



# **Thanet District Council**

## **Corporate Procurement Strategy**

**2014 - 2018**

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## Foreword

Thanet District Council is one of the largest buyers of goods, services and works in the district and it has to consider its economic, social and legal responsibilities when making procurement decisions.

Its procurement strategy forms an important part of its regeneration strategy and it is linked to the priorities set out in the Corporate Plan 2012 – 2016.

It aims to support the local economy and to use Thanet based suppliers, wherever possible, when value for money is demonstrated and the requirement for goods, services or works is met within a competitive process.

In the context of severe reductions in Government funding, Thanet District Council's procurement strategy is a framework seeking to provide the best possible services.

There are strict guidelines and legal requirements set out by Government in the way the providers of goods, services and works to Thanet District Council are chosen. This strategy addresses all elements of procurement activity, from identifying the need, considering options, buying the appropriate goods, services and works and contract management.

The procurement strategy is central to affirming Thanet District Council as a progressive Local Authority which uses its allocation of resources to provide quality services in accordance to its principles of fairness, probity and transparency. It has a potential influence on the way our suppliers adhere to these principles and it is a tool in advancing them amongst the local community we serve and represent.

Procurement not only directly supports Thanet District Council to meet wider objectives, but can deliver efficiencies and has the ability to shape our community for the better. Procurement needs to support the local community and deliver efficiency.

This strategy follows the 'Public Services (Social Value) Act 2012' which requires Thanet District Council to consider how through procurement it might improve the economic, social and environmental well-being of the area. We will strengthen the focus on using procurement to support the locality, while respecting prevailing legislation and upholding the highest levels of probity.

Thanet District Council's Contract Standing Orders have also been reviewed and revised. They not only reflect current best practice and legislative changes, but also provide a framework to enable spending officers to demonstrate value for money whilst providing service continuity.



**Councillor Fenner  
Cabinet Member  
Corporate Services &  
Business  
Transformation**

## Section 1 – Introduction

Thanet District Council's Procurement Strategy has been updated and strengthened to reflect the changing needs of the district and the community it serves. In April 2012 the Corporate Plan identified 11 priorities. These were strongly influenced by our residents' views on living in Thanet and their priorities for council services<sup>1</sup>.

**This strategy will support and further corporate priorities while adhering to overriding principles of: probity, equality, fairness and transparency within our procurement activity. The strategy also seeks to support Thanet District Council's vision of where it wants the district to be by 2030:**

"A place where individuals are able to reach their full potential, where there are opportunities for everyone in an environment that celebrates its natural beauty and rich and diverse heritage....."

**People** Working together to make Thanet safe and improve the quality of life and health prospects for all

**Place** Keeping Thanet beautiful by making the place cleaner and greener

**Prosperity** Attracting employment especially by supporting tourism and the green economy."

This document sets out the council's strategic approach to procurement for the next four years and explains the principles, aims, roles and responsibilities that underpin procurement at Thanet District Council.

### Strategic Procurement in Context

Strategic procurement sits at the heart of everything we do. It provides a framework to optimise value for money for every pound spent, whether this is on goods, services or works. The interrelationship between the role of strategic procurement and Thanet District Council as a whole can be illustrated by the following diagram:



## What do we mean by Procurement?

“Procurement is the process of acquiring goods, works and services, covering both acquisition from third parties and from in-house providers. The process spans the whole cycle from identification of needs, through to the end of a service contract or the end of the useful life of an asset. It involves option appraisal and critical ‘make or buy’ decisions which may result in the provision of services in-house in appropriate circumstances”.<sup>2</sup>

Thanet District Council has a diverse range of procurement requirements with its extensive coastline, Ramsgate Royal Harbour and many housing and regeneration projects. Procurements range from contracts for supplies and services to more complex arrangements such as partnerships, management agreements, joint commissioning with other public sector organisations and construction projects.

## What is the purpose of the Procurement Strategy

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

This document sets out Thanet District Council’s strategic approach to procurement. It is not intended to be a procurement manual; however, the principles contained within this strategy are to be applied to all procurement activity. Consideration of this strategy is not optional and should be read in conjunction with Financial Procedure Rules, Contract Standing Orders and the Purchasing Guide.

1. ‘Putting ‘U’ in the Budget’ public engagement 2011.

2. National Procurement Strategy 2003.

## Section 2 - Strategic aims and objectives of Procurement at Thanet District Council

This strategy reflects the **Local Government Procurement Pledge** (LGA - [www.local.gov.uk](http://www.local.gov.uk)):

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

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

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

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

Priority:	Action:
<b>Support the growth of our economy and the number of people in work:</b> <ul style="list-style-type: none"><li>• An increase in development of the council’s land and commercial buildings to</li></ul>	<ul style="list-style-type: none"><li>• Provide procurement support to the regeneration projects.</li></ul>

<p>support business growth</p> <ul style="list-style-type: none"> <li>• Increase in number of employment opportunities and improvement in levels of qualifications</li> </ul>	<ul style="list-style-type: none"> <li>• Incorporate employment, job and apprenticeship outcomes in contracts where possible, in line with the council's Economic Growth and Regeneration Strategy 2013.</li> </ul>
<p><b>Support our community and voluntary organisations</b></p>	<ul style="list-style-type: none"> <li>• Packaging contracts in a manner, where possible, that considers local suppliers, community and voluntary organisations.</li> </ul>
<p><b>Make our district cleaner and greener and lead by example in environmental issues</b></p>	<ul style="list-style-type: none"> <li>• Ensure that sustainable procurement is built into contracts where possible in order to maximise social, environmental and economic outcomes.</li> </ul>

## Section 3 – Sustainability and Social Value

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

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

Thanet District Council is addressing this through:

- Raising awareness within the authority which includes an adopted sustainable procurement policy
- Embedding sustainability within the procurement process including whole life costing
- Use of sustainability clauses appropriate to the contract
- Contract Standing Orders have been amended to facilitate consideration of suitably qualified Thanet suppliers, supporting our local economy whilst adhering to EU, UK procurement and equality legislation.
- Embedding of the considerations contained within the Public Services (Social Value) Act 2012

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

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

Thanet District Council is committed to ensuring any secured improvement is sustained.

Therefore our procurement processes seek not only to maximise Value for Money in terms of taxpayer spending and outcomes for customers, but also seek to:

- Benefit local people and organisations, including developing the third sector and SMEs in our district.

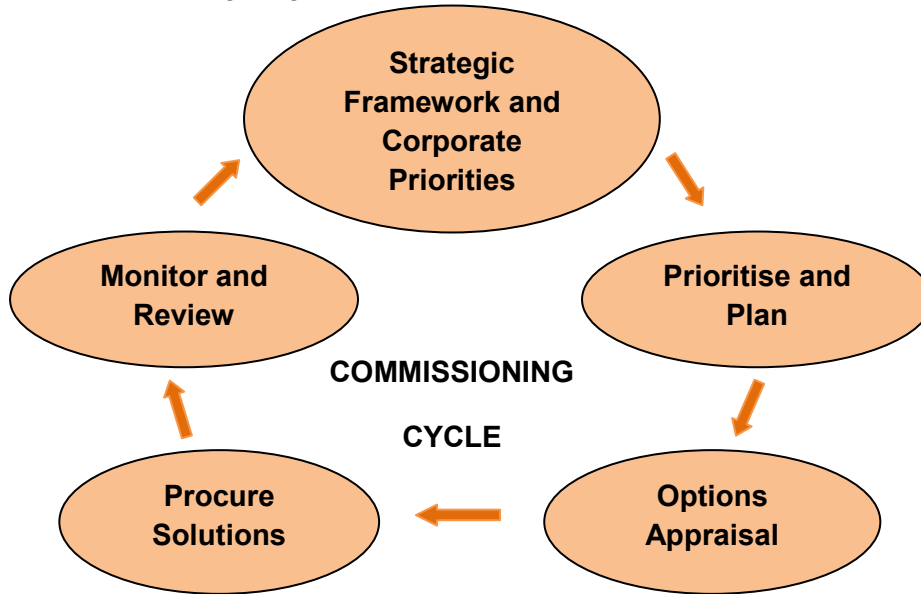
- Encourage innovative approaches to social, environmental and economic issues in our district.
- Deliver sustainable solutions, benefiting our communities beyond the length of a contract i.e. reducing unemployment by including the need for apprenticeship training within contract clauses.
- Improve job opportunities and skills in the district.

## **Section 4 - Principles for Effective Procurement**

The following principles will form the basis of all procurement activity in order to achieve value for money:

- Strategic procurement will support improved service delivery and where possible free up resources.
- Strategic procurement will ensure that the council obtains value for money in the acquisition and management of its resources, balancing quality and cost.
- We will undertake all procurement activity within a corporate framework to enable all officers to obtain goods, services and works to the required quality in the most efficient manner.
- All procurement activity will support and promote policies and priorities, and take into account equalities, sustainability, social cohesion and economic regeneration.
- Procurement activity is undertaken in the most effective and appropriate manner, considering all options including (the following is not exclusive):
  - develop, promote and enforce the use of centralised corporately let contracts.
  - use consortia (for example, Pro 5 and the Government Procurement Service).
  - use approved nationally negotiated contracts (for example those arranged by the Government Procurement Service).
  - use and develop approved e-procurement solutions (for example, procure 2 pay, e-tendering, procurement cards, etc.)
  - collaborative procurement with other councils and organisations.
  - develop strategic partnerships, particularly where these will deliver significant service improvement and / or efficiencies.
  - all procurement activity will be assessed on a whole life costing and benefits basis with due regard to risk.
  - Procurement activity will be transparent (and fully compliant with the Freedom of Information Act), fair, consistent and be undertaken to the highest standards of probity and accountability.
  - Procurement decisions must be evidence based.
  - Strategic procurement will be managed through the Strategic Procurement Manager supported by the Procurement and Contracts Unit. The service will predominantly be a central resource which oversees and supports procurement activity across Thanet District Council.
  - the team will lead on the implementation of category management across the organisation, ensuring that spend is under contract and managed appropriately and that information is easily accessible.
  - the Procurement and Contracts Unit will ensure that spending officers are informed of new corporate contracts and developments.

It is important that procurement is seen and managed as a component of the commissioning cycle, illustrated in the following diagram:

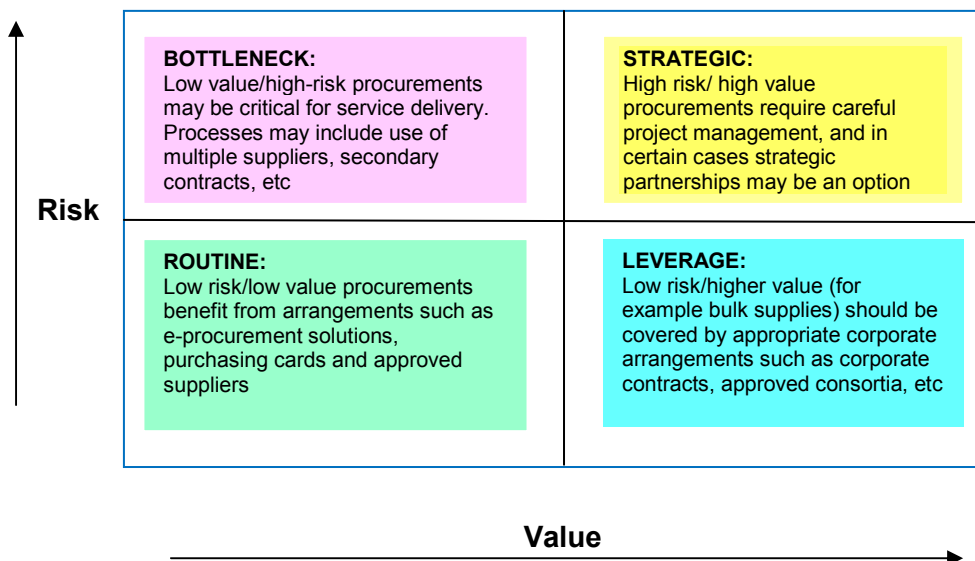


## Section 5 - Procurement Analysis

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

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

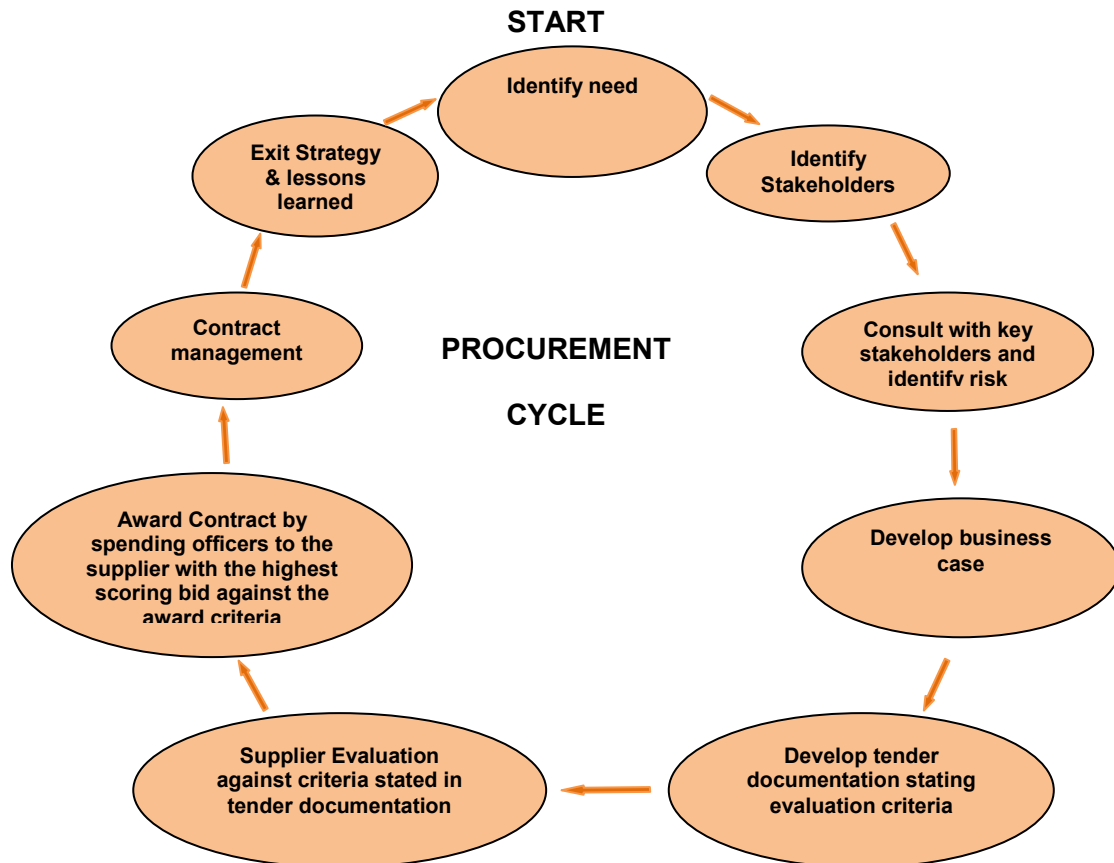
The following Procurement Analysis diagram illustrates the possible procurement options available:





## Section 6 - The Procurement Cycle

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



## Section 7 - Value for Money

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

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

Thanet District Council is therefore:

- driven by optimising outputs and results
- driving down the cost of goods and services procured
- challenging the status quo in order to continually improve the way in which we procure and commission goods and services
- balancing quality and cost
- minimising administrative processes and unnecessary bureaucracy
- ensuring simple or routine transactions can be carried out in the most efficient manner

- considering all options in obtaining the most appropriate solution
- valuing innovation and creativity
- using competition to obtain best value
- being transparent and accountable
- working with other public sector organisations in order to achieve value for money and maximise economies of scale for routine supplies

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

- performance indicators and targets (based on both quality and cost) are established as part of procurement processes. Targets for strategic procurement are contained in the appendix to this strategy
- procedures to manage contractual arrangements are established with performance measured and reported, including benchmarking arrangements
- procurement procedures and processes are regularly reviewed
- the management of risk is an integral part of the procurement process and must be robust for all contracts where there is evident risk and for all contracts £75,000 and above
- we invest in procurement training and systems to support the procurement process
- as part of the competitive procurement process Thanet District Council will evaluate tender bids against pre-stated evaluation criteria included in the invitation to tender
- every contract must be properly managed by an identified contract manager who fully understands the requirement whether this is supplies, services, or works and can actively monitor delivery of the contract within the stated terms including performance outputs

## Section 8 - Ethics and Probity

All procurement activity must be undertaken to the highest standards of ethics and probity. Thanet District Council insists on ethical standards from its suppliers, and in turn it must exhibit the highest ethical standards itself. Officers and members must not only be fair and above board in all business dealings, but should also avoid any conduct that is capable of having an adverse interpretation put on it.

Elected Members, Senior Managers and employees shall:

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

To support these aims this strategy is underpinned by a robust framework of policies, including whistle blowing policy, codes of conduct including declaration of conflict of interest and confidentiality undertaking, equalities policy, anti-bribery policy, anti-fraud and corruption policy. These are some of the procedures and guidelines to which all officers entrusted with public money are required to adhere to.

Thanet District Council also expects its suppliers and contractors to deliver the same levels of accountability. Therefore our processes shall also include:

- Due care and diligence as part of a rigorous supplier adoption process

- Obligations placed on suppliers/contractors to uphold the highest standards through appropriate levels of accreditation, including health and safety, risk management, insurances, equalities, conflict of interest and working towards Living Wage Employers status; specific contract terms and conditions reflecting government and council policy, including performance standards
- A duty to ensure that sub-contractors where appointed uphold the same high standards as placed on the main contractor and the council shall reserve the right to reject the use of any particular sub-contractor for the following, but not limited to: financial risk, criminal prosecutions pending, conflict of interest.
- Proactive contract management including ongoing due diligence, risk management and dispute resolution
- Take all appropriate actions where fraud and corruption is suspected.

## Section 9 - Equality and Diversity

Sustainable procurement also embraces the Public Sector Equality Duty set out in the Equality Act 2010 ensuring that equality and diversity, including cohesion is addressed in all procurement activity, irrespective of whether provided within in house or indirectly through another organisation.

It is imperative that at all times when referring to equality and diversity to consider each of the following characteristics protected under the Equality Act 2010:

- Age
- Disability
- Gender reassignment
- Marriage and civil partnership
- Pregnancy and maternity
- Race (including colour, nationality and ethnic or national origins)
- Religion or belief (including atheist beliefs and no religion or belief)
- Sex
- Sexual orientation (gay, lesbian, bisexual and heterosexual)

The Public Sector Equality Duty requires all public sector organisations, to have due regard to equality and diversity in the carrying out of its procurement function to:

- Eliminate unlawful discrimination, harassment and victimisation as set out in the Equality Act 2010, i.e. remove or minimise disadvantages suffered by people due to their protected characteristics.
- Advance equality of opportunity, i.e. take steps to meet the needs of people from protected groups where these are different from the needs of other people.
- Promote good relations between different groups, i.e. encourage people from protected groups to participate in public life or in other activities where their participation is disproportionately low

Thanet District Council is addressing this through:

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

## **Section 10 – Executive Closing Statement**

This reviewed strategy has been aligned to meet the needs of the council now and into the future, during a period of significant change and cost constraints for public sector organisations. Never has the need been greater to optimise value for money and make each and every pound spent count.

This Corporate Procurement Strategy supports the Corporate Plan, the Vision 2030 and aims to focus on key areas important to the economic growth and regeneration of Thanet as contained in the Economic Growth and Regeneration Strategy 2013. Working within a legislative framework we will endeavour to use procurement as an opportunity to provide leverage for local and community benefit where possible.

# Appendix A

## Targets

The success of this procurement strategy will be assessed against a range of measures, some of the key targets being identified in the table below. The targets include local indicators and targets from the Corporate Plan.

<p><b>By the end of March 2015</b></p>	<ol style="list-style-type: none"> <li>1. Reinstatement of Strategic Procurement Group to include key officers identified as part of the organisational restructure 13/14</li> <li>2. Through procurement activity achieve efficiency savings as identified in the Medium Term Financial Strategy</li> <li>3. Roll out of Procurement Initiation Document (PID) for contract spend £75k and over, to inform a robust 3 year procurement programme</li> <li>4. Review of Purchase Order Processing function across the authority and Strategic Procurement to lead and deliver recommendations</li> <li>5. Analyse the council's spend and identify areas where action is required to improve control and/or value for money</li> <li>6. E-procurement: Streamlining of the procure to pay process</li> <li>7. Develop Category Management for key areas of spend under procurement control i.e. utilities</li> </ol>
<p><b>By the end of March 2016</b></p>	<ol style="list-style-type: none"> <li>1. Continue to maximise efficiencies through procurement</li> <li>2. E-procurement: Option appraisal, sourcing and implementation of e tendering technology</li> <li>3. Continued development of the Procurement toolkit to include officer guidance and template documentation taking account of emerging modernisation of the EU Procurement Regulations</li> <li>4. Ensure key procurement officers attain professional procurement accreditation and/or have 5 years plus public sector procurement experience</li> <li>5. To support the Economic Growth and Regeneration Strategy 2013 develop a strategy to support the employment and skills outcomes in procurement along with a mechanism for embedding it in the procurement process and measuring outcomes</li> </ol>
<p><b>By the end of March 2017</b></p>	<ol style="list-style-type: none"> <li>1. Further develop Category Management principles for key areas of spend across the organisation i.e. PPE and insurance spend</li> <li>2. Undertake a spend review to inform procurement activity for 2017/18</li> </ol>
<p><b>By the end of March 2018</b></p>	<ol style="list-style-type: none"> <li>1. Targets to reflect the procurement review in 2016/17</li> </ol>

## Appendix B

### Links to other documents

#### Thanet

##### Procurement and Publications

- Equality Guide
- Contracts Register
- Contract Standing Orders
- Purchasing Guide
- Financial Procedure Rules
- Whistle Blowing Policy
- Anti-Fraud and Corruption Policy
- Anti-Bribery Policy
- Declaration of Interest

##### Contributory Strategic Documents

- Corporate Plan
- Vision 2030
- Economic Growth & Regeneration Strategy 2013

All the above documents and publications can be viewed @ [www.thanet.gov.uk](http://www.thanet.gov.uk)

#### National

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

#### EU

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



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or email: [alternative.format@thanet.gov.uk](mailto:alternative.format@thanet.gov.uk)