from identifying needs through to the end of a contract. It is important that the Council sets clear rules for the procurement of these goods, services and works to ensure that procurement is carried out with openness, integrity and accountability, that the probity and transparency of the process is evidenced and that the Council is fulfilling its responsibilities.

Although there is a Corporate Procurement Team, procurement activities are devolved across the Council's Departments.

The decision making process with regard to the various procurement routes is detailed in Annex B.

It is important to note there is an explicit requirement that, where they exist, in-house services are used for the provision of goods, services and works. As a result of the services being delivered by in-house resources, there is no procurement process to follow, a potential cost saving in itself.

There is a common thread of social value questions to be built into relevant procurement projects and this should be taken into account during the whole contract life cycle. Social value should be measured throughout the contract.

### **6.1 In-house Teams (NPS B)**

Within Hartlepool Borough Council the primary procurement route for all goods, services and works is via in-house teams.

Procurers must always ask the question – “Does the Council have an in-house provider?”

The Council has a variety of in-house teams that provide materials and other goods (via a stores service and corporate procurement) as well as professional and technical services including operational delivery teams.

The benefits of the in-house route include:-

- Retention and growth of jobs
- The ability to grown our own expertise
- The recovery of Council overheads

Use of third-party providers when an in-house provider exists is permitted, however this will require the submission and approval of a Contract Procedure Rules exemption request.

The purpose of requiring the submission of a Contract Procedure Rules exemption request is to provide a checkpoint before the external provider is engaged. The CPR exemption request form is required to provide details as to why use of a non-Council provider will deliver improved value for money.

This process also provides an opportunity for the in-house service provider to review its own offering in the light of competitor information.

Where there are considerations other than value for money to take into account, the CPR exemption approval process will allow senior management to advise the applicant of these and, if appropriate, direct them to use the relevant in-house service.

As with all granted CPR exemptions, details will be reported retrospectively to Finance & Policy Committee on a quarterly basis.

## **6.2 Voluntary and Community Sector (VCS) Strategy (NPS B)**

The Council procures a range of services from the Voluntary and Community Sector (VCS) and has sought to describe its relationship with the sector through the development of its VCS strategy.

The Council adopted its VCS strategy in late 2012, combining the former Hartlepool Compact and Voluntary Sector Strategy into one comprehensive document. Developed in partnership with public sector partners and the VCS, the document clearly outlines the Council’s commitment to working with the VCS and the implications that this may have in terms of capacity, skills, training and resources.



The shared undertakings outlined within the 3 objectives of the strategy form the basis of the working relationship between partners whilst informing the procurement processes that the Council adopts. These objectives are as follows:

- **Have a say**

To ensure that voluntary and community sector organisations are able to comment on and influence public sector strategies and service delivery plans, in order to develop more reliable and robust policies and strategies that better reflect the community's needs and wishes.

- **Take Part and Deliver**

To improve the relationship between public sector partners and the VCS within Hartlepool in managing and using resources to achieve a strong and prosperous VCS that contributes to the delivery of good public services within the town.

- **Strengthen and Develop**

To ensure a strong and diverse VCS that promotes inclusion across the town as well as a clearer understanding of community groups within the sector as a whole. The VCS is able to get involved, build capacity and develop, strengthening the local communities that they serve.

### **6.3 Public Health Contracts (NPS C)**

The Council has responsibility for Public Health contracts, an activity which is managed and organized by the Council's Director of Public Health with support being provided by the Council's Corporate Procurement Team.

### **6.4 Tactical Procurement Strategies (NPS A)**

There are a variety of tactical procurement strategies which the Council can employ. The choice of which strategy to pursue affects the procurement route to be followed, the scope of a contract, the scale of a contract etc.

All of these decisions impact upon the suppliers in the marketplace and can either encourage, discourage or even prevent suppliers from bidding for Council work.

As a result of the importance of these decisions, officers are required to record details of and the rationale behind the procurement strategy to be employed. As a minimum, the details must include the following:

- Scope of the contract
- Reasons for tender packaging and structure of lots
- Basis of any price/quality split to be used in the evaluation process
- Contract extensions

To ensure that records of these decisions are available for review, this information will be retained for audit purposes and in the event that the relevant Policy Committee requests a review of the procurement process.

#### **6.5 Procurement Policies, Procedures and EU Directives (NPS D)**

Procurement is governed by the Council's Contract Procedure Rules. In respect of major procurements the following principles will be observed:

- We will provide potential suppliers with clear requirements specifications at the earliest possible stage, and ensure these are understood.
- For high value purchases (over the EU procurement thresholds) we will always publish our tender evaluation criteria at the tender stage to make clear to prospective suppliers how we intend to select the preferred supplier. We will keep up to date with legislation and provide continuous learning opportunities for procurement staff.
- The EU Remedies Directive came into force on 20 December 2009 and affects all procurement activity after that date. The directive provides rights for an unsuccessful tenderer to pursue the Council for damages if the Council has failed to comply with the EU Procurement legislation. The Council's constitution requires that any tender exercises exceeding the EU threshold be managed by the Corporate Procurement Team in order to reduce any contractual or procurement related risks to the Council.
- We will offer to provide feedback to all parties to a tendering process explaining why they were not successful.
- The Council will work collaboratively with other regional and sub regional procurement groups in order to be able to deliver best value to the Council taxpayer.
- The Council utilise its e-procurement system and will continue to expand its use and functionality wherever possible.

#### **6.6 Analysis Of Spend (NPS A)**

Expenditure analysis is an ongoing activity to focus the Council's procurement activities. This includes identifying opportunities to aggregate spend and implement contractual solutions for ad hoc areas of spend which are currently 'below the radar'. Implementation of procurement arrangements in these areas will offer opportunities to develop new supply arrangements with local suppliers and support the local economy, where appropriate and possible.

### **6.7 Contract Specification (NPS A)**

In order to achieve maximum benefits from contracts with third parties, the Council will focus on improving the specification for contracts and the terms and conditions applicable to contracts.

The Council will utilise specialist advice on the drafting of its major contracts and, where appropriate, it will consider innovative contractual arrangements which provide the flexibility to respond to changing needs over the term of the contract.

### **6.8 Evaluation of Tenders (NPS A)**

Evaluation of tenders will be conducted in accordance with the latest EU directives, relevant case law and Crown Commercial Services (CCS) guidance and will be based strictly on the criteria and the respective weightings published in the tender documentation.

The use of evaluation criteria will be proportional to the size of the procurement. For lower cost requirements simplified criteria will be applied, however, depending on the complexity and level of risk associated with the contract, it may be deemed necessary to use more sophisticated criteria.

Wherever possible the Council will seek to award contracts on a competitive, most economically advantageous basis and, where appropriate, an evaluation and comparison of whole life costs will be performed and considered in making award recommendations.

### **6.9 Price / Quality Evaluation (NPS D)**

Where the Council elects to use a price/quality evaluation split, this will be defined prior to the procurement commencing and an agreed marking mechanism will be developed which describes the ratio. Decisions taken with regard to the price/quality split ratio will be appropriate and justifiable.

Price/quality evaluation strategies must ensure a high level of transparency in relation to the following:-

- Scope of the contract
- Reasons for tender packaging and structure of lots
- Basis of any price / quality split to be used in the evaluation process
- The links with social value to quality - the Council's Contract Procedure Rules require that this information be recorded and available for review by the relevant Policy Committee if required.

To illustrate, the list below provides some examples of quality measures which could be used in a tender evaluation, as appropriate to the tender:-

- Responsiveness

- Quality targets
- Service levels
- Location
- Retain and grow jobs
- Training and apprenticeships
- Local employment
- Customer benefit
- Community benefits – residents and businesses

Price/quality splits in tender evaluation will be carefully considered to get the right balance, particularly where the price is fixed.

Where price is fixed the tender evaluation must ensure the quality measures are heavily weighted possibly 100% of the evaluation so long as a threshold in meeting price and financial requirements is met. An allowance will need to be considered in the event a tendered offer produces a saving on the fixed price.

Tender instructions will to be formed in conjunction with the Corporate Procurement Team.

#### **6.10 Capital Assets and High Risk Procurement Projects (NPS A)**

In the event that the Council does not have the necessary in-house expertise to manage the procurement of major capital assets and/or high risk service projects, it will appoint subject matter experts to advise it on the procurement as required to ensure optimal value for money and risk management.

The Council recognises that procurement should not end with the provision of the capital asset or award of the service contract but involves the whole-life cost and it will use whole-life cost analysis to support bid analysis and comparison, where appropriate, including disposal costs.

#### **6.11 Collaboration and Shared Procurement (NPS A)**

Hartlepool Borough Council (HBC) is a member of NEPO (the North East Procurement Organisation), along with the majority of other North East regional Councils. In addition, HBC works closely with the other Councils in the Tees Valley sub region, through the Tees Valley Joint Procurement Group (TVJPG).

NEPO is a shared resource funded through Local Authority subscriptions. It provides a range of services to its members including management of the region's e-procurement portal, which is used extensively across HBC, and a range of contracts for generic goods and services used by Council's across the region, e.g. gas and electricity, food, stationery etc.

NEPO's business model provides a rebate to member Councils based upon the amount of expenditure each Council has made against NEPO contracts.

On a less formal basis, HBC also works with other Council's in the Tees Valley through the TVJPG. This collaboration takes the form of a monthly meeting at which the respective Council's Heads of Procurement meet and develop ideas and opportunities for collaborative contracts. Typically the contracts will be frameworks developed by one of the group with an allowance included for other authorities in the sub region to use the arrangement should it suit their purposes to do so.

There is no direct funding provided to this group and attendance at meetings and subsequent contracting activities are absorbed within existing resources.

#### **6.12 Risk (NPS A)**

The Council will make sure that any risk to the Authority or the community it serves is properly recognised in all its procurement dealings. It will identify risks, evaluate their potential consequences and effectively manage those risks accordingly at every stage of procurement.

The Council will consider potential risks prior to any procurement activity, to ensure that the appropriate sourcing strategy is chosen.

In terms of the Council's procurement process, most risks can be categorised in four areas, as follows:

- Strategic – e.g. long term impact of bad decision or poor implementation.
- Procedural – e.g. failure to comply with legislation, internal procedures, processes, codes.
- Legal – e.g. illegal or unethical practices or lack of documentation.
- Operational – e.g. poor contract management, failure to deliver, terms do not meet requirements/expectations.

It is important that these risks are recognised where they exist and measures taken to mitigate them.

#### **6.13 Business Continuity (NPS A)**

Business continuity is the process of preparing for and responding to a disaster event or situation that could have a serious impact on the delivery of the Council's services. All contracts for key service provision, or which support in house services which are named in the Council's Business Continuity arrangements, will be required to have approved business continuity plans in place which will ensure continuity of service in the event of normal service disruption.

Depending upon the service being tendered, the Council will include a condition that bidders must provide details of their business continuity plans. Failure to have such plans in place may result in the rejection of an offer.

#### **6.14 Sustainability and Social Goals (NPS B)**

Hartlepool Borough Council recognises its responsibility to carry out its procurement activities sustainably: providing value for money and in an environmentally and socially responsible manner. Sustainable procurement safeguards the long-term interests of the communities in Hartlepool.

The Council has determined a Sustainable Procurement Policy Statement which was endorsed by the then Portfolio Holder on 18<sup>th</sup> May 2010 and is included as **Annex C**.

We recognise our role in encouraging our suppliers and contractors to minimise any negative impacts of their activities and to promote economic and community regeneration associated with the products and services they provide.

In addition, where relevant and suitable, the Council will endeavour to secure commitment from bidders to offer training, apprenticeships etc. in the event they are awarded a contract. This approach has proved successful with construction type contracts.

#### **6.15 Public Services (Social Value) Act 2012 (NPS B)**

The Council's CPR's incorporate the requirements of the Public Services (Social Value) Act 2012.

The Act's purpose is to require public authorities to have regard to 'economic, social and environmental well-being' in connection with public services contracts and for connected purposes.

Hartlepool Borough Council considers, prior to undertaking the procurement process, how any services procured (whether covered by the Public Contracts Regulations 2015 or otherwise) might improve the economic, social and environmental wellbeing in areas which we exercise our functions. Furthermore we consider how we can secure such improvements as part of the procurement process and during service delivery.

Recording the project procurement strategy, coupled with the record keeping requirements of the Social Value Act will enable the Authority to evidence its :

- Consideration of the contract size/structure/available in-house provision, the structure of local supply markets and capabilities of 3<sup>rd</sup> sector/VCS organisations
- Decision making process in relation to devising the procurement strategy
- Structuring of the price/quality split to reflect the needs of the service and the locality

- Consideration of how what is being proposed to be procured might improve the economic, social and environmental wellbeing of the relevant area (and this is the Authority's own area (or combined areas if it is a joint procurement) in which it 'primarily exercised its functions')
- Consideration of how, in conducting the procurement process, it might act with a view to securing that improvement (although the Act makes it clear, in order to remain in line with EU law, that anything under this limb must be relevant and proportionate in respect of the proposed contract)
- Consideration of whether there is a need to undertake any consultation
- Considerations around letting smaller contracts and/or breaking down into constituent parts
- Considerations around letting smaller contracts with less onerous application procedures

By requiring the primary procurement route of the Council to be via in-house teams Social Value is promoted "at home".

#### **6.16 Localism Act 2011 – "Right To Challenge" (NPS B)**

Once a decision has been made to procure a service following acceptance of a challenge submitted under the 'Community Right to Challenge' legislation, the Council's Contract Procedure Rules come into effect.

As with all other procurement activities undertaken by the Council, the procurement procedure will be selected by assessing the value of the contract to be awarded.

Given the possible nature of the services subject to challenge, care will be taken to ensure that evaluation criteria are utilised which reflect the Council's obligation to secure Best Value and meet the requirements laid down in the Public Services (Social Value) Act 2012, i.e. to consider how the procurement can promote or improve the social, economic or environmental well-being of the authority's area.

In addition, care will be taken to ensure that Third Sector and Voluntary & Community Sector organisations are not excluded from bidding for services as a result of the Council incorporating requirements which are not proportional to the value of the service and any associated risks relating to public safety, service delivery, service continuity etc.

In addition to the above, any planned procurement activity will take into account any pre-existing contractual obligations the Council may have. This may

result in decisions being required on whether to extend or terminate an existing contract.

#### **6.17 Developing the Local Economy and Voluntary Sector (NPS B)**

For the purpose of this strategy document, the term 'local supplier' refers to any company whose presence in the Borough of Hartlepool provides significant local benefits to the community, through employing staff, offering training opportunities and demonstrates a commitment to the local economy.

HBC is keen to support its local supply base and provides training workshops for local suppliers which can range from tendering workshops to sessions about certain elements of procurement.

HBC also provides support to local business organisations and has worked on several occasions with the Federation of Small Businesses (FSB).

#### **6.18 Equality and Supplier Diversity (NPS B)**

As a Council, we deliver services to customers and value our employees equally, irrespective of their ethnicity, gender, age, religion or belief, disability, sexual orientation or any other irrelevant factor. We recognise and value difference and respect our staff and service users as individuals.

To ensure that the Council procures works, services and goods in a way which promotes equality and diversity, we strive to:

- have a fair and accessible procurement process
- make sure that where contractors deliver services on our behalf, they do so in a way which meets the needs of all our residents and/or employees

By being proactive in these two areas, the Council will help to achieve its vision of creating an ambitious, healthy, respectful, inclusive, thriving and outward-looking community, in an attractive and safe environment, where everyone is able to realise their potential.

We will also be meeting our statutory duties to eliminate unlawful discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010 against individual's relevant protected characteristics.

The Council will ensure a fair and accessible procurement process by continuing to:

- simplify the guidance available to potential suppliers about how we procure goods, works and services
- make information about the Council's procurement opportunities more accessible including, for example, attending 'Meet the Buyer' events and updating information on the website



- engage with suppliers and provide training to them where appropriate.

When we use contractors to deliver services on our behalf, we will make sure that they do so in a way which meets the needs of all our residents and/or employees by:

- seeking information from tenderers about their equality and diversity policies and practices
- including equality and diversity clauses as a standard feature in contracts to ensure contractors meet relevant statutory duties

### **6.19 Local Suppliers (NPS B)**

The Council sees the promotion of the local economy in the procurement process (where possible) as a priority.

The Council's contract procedure rules include a requirement that, wherever possible, a minimum of two local suppliers are to be given the opportunity to submit quotations for Council requirements.

### **6.20 Contract and Supplier Management (NPS A)**

Contract management is the management of contracts made with customers, vendors, partners, or employees. Contract management includes negotiating the terms and conditions in contracts and ensuring compliance with those terms and conditions, as well as documenting and agreeing any changes that may arise during the contract's implementation or execution. It can be summarised as the process of systematically and efficiently managing contract creating, execution, and analysis for the purpose of maximising financial and operational performance and minimising risk.

The Council implements a range of contract management practices, with the majority of effort being focussed on high value/high risk contracts. Some contract management arrangements incorporate governance and reporting arrangements extending through to the Council's corporate management teams.

### **6.21 Training and Development (NPS C)**

There is a continuous need for training in existing and any revised/new processes to ensure consistency and compliance and to meet the objectives and principles of the Strategy.

## **7. e-PROCUREMENT POLICY (NPS D)**

- 7.1 The Council recognises the importance of electronic procurement (e-procurement) in delivering lower transaction costs for both the Council and our suppliers, reducing off-contract spend and minimising paperwork, thereby providing efficiencies and environmental benefits.

- 7.2 The Council’s approach to the sourcing element of e-procurement is based around three approaches, the use of each being determined by the value of the contract to be executed.
- 7.3 Figure 1 below highlights current processes:-
- 7.4 Staff have the option of using non-electronic means for securing quotations on requirements with a value of less than £5000, although electronic systems may be used if so desired.
- 7.5 For any expenditure in excess of £5000 and up to tender level, departmental staff are required to use the Council’s ‘Quick quote’ system for quotation level procurement activity. For any activity in relation to tender level contract values the management of the tender process is handed to the Corporate Procurement Team who will utilise the Council’s e-tender system.

Contract Value	Process Required		
	Goods, Materials and Services (excluding Social and other specific services)	Social and other specific services	Works
£0 - £5,000	Informal process - reasonable enquiries required	Informal process - reasonable enquiries required	Informal process - reasonable enquiries required
£60,000	At least 3 formal, written quotations	At least 3 formal, written quotations	At least 3 formal, written quotations
£100,000	At least 4 tenders	At least 4 tenders	At least 4 tenders
£164,176	EU procedures	At least 4 tenders	At least 4 tenders
£589,148	EU procedures	EU 'light touch' procedure	EU procedures
£4,104,394	EU procedures	EU 'light touch' procedure	EU procedures

**Figure 1 - Procurement Processes**

- 7.6 Complementary solutions to assist with increasing our use of e-procurement tools (such as e-auctions or other procurement portal processes) will also be utilised, where appropriate.
- 7.7 Barring a few notable exceptions, the Council’s Integra finance system is used for all ordering.
- 7.8 ‘Quick quote’ functionality is the Council’s standard quotation gathering process.
- 7.9 Purchasing cards in all their forms (embedded, physical and pre-loaded) will be used, where appropriate, to reduce transaction costs particularly for high volume, low value and ad-hoc purchases.
- 7.10 All tenders will be recorded in the Council’s corporate contracts register and all tenders will be advertised in accordance with the rules laid down in Figure 2.

Contract Value	Places Advertised		
	Goods, Materials and Services (excluding Social and other specific services)	Social and other specific services	Works
£0 - £25,000	No advertising requirements	No advertising requirements	No advertising requirements
£60,000	No advertising requirements BUT if any form of advertising takes place e.g. via a 'request for quotation' process the opportunity MUST be advertised on CONTRACTS FINDER	No advertising requirements BUT if any form of advertising takes place e.g. via a 'request for quotation' process the opportunity MUST be advertised on CONTRACTS FINDER	No advertising requirements BUT if any form of advertising takes place e.g. via a 'request for quotation' process the opportunity MUST be advertised on CONTRACTS FINDER
£100,000	7 days notice in: - one or more local newspapers circulating in the district, and/or - on the procurement pages of the Council's website, and/or - on the Council's chosen procurement portal AND - on CONTRACTS FINDER, and where deemed appropriate, - a trade journal	7 days notice in: - one or more local newspapers circulating in the district, and/or - on the procurement pages of the Council's website, and/or - on the Council's chosen procurement portal AND - on CONTRACTS FINDER, and where deemed appropriate, - a trade journal	7 days notice in: - one or more local newspapers circulating in the district, and/or - on the procurement pages of the Council's website, and/or - on the Council's chosen procurement portal AND - on CONTRACTS FINDER, and where deemed appropriate, - a trade journal
£164,176			
£589,148			
£4,104,394	As above plus Advertisement in the OJEU (where appropriate)	As above plus Advertisement in the OJEU (where appropriate)	As above plus Advertisement in the OJEU (where appropriate)
			As above plus Advertisement in the OJEU (where appropriate)

Figure 2 - Advertising requirements

## 8. INCOME GENERATION

### **Income Generation (NPS D)**

- 8.1 The generation of cashable savings will help the Council reduce its costs but an alternative and complementary approach is to seek out opportunities to create new income streams through the delivery of services.
- 8.2 To support this, the Corporate Procurement Team (CPT) is now delivering a valuable business development role by identifying income generation opportunities and supporting Council departments in their pursuit of these.
- 8.3 The CPT will support areas of the Council who are looking to generate an income through the delivery of goods and services to other public and private sector organisations and companies. The CPT currently identifies and reviews opportunities which arise in the marketplace and advises the Council's trading areas of the existence of these opportunities.
- 8.4 Where required, the service will go beyond this 'flagging' of opportunities, by providing support, assistance and sometimes leadership in the completion of quotation or tender documentation.

### **Disposals (NPS D)**

- 8.5 In addition, the CPT is also maximising Council income by supporting Departments in their equipment disposal activities. This is being executed efficiently, making use of current e-auction facilities to advertise disposals UK wide, generating the maximum possible interest and the maximum return e.g. sale of redundant sports equipment.

Themes identified in the National Procurement Strategy (NPS) for Local Government in England 2014

The following provides additional detail in respect of the themes identified in the current National Procurement Strategy:

**Theme A - Making Savings (NPS A)**

The NPS proposes the implementation of the following activities in pursuit of making savings:

1. Category Management
2. Partnering and Collaboration
3. Contract and supplier management
4. Performance and Transparency
5. Risk and Fraud Management
6. Demand Management

**Theme B - Supporting Local Economies (NPS B)**

The NPS proposes the following activities in order to support local economies:

1. Promoting and utilising economic, environmental and Social Value
2. Improving access to procurement opportunities for SME's and VCSE's

**Theme C - Demonstrating Leadership (NPS C)**

The NPS proposes:

1. Increased engagement, involvement and collaboration within the sector to develop a 'single cohesive voice'
2. Recognition of the role procurement has to play within local authorities, thereby developing 'Commitment from the top'
3. Development of a strategic commissioning process
4. Building better procurement competencies across the sector through the delivery of Procurement Training to staff

**Theme D - Modernisation (NPS D)**

The NPS proposes:

1. Increased commercialisation and income generation
2. Encourage and support Supplier Innovation
3. Increased use of technology to deliver benefits

# Procurement Route Map



# Hartlepool Borough Council

## Sustainable Procurement Policy Statement

### Statement of Intent

Hartlepool Borough Council recognises its responsibility to carry out its procurement activities sustainably: providing value for money and in an environmentally and socially responsible manner. Sustainable procurement safeguards the long-term interests of the communities in Hartlepool and this policy supports the delivery of Hartlepool's Community Strategy. We recognise our role in encouraging our suppliers and contractors to minimise any negative impacts of their activities and to promote economic and community regeneration associated with the products and services they provide.

In addition to the above, the Council will strive to:

#### People, Education and Awareness

- Educate, train and encourage internal purchasers to review their consumption of goods/services
- Educate and train internal purchasers on how to assess the sustainability of suppliers and supplies of goods and services
- Communicate the sustainable procurement policy to all staff, suppliers and stakeholders

#### Policy, Strategy & Communications

- Consider the costs and benefits of environmentally and socio-economically preferable goods/services
- Consider environmental and socio-economic risks to the organisation and endeavour to continually improve performance related to sustainability in the supply chain
- Work in partnership with other organisations to optimise sustainability through procurement activities
- Specifically recognise the child poverty issue and maximise our contribution to tackling it

#### Procurement Process

- Promote best practice in sustainable procurement
- Ensure that where appropriate suppliers sustainability credentials are, as far as legally practicable, considered in supplier selection and contract award decisions
- Ensure the opportunity for suppliers to propose sustainable solutions is provided in all specifications
- Specify, wherever possible and practicable, the use of goods which are environmentally friendly
- Where locally produced products are not practical or possible we will seek to minimise the distance goods are transported prior to their use

#### Engaging Suppliers

- Educate our suppliers regarding the Council's Sustainable Procurement Policy and accompanying Strategy
- Encourage suppliers to offer sustainable solutions and to use local subcontractors where possible
- Address barriers to entry in order that Small and Medium Sized Enterprises and local suppliers are encouraged to bid for the Council's business, including the Third Sector
- Work with existing and future key suppliers to maximise the potential for sustainability throughout the supply chain

#### Measurement and Results

- Measure and report upon our progress and performance in relation to our sustainable procurement activities

