

Appendix 'A'

Lancashire County Council

Procurement Strategy

October 2014

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Foreword

Lancashire County Council spends approximately £529m per year through procurement. The goods, services and works we procure have a major impact on the people of Lancashire and their communities including economic, social values and environmental factors.

Our aim is for the County Council to have an innovative and sustainable approach to procurement that supports and complements effective commissioning arrangements to support the design and delivery of efficient and effective public services. This strategy sets out the framework by which the County Council will achieve this and in doing so will ensure that procurement delivers value for money across all services and directly contributes to the achievement of the County Council's key priorities and ambitions.

Wherever possible, when we procure goods, services and works we want to deliver economic benefit to Lancashire's businesses and people through employment, training and supply chain opportunities. Our approach will be to ensure that smaller and local suppliers are not precluded from tendering for contracts individually, as consortia, or through roles within the supply chain. When letting contracts, we will be clear that bids from small, local, third sector organisations are as welcome as those from larger, private sector companies. We want to keep the cost of doing business with the County Council as low as possible. Effective procurement processes and a commitment from the County Council to conduct its business in the most transparent, efficient and cost-effective way will ensure that the cost to our suppliers is minimised.

Our drive for continuous improvement will ensure that our procurement practices and procedures continue to evolve and continue to deliver the best procurement service to Lancashire.

1. Introduction

Procurement is the process through which the County Council buys goods, works and services from third parties. The process spans the whole cycle from the initial identification of needs, through to the end of a contract or the end of the useful life of an asset.

Procurement is important in supporting the County Council's overall approach to the design and delivery of efficient and effective public services, and fits within the commissioning cycle. Commissioning is the process by which the council decides upon the services, service outcomes or the products that it needs, and makes sure that they meet requirements. Commissioning involves:

- **Understanding** – understanding needs, resources and priorities and agreeing outcomes.
- **Planning** – mapping and planning sustainable and diverse services to deliver outcomes.
- **Communicating** – communicating requirements to enable effective procurement.
- **Review** – monitoring delivery.

Procurement is the process of acquiring goods, works or services, and is about:

- understanding how much we spend on goods, services and works,
- supporting the commissioning processes with early planning and service design,
- publishing tender documents, and
- managing contracts to ensure that the service needs are met.

Overall procurement contributes to the delivery of our corporate priorities, and supports our focus on the prosperity, health and wellbeing of Lancashire people. The County Council spends approximately £529m per year on procured goods, services and works. This money is spent on things ranging from residential and nursing care services for older people to children's social care services; from property construction to traffic signal maintenance; and from highways materials to library materials. The impact of procurement is therefore significant. Our vision, objectives and principles as set out in this Strategy illustrate the contribution that effective procurement arrangements can make to a wide range of socio-economic agendas. These include equality and cohesion, a successful local economy, a thriving voluntary sector, community empowerment, environmental issues and value

for money. The principal aim of this Procurement Strategy is to set a clear framework for best value procurement that enables the Council to deliver its vision for the county.

2. Our vision and values for procurement

In recognition of the wider impact that procurement has, our vision and values for procurement are:

- For procurement to support the delivery of innovative, cost-effective and quality services to meet the County Council's priorities through a strategic approach to procurement;
- For our procurement service to be modern, efficient and economically and socially responsible;
- To put sustainability at the heart of everything that we do;
- To procure quality, value for money goods, services and works that our leaders and the public expect;
- To develop a diverse supply chain that will help small and medium companies and the voluntary sector to compete;
- To deliver value for money – but not just by buying the cheapest;
- To promote local economic development through our procurement practices;
- For our processes and procedures to be transparent, and overall to adopt the highest professional standards.

3. Our Approach to Procurement

Our vision and values for procurement will be achieved through the following activities:

- The County Council's Cabinet and Procurement Board will provide strategic direction and leadership;
- Our procurement policies and procedures will support the County Council's priorities;
- We will develop a category management approach to procurement across the organisation;
- We will deliver a common, corporate process for strategic sourcing, supplier relationship and contract management;
- We will maximise the use of technology and ensure our processes are as efficient, cost-effective and simple as possible;
- We will ensure governance arrangements are robust and we will monitor compliance throughout the organisation;

- We will maximise the proportion of spend through contracted and approved suppliers and minimise 'off contract' spend;
- We will engage with stakeholders and service users to ensure that needs analysis and specifications reflect community requirements and recognise the contribution of existing local suppliers;
- We will measure procurement performance and promote continuous improvement through an agreed performance management framework;
- We will collaborate on procurement activity with other public bodies, where this is appropriate, and we will maximise partnering arrangements with suppliers;
- We will ensure that procurement staff are suitably skilled, professionally qualified and experienced;
- We will ensure that all procurement practices are operated in a legal and professional manner with the highest standards of probity, transparency, accountability and fairness;
- We will ensure that all procurement decision making, including options appraisal, is transparent, consultative and accessible;
- We will ensure that we have an up to date contracts register and that forthcoming tendering opportunities are publicly available on the County Council's website.

4. Sustainable Procurement

It is recognised that procurement has a vital role in furthering sustainable development through the procurement of goods, services and work. Procurement decisions have a major socio-economic and environmental implication, both locally and globally, now and for future generations.

When referring to Sustainable Procurement, Lancashire County Council means the process whereby the Council meets its needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits to not only to the council, but also society and the economy, whilst minimising damage to the environment.

Some practical examples of sustainable procurement that are employed include:

- Evaluating whole life contract costs in purchasing decisions.
- Minimising packaging used in goods received.
- Reducing delivery frequencies to County Council premises.

- Dividing contracts into separate lots, enabling SMEs the opportunity to compete for business.

To maximise sustainable procurement in the future, the County Council will strive to:

Raise education and awareness

- educate, train and encourage our staff to review their consumption of goods, services and works, reduce usage and adopt more environmentally-friendly products;
- communicate our sustainability objectives to our suppliers;
- promote and embed best practice for sustainable procurement;
- Understand the sustainable impact of procurement activities for all contracting activities and include specifications to mitigate against negative impacts and develop actions to deliver positive ones where possible.

Consider environmental issues

- adopt the principles of resource and waste minimisation for materials, energy, water, air and land in support of carbon reduction and climate change, reusing and recycling wherever possible;
- consider the costs and benefits of environmentally-friendly goods, services and works;
- wherever possible and practicable, specify a requirement in line with nationally or regionally agreed minimum specifications;
- where such exact specification is not possible, enable suppliers to submit offers for environmentally-friendly alternatives;
- work in partnership with other public bodies to maximise sustainable procurement gains through collaboration and information sharing;
- Ensure that all organisations have equal access to procurement opportunities, from larger organisations to SME's and the voluntary sector, in order to ensure fair and equitable opportunities for all.

Engaging suppliers

- encourage and persuade suppliers to adopt environmentally-friendly processes and supply environmentally-friendly goods, services and works as part of their Corporate Social Responsibility agenda;

- fully support the commitments to address barriers that prevent small and medium businesses and the voluntary and community sectors from doing business with us;
- ensure that procurement processes are appropriate to the scale and risk involved so that they are not unduly onerous especially for local small and medium suppliers and the voluntary and community sectors;
- continue to update and publish our contracts register, forthcoming tendering opportunities and guidance for suppliers on the County Council's web site and procurement portals;
- Ensure that, where appropriate and allowable, sustainability criteria are part of the supplier evaluation process and are used in the award of contracts.

Measurements and results

- comply with all legislation relevant to sustainability;
- collaborate with other public sector bodies in support of common sustainability targets;
- improve our sustainable performance by setting realistic objectives and targets and monitor progress on a regular basis and reporting annually through the county council's performance management framework;
- use our position in the supply chain to influence our suppliers and their subcontractors to improve their sustainability.

5. Promoting social equality and justice through procurement

Equality and Cohesion

The County Council is covered in all its actions as an employer, service provider, and contractor and in the delivery of its functions, by the Public Sector Equality Duty which has three general aims/duties:

- To eliminate discrimination, harassment or victimisation because of a protected characteristic;
- To advance equality of opportunity for people with protected characteristics;
- To foster good relations between people who share protected characteristics and those who do not share them.

NB – the protected characteristics defined in the Equality Act 2010 and Public Sector Equality Duty are: - age; disability; gender identity; marriage

and civil partnership status; pregnancy or maternity status; race; religion or belief; sex and sexual orientation.

The County Council is committed to securing genuine equality of opportunity in all aspects of our activities as an employer, service provider and contractor.

Our new "Equality Cohesion and Integration Strategy 2014-2017" was approved by the County Council in spring 2014. The full version of the Strategy can be found on the following link to our Equality and Diversity website

<http://www.lancashire.gov.uk/corporate/web/?siteid=5580&pageid=30516&e=e>

Our corporate Equality and Cohesion vision statement is as follows:-

The County Council is committed to understanding our communities and their needs. As a community leader, employer and service provider we want our services to reflect what matters to local people irrespective of their background. We aim to promote a sense of personal and social responsibility across neighbourhoods, to advance equality of opportunity for all and inspire our communities and citizens to realise their potential. We celebrate the diversity of our communities while fostering a sense of common ground and good relations between them. Lancashire does not tolerate unlawful discrimination, harassment, threats and extremism that affect individuals or divide our communities and we will work in partnership to respond to these issues.

We are committed to ensuring that our suppliers and contractors share our vision for a fair and cohesive Lancashire and to helping us meet our Public Sector Equality Duty responsibilities. To achieve this, the County Council will:

- Ensure our appointed contractors share, and help deliver, our equality objectives;
- Ensure our contractors are aware of and can demonstrate in a proportionate way how they will contribute to our meeting the Public Sector Equality Duty's general duties;
- Provide guidance and training on equalities for procurement staff;
- Develop a framework to monitor the equality performance of our key suppliers and provide assistance where required.

In its contracting and other activities the County Council must also be mindful of its responsibilities under the Human Rights Act 1998. The Human Rights Act 1998 is one of the most important pieces of legislation for public authorities. Everyone who works in public authorities must act in a way that is compatible with this Act. By providing services in a way that is compatible with the Act, a public body not only meets its duties but makes a positive difference to people's lives.

What must a public authority do?

- Where possible, a public authority should try to ensure that policies or decisions do not involve any form of discrimination on any ground.
- If it is necessary to treat some people more favourably than others, ensure there is an objective justification for the difference in treatment.
- A public authority should assess its policies and functions which are relevant to the rights under the Convention for discriminatory impact. In relation to characteristics protected by the Equality Act 2010, this closely overlaps with its obligations under the public sector equality duty.
- A public authority should document its decisions as it may be asked to produce reasons for those decisions.

In exercising functions on behalf of the County Council, all contractors must also follow these requirements in connection with all aspects of the services they deliver on our behalf. Further information is also available via the Equality and Human Rights Commission at:

<http://www.equalityhumanrights.com/your-rights/human-rights>

The Living Wage

The Living Wage is a voluntary hourly rate of pay set independently and annually, and is intended to reflect the basic cost of living in the United Kingdom. The County Council is seeking accreditation as a Living Wage Employer from the Living Wage Foundation. This means that the County Council pays the Living Wage to its entire directly employed staff and will, where legally applicable, ensure that suppliers pay the Living Wage to contractors working on County Council premises for 2 or more hours in any given day for 8 or more consecutive weeks of the year. Beyond this, the

County Council will encourage all providers to commit to adopting the Living Wage for its staff working on LCC contracts.

Health and Safety

The County Council will continue to ensure that effective health and safety mechanisms are in place through our procurement practice and our suppliers.

6. Social Value

Social value is the additional economic, social and environmental benefits that can be created when the County Council purchases services from an outside organisation, above and beyond the value of the service itself. Social value will be considered at the point of when we review our services and consider how they are to be delivered. The County Council will:

- Identify how the service can provide social value;
- Where appropriate, ask bidding organisations how they will deliver the service and provide the extra social value;

7. Doing Business With the County Council

We want to make it as easy for all organisations to do business with us as possible. As a public body, we also need to work within the framework set by UK and European law.

New contracting opportunities will be advertised via the [LCC website](#). Furthermore, in accordance with EU procurement regulations, we also advertise all contracts which have a total value above EU thresholds (currently around £4.3m for works and around £150k for services) on the [OJEU website](#) (Official Journal of the European Union website). There are a number of free to use search facilities which organisations could sign up to in order to keep informed of forthcoming tenders. One such service is [Tenders Electronic Daily](#) (TED). When contracts fall within these EU thresholds, it also affects the timescales and processes we need to follow during procurements.

Contracts that are below these EU thresholds are not under constraint by the regulations, but may be considered to follow the principles of non-discrimination, equal treatment and transparency by case law, which states that where the contract in question is of 'certain cross border interest' it should be tendered in line with the aforementioned principles.

New EU Directives which apply to the County Council came into force in 2014, and these will be reflected into UK law. This may bring some changes to the legislative context within which we work. Whilst there may be some increased flexibility around the edges, including the possibility of a 'lighter touch' regime for contracts below £638,000 and 'innovation partnerships' to co-design a service not currently available on the market, much of the underlying legal framework will remain the same.

The majority of LCC advertised contracts can be accessed via the [LCC Sourcing Portal](#). Once suppliers have registered for the portal, they can access, download and submit tenders and relevant documentation. Use of this portal does not require the purchase of high specification IT equipment or connections, nor high level personal IT skills/capabilities.

Online support is available to suppliers in using the portal, and there is also a helpline available. Contact details for advice or assistance relating to the use of the e-tendering system are:

Online Learning	E-tendering help line: Telephone 0300 123 6701
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Suppliers can also register to receive notifications every time the County Council publishes opportunities related to CPV (common procurement vocabulary) codes which are relevant to their organisation.

8. Electronic Procurement (E-Procurement) Policy

The County Council recognises the importance of electronic procurement (e-procurement) in delivering lower transaction costs for both us and our suppliers, reducing off-contract spend and minimising paperwork, thereby providing efficiencies and environmental benefits. The development of the i-Supplier module of the Oracle finance system provides real opportunities for the County Council and suppliers to carry out a significant amount of transactions electronically.

Electronic tendering is currently being rolled out within the Procurement Service and to other teams across the County Council that carry out procurement activity. Suppliers will be encouraged to register on the County Council's i-supplier portal.

Whilst all suppliers will be encouraged to work with us electronically, it is recognised that some suppliers, particularly small- and medium-sized

enterprises (SMEs) and 'Voluntary Sector' suppliers, may not have the capabilities at this time to adopt e-procurement and we will ensure that such suppliers are not disadvantaged in the procurement process should they not be able to adopt e-procurement when doing business with LCC. Whilst the Council's default option will be to tender electronically, there will be processes and procedures put in place to accept hard copies in appropriate circumstances.

Our aim is to ensure our systems are as accessible and as easy to use as possible. Beyond the initial tendering process, we also want ongoing interactions such as invoicing and ordering to be electronic wherever possible. But, again, we recognise that there are situations where we will need to deal with some organisations in alternative ways.

Purchasing cards and other means of payment will be used where appropriate, subject to approval by the County Treasurer to reduce transaction costs, particularly for high volume, low value and ad-hoc purchases.

9. Performance Management

We will monitor the level of our procurement performance and in doing so identify areas of good or poor performance. This information will be used to take forward a programme of continuous improvement within the Procurement Service. The performance of the Procurement Service will be reported as part of the County Council's Performance Management Framework and will be supplemented by monthly reporting at service level. Key performance measures and indicators will be set and monitored on a regular basis as part of the process.

10. Our Suppliers

We expect our suppliers to provide high quality goods, services and works to the County Council and to the taxpayers and residents of Lancashire. Our suppliers must offer value for money – not just a cheap price but a balance of quality and cost assessed over the lifetime of the purchase. We expect our suppliers to demonstrate an ability to work sustainably helping us to improve the environment and social outcomes of our contracts and respect and encourage equality, cohesion and fairness in their workforce and supply chain.

We want to do business with small and medium enterprises and the voluntary and community faith sectors and will ensure that our processes are as easy as possible to enable them to tender effectively.

We will minimise the administrative burden and cost to suppliers by offering electronic systems and processes wherever possible. Our processes will be open and transparent and based on standard approaches and use of common systems that appropriately minimise complexity, cost, timescales and requirements for suppliers.

10. Procurement Improvement

The County Council recognises that changes need to be made to the way we organise and manage procurement to maximise the contribution that procurement can make to the County Council's performance and efficiency.

An improvement plan has been developed that will deliver:

- A more strategic and systematic approach to procurement;
- Corporate management of performance and improvement priorities ;
- Procurement efficiencies; and
- Enhanced compliance with relevant policies and procedures.

Our procurement improvement will be underpinned by the following principles:

- Stronger leadership and performance management;
- Development of new strategies and approaches to deliver reductions in procurement and process costs;
- Procurement processes and risk management processes that are proportionate to the expenditure being undertaken and recognise other corporate priorities and policies