

PROCUREMENT STRATEGY

2006- 2011



Purpose and Contribution to Corporate Objectives

The Authority's statutory purpose is to conserve and enhance the Peak District National Park's special qualities and to provide opportunities for their enjoyment and understanding. In doing so the Authority should give regard to the economic and social well being of local communities within the National Park. In order to deliver its statutory purposes the Authority has determined 11 *corporate* outcomes and 31 key corporate actions for the medium term; and those most relevant to procurement are shown below:-

J Sustainable prosperity is achieved through a diverse economy, capitalising on the special and distinctive environment of the National Park. We will achieve this by:-

1. Nurturing business development that supports and contributes to the environmental economy
2. Working with partners, Government agencies and funding bodies to improve the economic performance of local firms and to influence appropriate economic investment in the area

K We provide quality, customer focused, sustainable services and ensure continuous improvements in the way that these are delivered. We will achieve this by:-

1. Ensuring value for money, sustainability and high standards of corporate governance in the way that we deliver services

In order to support achievement of the above key *corporate* outcomes three main *operational* outcomes specific to procurement activity have been determined:-

Outcome One

To ensure that resources are procured according to Best Value and value for money principles, in order to ensure that the most outcomes can be achieved for the resources available to the Authority.

Outcome Two

To ensure that our procurement is sustainable in respect of the social and economic well being of local communities and their businesses, and minimises any adverse environmental impact using best practices where possible.

Outcome Three

To ensure that all procurement processes have:-

- Clear authorisation processes appropriate to their value
- Clear specification of requirements, with tendering processes designed carefully so as not to advantage or disadvantage any one potential supplier
- Competitive, open and transparent contract awards, based on a balance of price and quality, and a clear basis of bid evaluation.

The Authority has a gross revenue and capital budget of £14m with expenditure on goods and services in the region of £4.4m. This procurement strategy has taken account of national guidance and local government best practice, and has tailored these requirements proportionately so that they represent an appropriate scale of procurement standards for a National Park Authority, allow for a flexible approach to markets and are consistent with the need to minimise bureaucracy.

Key Drivers

- Best Value Reviews – S5 of the Local Govt Act 1999 requires local authorities to deliver services to clear standards by the most economic, efficient and effective means available, and to achieve continuous improvement in all their services.
- Gershon Efficiency Review 1999 - A review of civil procurement in Government in the light of the Government's objectives on efficiency, modernisation and competitiveness in the short and medium term
- Delivering Better Services to Citizens (The Byatt Report) – The Byatt Report (June 2001) and the Government and LGA response (July 2002) set out the importance of improving local services to citizens in affordable ways through better procurement
- Local Govt Act 2003 – introduced the new prudential borrowing code and new powers for councils to charge for discretionary services.
- National Procurement Strategy 2003 – improving local government procurement in the light of the Byatt Report recommendations
- Modernising Government agenda 2005 – the Government's modernising agenda, part of its Implementing Electronic Government (IEG) plan, requires local authorities to use electronic service delivery to improve the quality and responsiveness of services.
- Procuring the Future - Sustainable Procurement Task Force 2006 - A National Action plan for Sustainable Procurement
- The Nottingham Declaration on Climate Change – a joint commitment by Local Authorities to acknowledge and address the causes of climate change.
- Strong and Prosperous Communities 2006 – reinforcing collaboration between Authorities and communities
- Audit & Performance Committee Scrutiny - as reported to the Audit & Performance Committee in January 2006
- Strategic Management Team Reviews – according to Management Team Review timetable

Procurement Guidance and Governance

The policies and procedures of the Authority are contained in:-

This Procurement strategy; reviewed every 5 years.

Standing Orders; the main finance and procurement requirements which are mandatory and must be followed by officers.

The Procurement Manual; more general operational advice and guidance to officers on procurement processes, and standard forms.

Current Procurement Structures

Local Authorities during the 1980's under the Financial Management Initiative moved away from a highly centralised budgeting approach towards devolved budgetary control regimes. The basic principle still applies:

-financial and operating responsibilities are aligned, such that managers who are responsible for making decisions are also responsible for the financial consequences of those decisions.

The main advantage of this approach was to increase motivation and move towards performance management by outputs with financial constraints applied as an integral part of the job, rather than as an outside control from Treasurer departments. Maintaining effective control under this philosophy is achieved by agreeing delegated authorities to individuals for committing resources. The current policy framework encourages this approach with overall control retained by each Head of Service. The purchasing functions undertaken by individual services therefore are consistent with the principle of devolvement of decision making. Recent procurement initiatives have registered a move to develop stronger corporate procurement functions recognising limitations and weaknesses in devolved approaches.

Advantages of current structure

- Motivation and efficiency is improved as purchase decisions are made by end users with clear understanding of their requirements and often greater knowledge of specific products
- Decisions are made within the context of delegated budgets
- No overheads or additional costs of central unit
- Sensible sharing of knowledge and informal co-ordination can achieve effective results
- In the absence of a central unit or measures to aggregate expenditure services have tended to take markets as they are, with significant local spend and impact on the local economy

Disadvantages of current structure

- Risk that policies are not followed
- Services may duplicate effort as procedures and purchases are not standardised
- Discounts may be lost as volume effect is dispersed among different suppliers
- No or little use of consortium or national contracts
- Too close relationships with suppliers
- External purchases may be made where capacity exists internally
- Weak policy / overview controls
- Environmental management of procurement activities and handling of sustainability issues is variable or not present

Analysis of Current Expenditure

A full analysis of current systems and expenditure is shown in a separate report "*Peak District National Park Authority - Spending Profile*". The following provides an overview of the Authority's total expenditure on services in achieving its stated outcomes:-

	Outcome	£,000	%
A	The landscapes of the National Park are valued and managed for their beauty, character and natural resources	905	8%
B	The adverse impact of mineral working on the special qualities of the National Park and its communities is minimised	464	4%
C	Adverse environmental impacts of traffic on the special qualities of the National Park are minimised	561	5%
D	People feel welcome in the National Park and have the opportunity to participate in recreational activities that enhance the quality of their lives	1,767	16%
E	The quality, distinctiveness and resilience of the biodiversity of priority habitats and species has increased	738	7%
F	The distinctive cultural heritage characteristics of the settlements and landscapes are conserved and enhanced	518	5%

G	Understanding of the National Park and its special qualities has increased so that people recognise its value, and have the opportunity to make a personal contribution to its sustainable management	992	9%
H	Promote sustainable tourism to improve the economic viability of the Peak District whilst ensuring a positive environmental and social impact	613	6%
I	The Peak District is a living, modern, and innovative area with vibrant and cohesive communities	419	4%
J	Sustainable prosperity is achieved through a diverse economy, capitalising on the special and distinctive environment of the National Park	546	5%
K	We provide quality, customer focused, sustainable services and ensure continuous improvements in the way that these are delivered	2,271	20%
	Other	1,304	11%
		11,098	100%

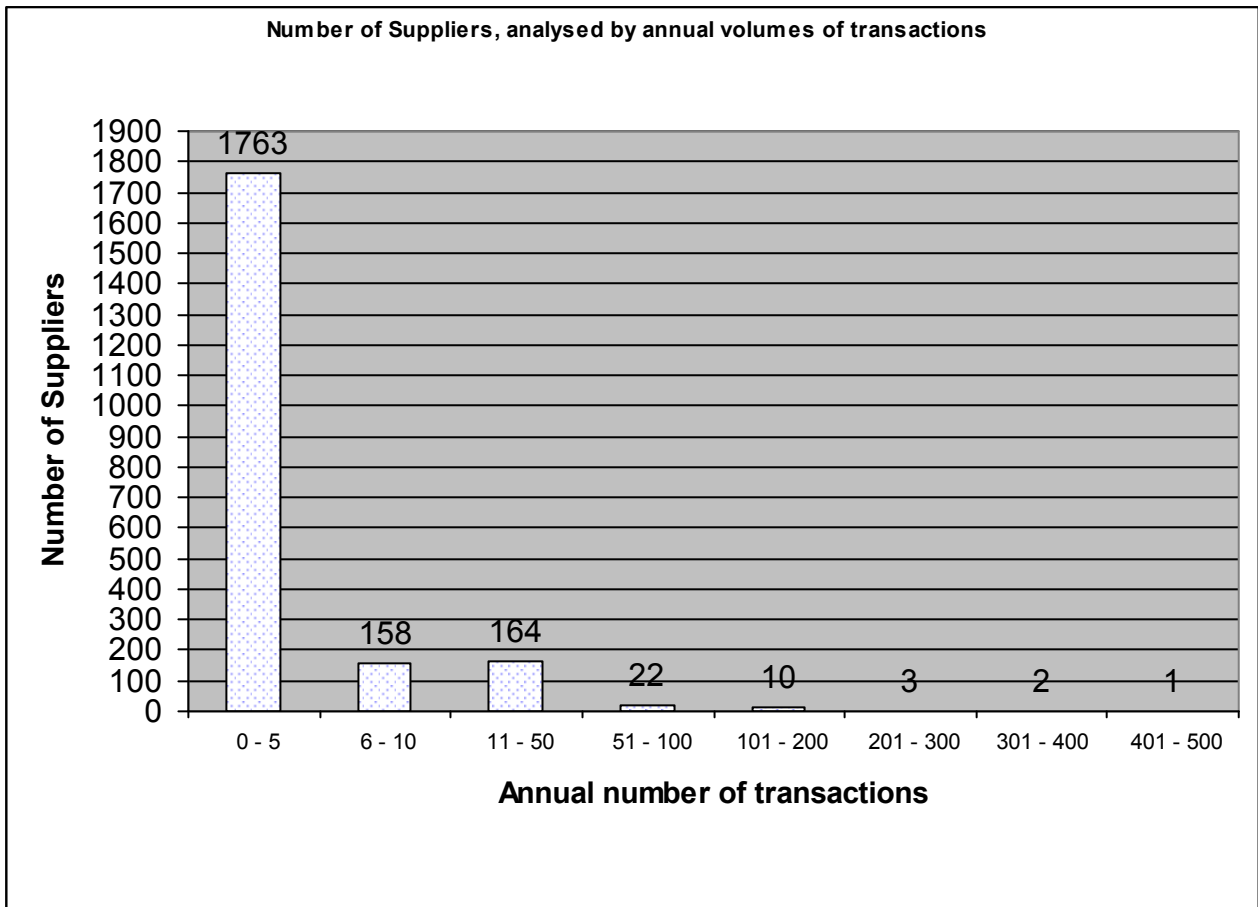
The following provides an overview of the Authority's non-pay expenditure - 15%; 58% and 28% by value spent on low, mid and high value items respectively:-

Value of Payment	Total Value	% Value	No. of invoices	% Volume	Average
Under £500	£898,172	15%	7,310	80%	£123
£501 - £1,000	£542,501	9%	765	8%	£709
£1,001 - £5,000	£1,914,740	32%	883	10%	£2,168
£5,001 - £10,000	£1,033,940	17%	146	2%	£7,082
£10,001 - £20,000	£700,813	12%	52	1%	£13,477
£20,001 - £50,000	£624,336	10%	21	0%	£29,730
£50,001 - £100,000	£340,718	6%	4	0%	£85,180
Over £100,000	£0	0%	0	0%	-
	£6,055,220		9,181		

This is split into the following categories of spend after excluding grants, partnership payments, staff expenses etc:-

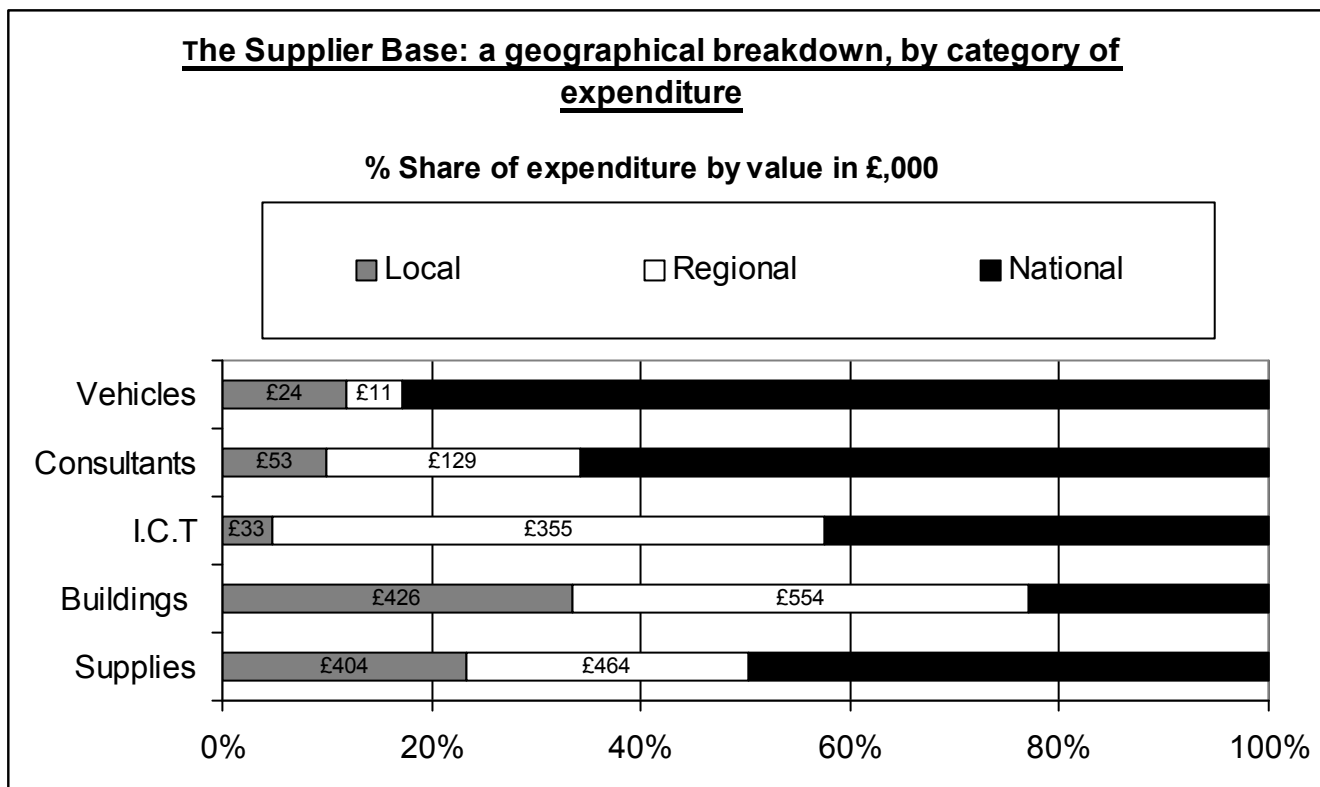
Type of Expenditure	No. of transaction lines - invoices	% Volume	No. of suppliers	% Value	Total Value	Ave Value
Supplies & Services	4,953	53%	278	39%	£1,726,327	£349
Building Related	1,849	20%	128	29%	£1,273,772	£689
Info. & Comms. Technology	1,261	14%	57	15%	£673,142	£534
Professionals & Consultants	465	5%	100	12%	£529,301	£1,138
Vehicles	742	8%	40	5%	£206,841	£279
Totals	9,270	100%	603	100%	£4,409,384	

The overall supplier base for all non-pay purchases is shown in the following graph:



The economic breakdown is shown below:-

Purchase area		£,000	%	
Local	within the National Park area	940	21	
Regional	within constituent councils' area	1,513	34	55
National	Outside of the above	1,956	45	



Strategic Procurement

The Authority clearly recognises the performance advantages of a skilled and valued workforce and these are reflected in its human resources policies. The Authority believes that in-house services can and do provide a high quality and flexible framework for delivering its services. The Authority will however balance this commitment with a proper assessment as to whether services can be provided by alternative means. This will most likely be the case where:-

- A service is uncompetitive on quality and cost in comparison to other service suppliers
- An existing provider cannot demonstrate continuous improvement based on realistic performance measures and an adequate timescale.

The toolkit in Appendix 1 and Appendix 2 will be used during Best Value, scrutiny and Management review teams to help form a view as to the extent to which a particular service or activity could be delivered in a different way. This tool will be developed in use and is currently in draft form.

Environment

In setting outcomes for procurement the Authority has made clear that the importance of sustainability is fully integrated in purchase decisions. The action plan identifies how careful specifications and tender evaluations, which include environmental impact assessments, will help to reduce the impact of our procurement on the environment.

The Authority will not knowingly contract with any suppliers who have contravened environmental or animal welfare legislation, and where concerns still remain about their standards. In addition, the Authority will not enter into any contracts with organisations or individuals who are the subject of any enforcement action or other pending investigations from either the Authority or other public agencies, in respect of planning or environmental matters. The Authority also reserves the right to exclude from consideration for contracts any companies or persons engaging in activities which clearly contravene the Authority's environmental policies. The decision to purchase will take account

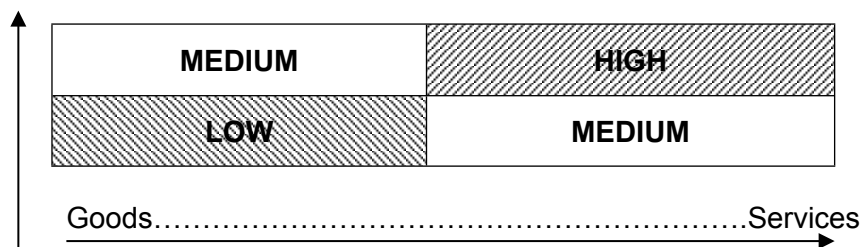
of whole life costs. The Authority will achieve the relevant action plans proposed for the government sector by the Sustainable Procurement Task Force, in order to achieve government targets by 2009. These actions are in line with its second procurement outcome.

Equality

The Authority is, like all public bodies, committed to promoting equality and will not discriminate on the grounds of age, colour, disability, ethnic origin, gender or sexuality; this commitment is expressed in its Comprehensive Equality Policy. The Authority would like its suppliers to be similarly committed to equality issues, however it recognises that it does not have sufficient resources to monitor all its procurement activity and does not want to impose any substantial non-statutory policy requirements on smaller suppliers. The following tailored procurement processes will be used in this Authority in respect of equality issues-

- If any of our services are outsourced, and these contractors provide services directly to the public in a way that they are perceived to be in effect acting for the Authority, then our contracts will include requirements and commitments from our contractors to operate to the same standards outlined in our own Equality Policy.
- For contract values over £20,000 the Head of Service is required to undertake an assessment of a contractor's technical competence. This should include an equalities risk assessment based on the matrix below; the risk is likely to be primarily a legal risk or a risk to the Authority's reputation.

Level of Contact with Public



If the risk is deemed to be high, then we will seek to ensure that the standards operated by the contractor are to the same standard as our own Equality Policy.

If the risk is deemed to be medium, as part of the tender specification process we may ask for details of the contractor's written equalities policy and any supporting evidence for its implementation; in addition we will ask for disclosure of the details of any adverse findings in court or tribunal proceedings related to contravention of the equality legislation listed below.

For all our other contracts for goods and services we expect our contractors to adhere to current legislation and if, as a result of monitoring or through other means we become aware of contractors who have contravened this legislation in the past and have not taken appropriate corrective action, we may not enter into contracts with them. The relevant legislation is contained within:-

- The Sex Discrimination Act 1975 (amended in 2003),
- The Equal Pay Act 1975 (amended 1984),
- Sex Discrimination (Gender Reassignment) Regulations 1999 and the Human Rights Act 1988.
- Employment Equality (Sexual Orientation) Regulations 2003;
- The Race Relations Act 1976 and the Race Relations [Amendment] Act 2000
- The Disability Discrimination Act 1995
- The Employment Equality (Religion or Belief) Regulations 2003
- the Employment Equality (Age) Regulations 2006

Action Plan

Outcome 1: To ensure that resources are procured according to Best Value and value for money principles, in order to ensure that the most outcomes can be achieved for the resources available to the Authority

Action	Issue	Responsible officer / Timetable
Procurement Resources	There is no corporate procurement resource, although corporate services provide procurement advice and policy according to their specialism (e.g. Finance / Legal / Property/ICT). Purchasing otherwise is fully devolved and dispersed through the Authority - except for ICT (with some exceptions) and Property. This has worked in the past and can be sustained with improvements and cross working, albeit with a slower timetable than dedicated resource would allow.	Director of Resources to monitor: no current action proposed
All services under review to complete the Strategic Procurement Appendix toolkit and recommend if appropriate alternative delivery methods.	Each service under review needs to take account of alternative service delivery mechanisms and the toolkit needs to be completed with an assessment made as to whether a service could be provided differently. This to be done prior to any major procurement decisions or business cases relating to individual services	Director of Resources. Resource or Strategic Management Team @ Review timetables; Member Task Teams.
Develop basic procurement indicators and management information	The Authority has good knowledge of its expenditure profile. Standardisation of this information compounded into an annual report will help inform decision making and monitor procurement activity	Head of Finance / Annual starting March 09
Investigate the effectiveness of Office for Govt. Commerce (OGC) Buying Solutions frameworks and OGC-led developments	Central government are setting up framework agreements accessible to all public sector bodies for most commodities. Currently these are available to the Authority for purchased and leased vehicles and tyres. Their cost-effectiveness based on aggregated expenditure may be beneficial in terms of discounts obtainable but also in avoiding additional resources for tendering purposes as frameworks are available to all public sector bodies.	Head of Finance / March 07 and ongoing

<p>Highlight the main recurring “commodity” purchases and benchmark costs of these purchases against other arrangements; Standardise specifications for similar products</p>	<p>If the Authority continues with a devolved purchasing structure this action will ensure that recurring purchases for standard items are aggregated and co-ordinated if this is proved to be more cost effective. Services will be asked to ensure they channel expenditure through an agreed supplier or access channel after a benchmarking exercise is carried out with the services affected. The potential impact of diverting these purchases away from the local economy will be considered, providing procurement legislation is not contravened.</p>	<p>Benchmarking Finance & Services / March 09 Full co-ordination and channelling by March 10</p>
--	---	---

Action	Issue	Responsible officer / Timetable
<p>Whole Life Analysis</p>	<p>Business cases to Resource Management Team should (continue to) be rejected if they contain insufficient information on future year costs and implications of major procurement decisions ; net present value techniques will continue to be used where there is a mix of capital and revenue implications over time.</p>	<p>Resource Management Team</p>
<p>Review construction related expenditure and recommend any changes in processes in the light of specific property procurement developments</p>	<p>Focussing amongst other things on 1. Procurement of Property and Facilities Management Services, which includes the procurement of maintenance and minor works. 2. Procurement of major Capital Projects, which includes the whole process of project management, design, cost control and construction.</p>	<p>Head of Property / March 09</p>
<p>Focus on the top 20 suppliers and investigate alternative purchasing methods, discount levels; streamlining of procurement; alternative purchasing methods</p>	<p>Identification of top key suppliers; assessment of future needs and likely volumes; consideration of best value; address any possible quick wins aimed at the highest spend suppliers.</p>	<p>Head of Finance / March 08</p>
<p>Collaboration with other authorities</p>	<p>In view of its size currently the Authority develops many partnership procurement arrangements with neighbouring districts and county councils, together with some external service level agreements. This will be continued and developed as required</p>	<p>All Heads of Service</p>
<p>E-procurement: Investigate use of</p>	<p>Government purchasing cards may allow savings to be made in procurement processes for low value items although their appropriateness</p>	<p>Head of Finance / March 08</p>

purchasing cards	will need to be assessed	
E-procurement: Implement on-line notification of all tenders; refine on-line notification of tenders; investigate e-tendering systems	Improve notification of tender availability to suppliers and increase potential interest in competition for goods and services; allow on-line downloading of tender documentation; develop standard tender documents; consider whether complete e-tendering systems offer added value	Head of Information Mgt & Finance / March 08 ; e-tendering systems / March 09
E-procurement: electronic payments to suppliers	Systems are in place for e-payment and e-sending of remittance advices. Target: 60% electronic payments initially with a move to 100% over time if cost effective.	60% Finance /March 08 90% / March 09
E-procurement: web-based catalogues / e-procurement systems will be implemented for commodity expenditure where cost-effective;	16% of Local Authorities in 2005 use an e-marketplace – reduced from 19% in 2004. The Idea Marketplace has been reviewed and deferred until further evidence of its effectiveness after a number of years of operation. All appropriate Web based catalogues will be investigated and less managed approaches to marketplaces may be preferred. The implications of any transfer of expenditure away from the local economy will be a factor in the decision, providing procurement legislation is not contravened.	Head of Finance / March 10

Outcome 2: To ensure that our procurement is sustainable in respect of the social and economic well being of local communities and their businesses, and minimises any environmental impact

Action	Issue	Responsible officer / Timetable
Environmental impact:-		
Complete the Flexible Framework proposed by the Sustainable Procurement Task Force (sponsored by Defra and the Treasury) in collaboration with the Centre of Excellence and other councils	The Flexible framework is a method of raising a Local Authority to an appropriate standard of sustainable procurement by stages (Level 1 – 5). The National Park may want to adapt the approach.	Procurement Green Group / March 09
Identify priority areas of spend using the Sustainable Procurement Task Force Toolkit methodology	Enables identification of where efforts should be concentrated for maximum benefit, taking account of specific Authority values and issues, based on risk	Procurement Green Group / March 08
Review use of recycled products with public funded purchasing consortia	Link into existing recycling consortia and ensure procurement of goods and services takes account of and channels purchasers towards recycled products	Procurement Green Group / March 08
Encourage spend to save schemes	The Capital Strategy, the ability to borrow funds and disposal of surplus	Resource Management Team;

	assets may help the implementation of environmental enhancement schemes if business cases include whole life analyses.	Green Group ongoing
Every purchase specification to have an environmental standard based on Quick Wins and Common Minimum Standards	The Authority needs to ensure specifications minimise the environmental impact of purchases; a checklist of specifications based on central government Quick Win Specifications and other existing knowledge bases will be available to all purchasing staff; Heads of Service to ensure their delegated purchasing staff adhere to these standards	Green Procurement Group; Heads of Service / March 08
The procurement process to include positive consideration of a) re-use of surplus assets b) pooling existing resources c) avoiding purchase	Reducing unnecessary purchasing of goods. Implementing pooling systems for shared goods between services.	Green Procurement Group / Dec 07
Every tender evaluation to include an environmental impact assessment	Tender evaluation panels to include formal assessment of environmental impact of goods and services contracted for.	Green Procurement Group Revised Standing Order guidance / March 08
Training of Key procurement staff	Identification of an appropriate sustainable procurement training programme for those purchasing & managing contracts for goods and services – budget holders and senior admin staff	Appropriate training programmes are considered corporately as part of the annual planning process
Action	Issue	Responsible officer / Timetable
Social and Economic Wellbeing:-		
Write a guide to “Selling to the Peak District NPA”	Improve supplier knowledge of processes of procurement undertaken by the Authority	Finance / March 09
Review procurement processes against the Dept. of Trade & Industry’s Small Business Friendly Concordat and the need to consider the interests of smaller suppliers in the local and regional economy	Have regard to the interests of smaller suppliers especially those in the local and regional economy; ensure flexibility of procurement processes and minimal bureaucracy; ensure specifications do not exclude local contractors and that contracts are not unnecessarily aggregated beyond their reach;	Finance / Sept 08
Joint notification of tenders with Derbyshire County Council’s Source Derbyshire and other similar regional initiatives	Collaborate with other local authorities in assisting access by suppliers to Derbyshire area public contracts and other similar initiatives fostered by neighbouring authorities.	Finance / March 10

<p>Review any shortlist or pre-qualification processes which do not diminish risk or which impede access by smaller suppliers to contracts</p>	<p>The Authority does not conduct pre-qualification processes or maintain approved lists for larger construction projects as suppliers are encouraged to join Constructionline. The Authority does not have the resources to pre-qualify contractors so needs a cost effective alternative to be developed ; other smaller Local Authorities find such lists a major overhead to maintain and their effectiveness needs to be questioned in terms of risk to the Authority</p>	<p>Finance / March 08</p>
--	--	---------------------------

Outcome 3: To ensure that all procurement processes have:-

- **Clear authorisation processes appropriate to their value**
- **Clear specification of requirements, with tendering processes designed carefully so as not to advantage or disadvantage any one potential supplier**
- **Competitive, open and transparent contract awards, based on a balance of price and quality, and a clear basis of bid evaluation.**

Action	Issue	Responsible officer / Timetable
<p>Revise Standing Orders</p>	<p>The current Standing Orders are adequate; however they require revision to ensure modern procurement practice is reflected and there is a clearer analysis of those controls which should remain within Standing Orders and those more</p>	<p>Head of Finance / Sept 08</p>

	appropriate to an operational Procurement Manual	
Develop Procurement Manual	The Authority does not have a procurement manual but relies on verbal advice, precedent, and Standing Orders. There is a need to compile a manual of best practice and in particular the standardisation of contract documentation	Head of Finance / Sept 08
Training of Key procurement staff	Identification of an appropriate training programme for those who purchase and manage contracts for goods and services – budget holders and senior admin staff	Appropriate training programmes are considered corporately as part of the annual planning process
Streamline the requirement for alternative quotations	Standing Orders to be revised to allow purchase orders to be raised without competitive process for small value orders in line with other local authorities	Head of Finance / Sept 08
Review the most frequently used suppliers / consultants and ensure processes of selection are competitive and open to new entrants	An appropriate balance needs to be struck between effectiveness; expediency in times of urgency and the introduction of new competitors.	Head of Finance with Heads of Service / March 09
Standardise tender selection processes	Selection of contractors needs to balance price and quality and the tender processes and Standing Orders need to address appropriate evaluation techniques and audit trails	Head of Finance / Sept 08
Implement Equality aspects of procurement policy	As per equality section of procurement strategy. Head of Service to assess risk in procurement over £20,000 and apply appropriate standards for medium and high risk procurement	Heads of Service / Oct 07