



Procurement Strategy

2021 – 2022

DRAFT

Foreword

As with many Councils during the last year, the Council has had to be reactive to the unprecedented situation (following the pandemic and preparing for post European Union transition). This shorter term Strategy for 2021-22 therefore will attempt to put into place some of the Council's aspirations for the District, as they relate to the Council's Plan as well as remain reactive to the changing environment.

1.0. Introduction

The term 'Procurement' is not about purchasing, buying or commissioning, it is the whole life cycle in the acquisition of goods, works or services from the supplier through to the end of the project. It is important to ensure that the goods/services are appropriate and that they are procured at the best possible cost to meet the needs of the users and the local community in its widest sense in terms of quality and quantity, time, and location. Procurement processes are intended to promote fair and open competition, are managed and controlled accordingly, whilst minimising exposure to fraud and collusion, and achieving the Council's key objectives and outputs.

Since the last Procurement Strategy was adopted, a number of new external influences have been taken into account, including climate change, the UK transitioning out of the EU and the coronavirus (Covid-19) pandemic. This Strategy sets a structure for procurement throughout the authority, which reflects the Council's vision and objectives and this context.

Procurement is central to the management of many operations within the Council, with the authority spending around £22m per year on commissioning goods, works and services from suppliers. Procurement is a key part to managing costs, although it must be recognised that the wider advantage for the District comes from the whole life costs, environmental and social benefits and not just the lowest price.

The Council recognises the role that procurement can play in delivery social and economic gains within the local economy. The Council acknowledges the benefits of opening up local procurement to wider participation and will look to apply the Go Local policy to the award of contracts under £100k where it is feasible to do so.

The Council acknowledges the valuable guidance within the National Procurement Strategy for Local Government in 2018¹, with the emphasis on leadership, behaving commercially and achieving community benefits. This Strategy seeks to encompass these as focal points around the following interchangeable areas:

Leadership

- Overview mechanism.
- Management and Control of Procurement Activity

¹ [LGA National Procurement Strategy](#)

Commercialism, Community and Social benefit

- Commercialism
- Community wealth building (including widening the scope of the Go Local policy)
- Ethical procurement (such as social value, real living wage, ethical supply chain)
- Safeguarding (including Modern Slavery)
- Carbon reduction/sustainability
- Equalities and Diversity

Reacting to change

- Impact of covid-19 pandemic & economic recovery – particularly around Small and Medium Economic Entities and Local Businesses
- Brexit/ post EU Transition

2.0 Procurement Strategy Context

The Strategy is designed to be a high-level statement and has been produced in line with a number of Council documents:

- The Council Plan²
- Medium Term Financial Strategy and budget;
- The Council's Contract Procurement Rules (regulating procurement function).
- The Council's Contract Management Guides
- The Council's Transparency Statement (in the supply chain)

Procurement within the Council must also be undertaken in line with legislation which currently includes:

- The Public Contract Regulations 2015 (as amended from 1 January 2021)
- Transfer of Undertakings (Protection of Employment) Regulations 2006 as amended by the Collective Redundancies and Transfer of Undertakings (Protection of Employment) (Amendment) Regulations 2014
- Equality Act 2010
- The General Data Protection Regulation (GDPR) 2018
- Social Value Act 2012

Legislation may change and this Strategy must remain as flexible as it can to take that into account.

² <https://www.north-herts.gov.uk/home/council-data-and-performance/council-plan>

3.0 Procurement Focus

3.1 Leadership

Overview mechanisms

Procurement falls under the Executive Member for Finance and IT and overall review of this with Cabinet. It has a role in efficient, effective and innovative services. It potentially involves partnership working and benefitting from partnership procurement where feasible. Where possible this contributes toward the Council's priorities, budget management and sustainability.

Management and Control of Procurement Activity

Procurement is part of the Legal section which reports to the Service Director for Legal and Community. A devolved procurement model is in place within the Council, with contract managers responsible for running their procurements, supported by the Procurement Officer (and relevant legal officer where appropriate).

A contract manager will be designated at the outset of each procurement, with the responsibility and sufficient authority, for ensuring that the procurement project is correctly executed.

Senior managers are responsible for ensuring that staff engaged in procurement and contract management shall be suitably qualified and trained for the purpose.

When contract managers are arranging a procurement they should have the capability themselves, through qualification, experience and/or knowledge or have access to suitably trained and informed staff, to be able to arrange the procurement in a satisfactory manner. The Procurement Officer is able to support and guide in this process where appropriate and necessary.

Officers managing major contracts shall have the capability themselves, through qualification, experience and/or knowledge, or should have access to technical expertise, to be able to ensure the sound management and monitoring of contracts.

3.2 Commercialism, Community and Social benefit

Commercialism

There are wide-ranging factors that can impact on the success of a commercial arrangement. Through taking a considered approach at the outset of a procurement, with appropriate risk identification and seeking an innovative approach, will help to achieve commercial success for the Council's expenditure.

Procurement at NHDC will seek to incorporate and embed the following considerations:



- procurements will be within the regulatory structure (Contract Procurement Rules - NHDC's Standing Orders and Financial Regulations in place) that clearly set out the responsibilities and approval levels for spending money with suppliers;
- at the outset of each procurement we will consider the commissioning options and challenge existing methods to determine the best method for achieving value for money;
- wherever possible we will use opportunities for collaboration with other organisations, and/or partners, including the use of pre-existing frameworks in order to achieve value for money through economies of scale;
- will work with the Commercial Directorate to consider the feasibility of, and then if so, to develop a preferred supplier list for specific areas of regular specialised /time sensitive work (the aim being to capitalise on potential investment opportunities and be more reactive for project work)we will give due consideration to what could go wrong, how likely this is and the assess the likely consequences at the start of each procurement. If necessary, following this risk assessment, the 'project' will be logged on the Council's risk register;
- procedures established for letting and managing major contracts will be appropriate to the risks that have been identified. In particular, procedures will not be over-bureaucratic and should satisfy the value for money requirement;
- we will ensure officers involved in procurement processes have access to clear guidance and templates, supported by online training tools, so procurement resources are focused on value adding areas;
- we will draft our specifications to encourage supplier innovation within their bid responses;
- we will regularly review our procurement processes to ensure they are streamlined and clear for the officers following them, so time is not wasted through a lack of understanding;
- we will carry out effective contract management to ensure commercial benefits stated in the procurement process by the supplier are realised under the contract;
- we will utilise flexible contracts which withstand changes in the operating environment with appropriate contract exit arrangements;
- we will ensure that effective risk identification and mitigation measures are applied to each procurement to ensure commercial success;
- we will maintain the Contract Register and ensure the contract review dates reflect the planning time needed for re-procuring the contract;
- we will use pricing schedules which capture whole life contract costs incurred in the goods or service provision.
- wherever feasible, we will maximise on opportunities to make savings by aggregating spend through effective collaboration or via a shared service on common goods and services without compromising the need for social value and providing opportunities for local businesses.

Community wealth building

The National Organisation for Local Economies defines Community Wealth Building as:

“a new people-centred approach to local economic development, which redirects wealth back into the local economy, and places control and benefits into the hands of local people”³.

The Council recognises the role procurement can play in community wealth building, through increasing spend with local and regional suppliers, whilst still complying with the appropriate procurement rules. Procurement at NHDC take the following approach to community wealth building, in order to help the local area benefit from the Council’s spend activity:

- we will encourage local SMEs, social enterprises and minority businesses and suppliers to bid for contracts through providing clear specification of requirements and instructions for tendering;
- larger contracts will be split into smaller lots where possible to enable local suppliers, with smaller resources, the ability to bid.

Social benefit (ethical procurement):

Social Value

The foundations of social value in procurement is in the Social Value Act 2012. This places a requirement on the Council to:

“consider, prior to undertaking the procurement/commissioning process, how any services procured might improve economic, social and environmental well-being”.

Social Value is an area of opportunity for the Council to realise more for its residents by achieving additional value for its commissioning activities. By taking Social Value into account during the procurement process, spending decisions can be used to maximise the benefit for the residents in the North Hertfordshire district.

The Local Government Act 2000 further reminds us that fundamentally, an objective of any local authority should be:

“The promotion or improvement of the economic, social and environmental well-being of their area.”

The Council will pursue the following social value objectives:

- at the start of each procurement process, procuring stakeholders will discuss and identify Social Value opportunities and embed relevant questions within the procurement documents;
- we will monitor the Social Value commitments made by supplier and publish a log of them on the intranet.

³ <https://cles.org.uk/community-wealth-building/what-is-community-wealth-building/>



Real living wage

The real living wage is higher than the national minimum wage and is calculated on the cost of living, based on a basket of household goods and service⁴.

The Council strongly believes that fair work practices and paying the Real Living Wage can have a positive effect on people's lives and can help to create a fairer and more equal society.

We are committed to promoting the living wage and we will continue to take every opportunity to do so when buying goods, services and works.

The Council supports the objectives of the Real Living Wage Foundation, which seeks for all employees to be paid a wage that covers their everyday needs.

At NHDC we will seek to implement the following real living wage commitments with our suppliers:

- we will promote the use of the real living wage with our highest spend suppliers through contract managers advocating the Council's values in this area;
- for tenders where low industry wages typically exist, the Council will consider the use of scored quality questions on the real living wage and whether the use of zero hour contracts exists.

Safeguarding (Modern Slavery)

The Council is committed to doing what it can to combat slavery and prevent human trafficking within its business and supply chain. The Council's aspiration is to have a positive impact on the fair and safe working conditions of those working directly or indirectly for us. A Modern Slavery Transparency statement is published on the Council's website.

The legalisation in the area of modern slavery encourages the scrutiny of the authority's supply chains to eliminate any unfair practises covertly taking place. The following principles will be upheld to ensure diligent safeguarding is in place at NHDC:

- we will procure in line with the Council's Transparency Statement for identification of modern slavery within the supply chain;
- we will comply with the Co-operative's Charter against Modern Slavery (as adopted by the Council);
- we will ensure procurement training is maintained on modern slavery;
- we will produce a check list of the modern slavery identifiers within supply chains for disseminating within the service areas;
- we will monitor the number of new contract awards where the Modern Slavery Act 2015 applies to the contractor and whether requirements have been upheld;

⁴ https://www.livingwage.org.uk/what-real-living-wage?qclid=EA1aIQobChMIq_yswJ7y6glVRrTtCh3rDQcwEAAAYASAAEg4L4nPD_BwE



- we will challenge any abnormally low-cost tenders to ensure they do not rely upon the potential contractor practising modern slavery;
- we update the Council's procurement page that suppliers contracted workers are free to join a trade union and are not to be treated unfairly for belonging to one;
- we will look to affiliate to Electronic Watch – an independent monitoring organisation that⁵ allows public buyers to detect problems in the global electronics' supply chain;
- we will keep the procurement intranet page updated highlight the whistleblowing system for staff, contractors or agency to blow the whistle on any suspected examples of modern slavery and unlawful behaviour in relation to the contract.

Ethical supply chain

The Council is committed to ensuring an ethical supply chain is in place for its activities. To do so the Council will implement the overarching principles of environmental protection, elimination of modern slavery, respect for human rights, elimination of fraud, bribery and corruption within its supply chains.

Specific ethical supply chain considerations, not covered in other sections within this Strategy, are:

- we will use the Transparency in the Supply Chains Platform (TISC) to access corporate transparency reports at the outset of a procurement as this will help achieve human rights and environmental outcomes;
- we will use the TISC portal to check compliance issues with existing suppliers;
- we will review our Transparency Statement annually, monitor our outcomes and update any necessary actions annually;
- The Council will endeavour to use Fair Trade products where possible and facilitate usage of such products through transparent procurement processes and contracts ensuring that the requirements for value for money and quality are met;
- we will include a link within our procurement documents to direct bidders to the Council's Anti-Fraud and Corruption Policy (which incorporates other Policy documents, such as the Anti- Bribery Policy);
- The Procurement Officer will undertake the Chartered Institute of Procurement and Supply's online training course on Ethical Procurement and Supply annually.

Carbon reduction/sustainability

In May 2019, the Council passed a Climate Emergency motion which pledged to do everything within the Council's power achieve zero carbon emissions in North Hertfordshire by 2030, this will only be achievable if Carbon impacts are considered as part of all procurement exercises. Consideration of the environmental impact from the Council's commissioning activities is a key area of importance, with opportunities to generate positive benefits actively sought.

Sustainable procurement is a culture and should be considered in the development of specifications as well as in the evaluation of procurement exercises.

⁵ bringing together public sector buyers and civil society organisations in electronics production regions, with experts in human rights and global supply chains

The first step in sustainable procurement is reducing the need to procure. Attention to the whole life cost/ lifecycle and longevity of a product in particular, reducing the use of 'single use' products where possible is a simple way to incorporate sustainable procurement. Consideration of the supply chain is important but not just of the supplier itself – where possible there needs to be consideration of how a supplier sources raw materials and/ or product, as well as sub-contractors.

When procuring products, understanding (where possible) of how that product or process fits into a circular economy, alongside use of materials from sustainable sources, considering EPC ratings (where appropriate). Sustainability may be covered in the evaluation of Social Value elements, where sourcing local products, or products with a net zero carbon impact can be assessed. However, more environmentally positive selection criteria based on sustainability principles may be appropriate.

The Council will undertake the following carbon reduction / sustainability measures:

- purchases of goods and services should be made only where there is demonstrable best practice in place for standards for environmental, economic or social sustainability;
- whole-life costs should be considered, i.e. is a higher capital cost offset by reduced operational costs due to a more energy efficient product;
- products which are harmful to the environment will not be purchase where a less damaging alternative is available. e.g. the use of independently certified wood from sustainable forests e.g. FSC;
- a reduction in quantity and/or quality (where direct environmental benefit is evident) and should be considered in any specification. Consideration of draw down contracts, where supplies are delivered under the contract as the need arises, rather than requiring upfront numbers of products which lay unused and will ultimately be disposed of. e.g. quantities of promotional leaflets;
- the waste hierarchy should be considered in the specification of any product and consideration of its disposal. The Council will specify products which are made from recycled products, at end of life can be recycled, can be re-used, or will biodegrade, wherever possible;
- products which operate in an energy efficient manner should be specified and those which cause minimal damage to the environment in their production, distribution, use and disposal should be considered more highly when awarding marks in the allocated quality question;
- paper will be procured from sustainable forests or have recycled content and where possible should be unbleached;
- suppliers are key to the delivery of sustainable procurement. They will be encouraged to continually improve their sustainability profile. Understanding how suppliers manage their waste is a simple first step in determining the sustainability principles of a supplier. If they are not separating waste for recycling they are unlikely to consider sustainability at the heart of their business;



- the Council is working towards the reduction of the carbon footprint of its premises and will continue to pursue this by actively reducing its energy consumption in relation to its associated contracts within this area. Proactive steps should be scored as well as suppliers demonstrating they procure fuel from sustainable sources e.g. the use of green energy supplier or biofuels.

Equalities and Diversity

The Equality Act (2010) (the Act) sets out anti-discrimination law in the UK. It identifies 'protected characteristics': age, disability, gender reassignment, race, religion or belief, sex, sexual orientation, pregnancy and maternity and marriage and civil partnerships. The Act sets out the public sector equality duty (PSED) which applies to most public authorities in England, such as local authorities, police, schools, universities and central government departments. It also applies to organisations carrying out a public function. It therefore includes private companies or voluntary sector organisations that have been contracted to carry out public functions on behalf of a public authority. The duty only applies in respect of the public function being carried out and not the wider business of the contracted body. The PSED requires public authorities to have due regard to the need to:

- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act;
- advance equality of opportunity between people who share a protected characteristic and those who do not; and
- foster good relations between people who share a protected characteristic and those who do not.

The Act also explains that advancing equality of opportunity involves having due regard to the need to:

- remove or minimise disadvantages suffered by people due to their protected characteristics;
- take steps to meet the needs of people with certain protected characteristics where these are different from the needs of other people; and
- encourage people with certain protected characteristics to participate in public life or in other activities where their participation is disproportionately low.

The Council is committed to ensuring that procurement and equality are appropriately integrated to ensure compliance with its statutory obligations and to promote its vision of valuing diversity throughout its partnership and contractual working.

The PSED is non-delegable. This means that the duty will always remain the responsibility of the organisation subject to the duty.

In practice the Council will take this into account in its tender evaluation and contracting processes, a potential contractor's approach to equality in terms of its employment practices and service delivery. It will do this by asking potential contractors relevant questions and

include appropriate provisions in its contract documents relating to these matters. This enables the Council to meet its continuing legal obligation to comply with the duty.

The promotion of equality in procurement will help the Council to create a diverse and integrated workforce whilst encouraging external organisations to promote and practice equality and diversity within their own business. For the Council, promoting equality through procurement can improve competition, value for money, the quality of public services, satisfaction among users and community relations. For business and voluntary organisations, it makes good business sense and can also give them a competitive edge when they tender for Council contracts

3.3 Reacting to change

Impact of COVID19 and economic recovery

The Coronavirus Pandemic (COVID-19) has had and continues to have a significant negative impact on residents and businesses in the North Hertfordshire district. The Council understands that it can play a role in helping the local economy recover.

Economic Recovery – Small and Medium Economic Entities and Local Businesses

Increasing the use of local suppliers for the delivery of the Council's goods and service requirements, helps to create jobs and generate opportunities for local businesses. The Council has a Go Local policy already in place for contracts under £50K in value and this Strategy assists by having clear principles in place to support local suppliers. It will, as indicated, look to increase this up to £100K. The Strategy also incorporates and supports the principles of the *Keep It Local* movement which advocates:

“by unlocking the power of community, local authorities can create more responsive services that reduce long-term costs and invest in the local economy.”⁶

NHDC will address the following considerations in its pursuit of economic recovery for local suppliers:

- we will streamline procurement processes and documentation for lower value procurements in order to remove barriers for small suppliers doing business with the Council;
- we will provide guidance on our website for local suppliers to explain how to bid for contracts and what are requirements are and what they can expect from us in return;
- we will apply the Go Local policy to optimise the award of contracts under £50K to local suppliers and if feasible will increase this level to £100K;
- we will seek to promote the local economy through incorporate supporting evaluation criteria wherever possible;
- we have incorporated the locality principles into the Council's procurements.

⁶ Locality.org.uk



Brexit/ post EU Transition

There is uncertainty and growing concern about the impact leaving the European Union will have on the local economy of North Hertfordshire. The Strategy sets out a structure that will be responsive and supportive to suppliers of the Council in this unsettling period, whilst the long-term impacts materialise. The Council is aware of the increased costs that may be incurred as a result of additional administration from boarder to supply chains issues and individual contracts will be managed to minimise such impacts where possible.

The Council is conscious that changes are likely in the shorter and medium terms to public procurement. In the short term amendments to the Public Contract Procurement Regulations and contract publishing requirements are in force from 2021. In the medium term – with the Government recently publishing a green paper⁷ for consultation on a new post-transition regime, and the UK-EU Trade and Cooperation Agreement it is possible that more far reaching changes will be put into place. Whilst final arrangements are yet to be confirmed, it means that the Council must be adaptive to new requirements as and when they arise.

4.0 Monitoring and Reporting

Measuring effectiveness through tangible outcomes will be critical to the delivery of the Strategy. The actions identified will be monitored through the Council's Contract Procurement Group in order to ensure the Strategy successfully delivers the intentions identified. Reporting on progress will done on a regular basis to the group with any necessary actions or modifications made to ensure the Strategy remains up to date with the Council's priorities.

5.0 Conclusion

The Strategy provides North Hertfordshire District Council with a number of opportunities to build upon the successes that it has established over the past few years. Through its procurement activity and processes, North Hertfordshire District Council is well placed to support the delivery of high quality public services and benefits to the residents of its district in this challenging time.

⁷[Transforming Public Procurement \(15.12.20\)](#)