

HYNDBURN BOROUGH COUNCIL
PROCUREMENT STRATEGY
2014 – 2018

1. INTRODUCTION

This is Hyndburn Council's fourth Procurement Strategy and replaces the one agreed in 2009. It provides a framework that sets out our strategic approach to procurement and recognises:

- that the Council is one of the largest purchasers of works, goods and services in Hyndburn;
- that the Council has social, economic, environmental and legal responsibilities when making procurement decisions and getting it right enables us to meet the Council's strategic objectives and our customers' needs;
- that effective procurement is essential to achieving value for money from reducing resources, and enables us to balance cost and quality;
- that we cannot properly manage our budget without a professional and commercial approach to procurement, based on accountability, fairness, probity and transparency
- that effective procurement can be a challenge, often involving the need to reconcile a number of potentially conflicting priorities, such as:
 - balancing cost and quality
 - supporting the local economy within the legislative framework
 - streamlining processes and reducing unnecessary bureaucracy whilst ensuring procedures are legal, transparent, accountable and fair
 - allowing innovation and creativity within existing procurement rules

This strategy aims to dispel the perception that rules and regulations relating to procurement serve as barriers to innovation and constrain management with unnecessary red tape. The contrary is true. Good procurement practice across the Council will save money and time in the long run and achieve better outcomes for people and businesses in Hyndburn.

This strategy is intended for:

- Our **customers** – so they can be aware of the direction the Council is taking and let us know what they think
- Our **councillors** – so they can lead, challenge and monitor the way we carry out procurement

- Our **corporate management team** – so they can manage the Council's adherence to the objectives we have set for ourselves and ensure that proposed improvements actually happen
- Our **service managers** – so they can be clear about the Council's objectives and shape their procurement activities accordingly
- Our **suppliers and potential suppliers** – so they can see the direction the Council is taking
- Our **partners** – so we can all work together to align our policies and strategic direction

In summary, our procurement objectives are:

Effective procurement:

- Delivering value for money by reducing costs whilst maintaining quality
- Reducing unnecessary bureaucracy and streamlining our processes
- Maintaining high standards of probity, transparency and legal compliance

Sustainable procurement:

- Supporting the local economy
- Protecting the environment
- Promoting a fairer society

2. The bigger picture - where are we now ?

Hyndburn Council is a big business. We spend significant sums every year on capital projects and in purchasing goods, services and works. For example, in 2013 we spent in the region of £7.5million with third party suppliers, which was approximately 41% of our total budget for the year. Procurement therefore affords us a tremendous opportunity to deliver our strategic objectives and make a significant impact on the economic, social and environmental well-being of the Borough and its citizens. It is one of the ways we can help to ensure that Hyndburn is no longer one of the 100 most deprived areas nationally by 2018.

However, in recent years the Council's spending power has reduced significantly as its resources have declined. The Council's annual budget (Revenue and Capital) has reduced by 53% between 2010/11 and 2014/15 and it is likely that the Council will need to make savings in the region of £2.3million in the next year. Every penny counts and, with financial pressures

set to continue for the foreseeable future, it is essential that we procure efficiently and effectively to drive down costs whilst maintaining the quality of our services.

We will need to be open to doing things differently and there have already been significant changes in the way we deliver services.

For example:

- Leisure In Hyndburn was set up as a charitable trust to manage sports and leisure facilities across the Borough
- A shared consultation & research service which was set up in 2003, jointly funded by the Borough Councils of Hyndburn, Burnley, Pendle, Rossendale and Ribble Valley, Lancashire County Council and East Lancashire NHS. This ensures expert capacity is available at a fraction of the cost to each partner.
- We operate a jointly funded shared service with Blackburn with Darwen Borough Council and Lancashire Constabulary that provides CCTV operational staff and hardware maintenance.
- Hyndburn and Pendle Councils operate a shared service for local land charges
- Regenerate Pennine Lancashire is a local authority owned company, established in 2009 to provide a shared economic development function for its 5 local authority members (Hyndburn, Burnley, Pendle, Blackburn with Darwen and Rossendale.)
- In 2012 the Council entered a formal arrangement with Accrington & Rossendale College through which the two organisations provide mutual IT 'back up' and disaster recovery support. The arrangement means that both organisations can save money by not having to pay a third party for this service.
- Since 2010 the Council has outsourced grass cutting for its highways verges and amenity areas.
- We operate a shared service (in conjunction with Blackburn, Burnley, Pendle and Rossendale Councils) offering a 24hr helpline for residents experiencing problems with night time nuisance.
- For a number of years the Council has purchased its refuse vehicles through the Yorkshire Purchasing Organisation. YPO is now itself part of the Pro5 purchasing consortium with a combined spending power of £2 billion per annum. The Council has recently purchased six refuse vehicles through this consortium.
- When procuring new fitness equipment, the Council uses framework contracts from the Eastern Shires Purchasing Organisation (ESPO) to ensure best value. In 2012 the Council refitted the fitness suites in its 2 leisure centres, procuring £256k worth of equipment through ESPO.
- We already operate a range of services in partnership with Rossendale Borough Council, including emergency planning, planning and development control

3. OUR PROCUREMENT AIMS

We aim to deliver consistently high quality, cost effective services that meet our customers' needs. We will do this by operating a mixed economy of service provision including in-house services, small and local businesses, ethnic minority businesses, voluntary and community sector groups and by working collaboratively and in partnership with others.

Our procurement aims are:

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Priorities for development

We have identified a number of areas where we need to improve and develop to ensure we achieve the highest possible standard of procurement. We are also aware of a number of potentially significant external developments to which we must respond. For example:

- **Improving our contract management** to ensure high standards of performance by our suppliers and to ensure we take advantage of opportunities for service improvement
- **Developing our procurement skills** to promote innovation, creativity and a more commercial approach, as well as compliance with our existing policies and procedures
- **Developing a more strategic approach** to procurement, as better planning enables us to explore innovative ideas for collaboration or new ways of working
- **Developing meaningful performance measures for procurement** to ensure we are able to assess the impact and effectiveness of our procurement activity without creating an undue or disproportionate administrative burden
- **Ensuring compliance with legislative requirements** given the increased risk of legal challenge arising from the new "right to challenge", new TUPE rules, changes to EU procurement rules, the

equality duty under the Equality Act 2010 and new duties under the Public Services (Social Value) Act 2012

4. WHAT WILL WE DO TO IMPROVE ?

Effective Procurement	
Value for money	Timescale
Develop and improve our ability to set appropriate quality and performance standards within specifications and to monitor contractual compliance	By 31 st March 2015
Develop and implement a small number of appropriate performance measures relating to procurement	By 31 st March 2015
Improve the availability and range of procurement related management information available to managers	By 31 st March 2015
Advertise Council tenders online and via "The Chest" website	By 30 th September 2014
Train our staff to operate more commercially to seek opportunities to reduce prices and challenge existing procurement arrangements	By 31 st March 2015
Require a consideration of procurement opportunities as part of the business planning process, identifying opportunities to generate savings and / or operate more efficiently	By 30 th September 2015
Review long term contracts and consider opportunities for renegotiation to achieve savings	By 31 st March 2015
Consider opportunities to collaborate with other bodies where efficiencies and economies of scale can be achieved	Ongoing

Effective Procurement	Timescale
Reducing bureaucracy	
Explore options for streamlining our payment	By 31 st March

processes (for example by a review of the purchase to pay process), including electronic invoices and greater use of procurement cards	2015
Continue to develop the use of e-procurement	Ongoing
Extending the use of purchasing cards to procure low value goods	By 31 st March 2015

Effective Procurement	Timescale
High standards	
Undertake a review of the Contract Procedure Rules and recommend any changes to Council	By 31 st March 2015
Develop the resources available on the Hyntranet for staff involved in procurement, including precedent documents, guidance on procurement processes and guidance on legal / probity requirements	By 31 st March 2015
Develop a training programme for staff involved in procurement, including training in negotiation skills and contract management and training aimed at increasing commercial awareness	By 31 st December 2014
Develop member awareness of procurement through reports and training sessions as appropriate	By 31 st December 2014
Appoint and support a member procurement champion	By 31 st December 2014
Prepare procurement plans and undertake a documented risk assessment prior to all significant (in terms of cost, or complexity) procurements	By 31 st March 2015
Reconvene and develop the procurement officers group to promote awareness of strategy objectives and good practice	By 30 th September 2014

Sustainable Procurement
Local Economy

Commentary

Procurement legislation limits the Council's ability to favour local businesses but there are numerous ways in which we can legitimately support local firms. Working within the limitations of the law we will encourage a diverse supplier base and support local, smaller and voluntary sector organisations to take advantage of opportunities to bid for Council contracts. We will also work with our suppliers to encourage local employment and training opportunities for our citizens. To help with this we will try to ensure that the complexity of the procurement process is proportional to contract value and that we offer feedback to those who are unsuccessful.

Actions**Timescale**

Maintain and develop our online contracts register giving details of the Council's current contract commitments

Ongoing

Pursue ways to assist local business to gain work with the Council's main contractors, such as encouraging main contractors to advertise opportunities to work on Council contracts in local media or via the Council's website

By 31st March 2015

Organise further "Meet the Buyer" events to assist local businesses to compete successfully for Council work

By 30th September 2015

Continue to review, update and improve our online "Doing Business With The Council" guidance

To be done annually

Monitor the number of local suppliers and contractors awarded Council contracts and report annually

By 31st March 2015

Monitor spend with local suppliers and report annually

Feasibility assessed by 31st March 2015

Endeavour to pay SME's within 10 working days for an undisputed invoice

Feasibility assessed by 31st

	March 2015
Develop a Community Right to Challenge policy	By 31 st March 2015
Consider reducing the threshold for advertising contracts from £75 000 to £50 000	By 31 st March 2015
<ul style="list-style-type: none"> • Package contracts in a manner where possible that does not preclude the following from tendering: • Local and regional firms • SME's • Newly formed businesses • The voluntary and community sector 	Ongoing
Advertising tenders on our website and via The Chest	By 31 st March 2015

Sustainable Procurement	
Environment	
Commentary	
<p>We want to ensure that our procurement practices are environmentally sustainable. In particular we will seek to:</p> <ul style="list-style-type: none"> • Eliminate waste • Use goods and services which are least harmful to the environment • Maximise opportunities for recycling • Encourage the use of Fair Trade products 	
Actions	Timescale
Evaluation of all major procurement activity to include a section dealing specifically with sustainability and issues such as carbon impact and suppliers environmental policies, with 10% of the scoring being allocated to an assessment of sustainability	Feasibility assessed by 31 st March 2015

Review and update guidance for staff about the procurement of ethical goods and wherever possible and practicable, specify the use of environmentally friendly materials and products	By 31 st March 2015
Evaluate contract costs over the life-cycle of products, taking account of issues such as durability, cost of repair and cost of disposal	Ongoing
Ensure that specifications include the facility for bidders to offer prices for environmentally friendly alternatives	By 31 st March 2015

Sustainable Procurement

Fair

Commentary

Our procurement practices can have a direct and indirect impact on diversity. They can be an opportunity to develop services to ensure their relevance to diverse communities. They are also an opportunity to make sure that our suppliers act in a way that promotes cohesion and avoids unfair discrimination. When procuring we will seek to comply with the equality duty in the Equality Act 2010 which requires us to:

- Eliminate unfair discrimination suffered by people due to a protected characteristic;
- Advance equality of opportunity
- Promote good relations between different groups

In order to comply with the Public Services (Social Value) Act 2012 we will also consider how each procurement can improve the social, economic and environmental well-being of the Borough

Where possible and appropriate we will use procurement to promote job creation, skills

training and apprenticeships with the aim of improving employment opportunities for our citizens.	
Actions	Timescale
No complaints of unfair discrimination in the development or award of contracts	Ongoing
Develop an approach to seeking customer feedback more systematically in respect of procured works, goods and services	Feasibility assessed by 31 st March 2015
Where relevant to the purpose of the contract, the evaluation of all major procurement activity to include a section dealing specifically with equality and diversity, with up to 10% of the scoring being allocated to an assessment of equality and diversity issues	Feasibility assessed by 31 st March 2015
Review our current policies and procedures for assessing and evaluating equality and diversity issues in procurement and update the same as appropriate	By 31 st March 2015
Build social and community benefits into service specifications and the evaluation of tenders where appropriate and lawful to do so	Feasibility assessed by 31 st March 2015
Where possible and relevant to the purpose of the contract, develop specifications incorporating employment, training and apprenticeship outcomes	Feasibility assessed by 31 st March 2015
Develop ways to collect data and monitor procurement outcomes in respect of: <ul style="list-style-type: none"> • Suppliers existing apprenticeships • Apprenticeships created as a result of procurement • Jobs created as a result of procurement 	Proposal produced by 31 st March 2015

