



South
Derbyshire
District Council



Procurement Strategy and Framework 2016 - 2020

South Derbyshire Changing for the better

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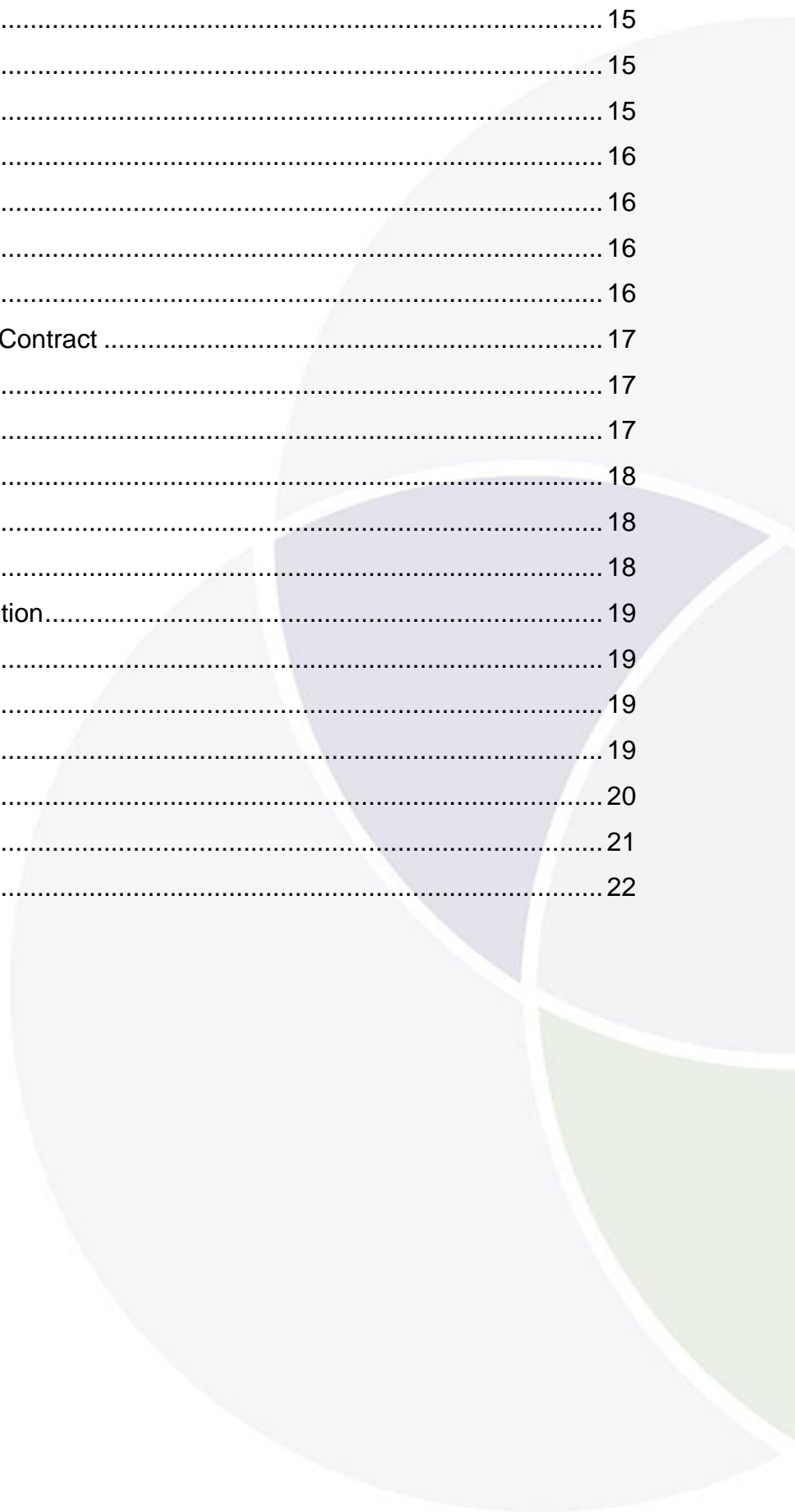
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Associated Documentation

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Procurement Guidance and Procedural Manual	Update April 2016

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1 Introduction

“During these challenging times we must embrace the opportunities procurement can bring, to drive social value, economic growth and sustainability.” (National Procurement Strategy)

This Procurement Strategy sets out the central role of the Procurement Function in supporting the Council whilst minimising expenditure, as every penny saved by procurement gives the Council more opportunity to achieve its strategic priorities.

2 Our Vision

'Making South Derbyshire a better place to live, work and visit'.

3 Definition of Procurement

Procurement is the process of acquiring goods, services and works. The process spans the whole cycle from identification of needs, through to the end of a service contract or the end of the useful life of an asset. It involves options appraisal and the critical 'make or buy' decision which may result in the provision of services in-house in appropriate circumstances.

4 Objectives

- Deliver Value for Money through good procurement practice and optimal use of procurement partnering and collaboration opportunities.
- Deliver Excellence
- Deliver on Time
- Support the local Community
- Analyse the Council's non staff expenditure and apply appropriate procurement strategies to deliver value for money and reduce commercial risk.
- Ensure clarity and transparency
- Produce management information in order to measure the performance and value for money achieved by the Council.
- Increase the proportion of local spend where possible.
- Simplify procedures to assist SMEs and third sector enterprises.
- Embed sound ethical, social and environmental policies within the Council's procurement function.
- Comply with relevant legislation and regulations in all aspects of Council purchasing.

5 Goals

- Ensure the Works, Goods & Services required by the Council & residents of South Derbyshire are procured as effectively as possible,
- Drive efficiencies to deliver more with less money,
- Provide a first class service,
- Provide a Centre of Procurement Expertise for South Derbyshire District Council,
- Minimise risks
- Deliver Value for Money, in line with the Council's Financial Plans.

6 Our Values

We value our:

- residents and their diverse needs,
- environment,
- stakeholders and
- staff.

7 Guiding Principles

The guiding principles reflect the core values on which the strategy is based, and which will inform all the actions which are planned as a result.

- Economic, social and environmental well being
- Maximising Value for Money
- Community Focus
- Ethical standards
- Partnership and collaboration
- Innovation and improved efficiency

8 National Procurement Strategy

This Procurement Strategy follows the National Procurement Strategy produced by the Local Government Association in promoting the following key areas:

- 8.1 Making savings by the effective use of;
 - Partnering and collaboration
 - Improved category management
 - A corporate approach to contract management
 - Effective performance monitoring and transparency
 - Appropriate risk management
 - Find alternative ways to meet user needs through demand management
- 8.2 Supporting local economies;
 - Inclusion of economic, environmental and social criteria in all contracts
 - Improving access for SMEs and VCSEs
- 8.3 Leadership;
 - A single cohesive voice
 - Commitment from the top
 - Seeing procurement as part of a strategic commissioning cycle
 - Develop a more commercially-focused procurement culture.
- 8.4 Modernising Procurement;
 - Commercialism and income generation
 - Encourage supplier innovation
 - Adopting e-procurement to improve efficiency
 - Take advantage of the opportunities presented by the new EU directives

9 Procurement within South Derbyshire

In addition to the items listed above from the National Procurement Strategy, we will;

- Ensure Value for Money for the Council and the people of South Derbyshire
- Deliver robust, transparent procurement exercises and contracts
- Provide improved outcomes for our stakeholders
- Ensure the optimum balance of quality and cost,
- Award contracts to the Most Economically Advantageous Tenders,
- Ensure the prices submitted for the supply of goods and services are sustainable,
- Improve efficiency,
- Simplify routine transactions,
- Minimise waste,
- Reduce the burden on administrative and monitoring resources,
- Encourage open and fair competition,
- Give strong Governance,
- Minimise opportunities for errors or fraudulent activity

10 Efficiencies

- 10.1 We will continually search for innovative solutions that promote easier and simpler ways of working to reduce workloads and minimise errors, for the benefit of local residents.
- 10.2 We will work with our suppliers to ensure all processes are simple, effective and automated where possible. We will reduce the number of steps in each transaction as much as possible to reduce costs, errors and opportunities for fraudulent activity.

10.3 We will reduce internal costs for the Council and its Suppliers by use of electronic transactions.

11 Values and ethical standards

11.1 We will follow the Council's 'Employee Code of Conduct' particularly in regard to personal conduct and the acceptance of hospitality and gifts.

11.2 We will maintain the highest values and ethical standards including;

- Honesty,
- Integrity,
- Fairness,
- Transparency,
- Equal opportunity

12 Strategic Priorities

12.1 Focus on what we are trying to achieve

12.2 Ensure compliance with the law, regulations and the Council's governance requirements

12.3 Ensure Procurement activity follows best practice and reflects the Council's corporate aims and objectives.

13 Governance

13.1 Good governance processes are critical to the Council so that it can evidence that it carefully manages the expenditure of Public Money.

13.2 All procurement exercises will follow the processes detailed in this strategy document. Threshold values (including those for 'OJEU' requirements) are detailed on the attached Appendix 1 and split into:

- Low value procurements.
- Medium value procurements.
- Below threshold procurements.
- Over threshold procurements.

Additional guidance can be obtained from Procurement.

14 Conflicts of Interest

All tenderers must sign a document to confirm there is no conflict of interest for any Officer or Member of the Council. Guidance for Officers can be found in the Council's Employee Code of Conduct'.

15 Stakeholder Engagement

15.1 Engagement commences formally with the PPA document. This defines:

- high level requirements,
- existing arrangements / contracts,
- current expenditure and budget
- expected stakeholder involvement in the process
- potential opportunities
- strategy

15.2 When the PPA has been agreed, it is the responsibility of the key stakeholder to produce a specification.

- 15.3 At each step in the procurement exercise the key stakeholder should 'sign off' and agree commencement of the next stage. (Gateway Review Process).
- 15.4 It must be recognised that various Stakeholders in addition to Council Officers should have an input at appropriate points in the process. These may include users of the facilities (i.e. skaters at a skate park), tenants, residents etc.

16 Transparency

It is a Government requirement that every quarter;

- Details of all procurement exercises over a specified value (Appendix 1) must be published
- Details of all transactions over a specified value (Appendix 1) must be published

17 Gateway Review Process

We will use a process requiring stakeholder engagement and sign off, which will:

- Review progress and approve the next actions, at each key stage of a procurement exercise
- Make recommendations to amend strategy if required
- Ensure key stakeholders are fully engaged throughout the process

18 The Procurement Cycle – Key Stages

- Identify the need for a procurement exercise
- Initiate procurement exercise (PPA)
- Conduct Market Research
- Develop Strategy
- Develop Specification / Brief
- Source/tender requirements
- Place Order / Contract
- Receive Goods / Services / Works
- Pay for Goods / Services / Works
- Manage Contract
- Review Contract

19 Identifying the need for a procurement exercise

This may be:

- A new requirement for one or more of our stakeholders,
- The need to renew an existing arrangement,
- To ensure compliance,
- An opportunity to aggregate requirements for increased leverage in the marketplace.

20 Initiation

A Procurement Exercise can be commenced once a Pre-Procurement Analysis (PPA) has been agreed with the Key Stakeholder and signed off by the Director of Finance.

21 Market Research / Pre Engagement

- 21.1 In line with Government recommendations, prior to major procurement exercises, market consultations should be conducted with key suppliers, including where possible; market leaders, SMEs and the 3rd sector, to both understand what is available in the market and to inform the market of the Council's intentions.
- 21.2 The key players in the market can provide useful information to help in determining the best procurement strategy and producing the specification.

- 21.3 Pre Engagement can stimulate new and innovative ways to: improve efficiency, reduce costs and improve service provision.
- 21.4 It is essential to ensure that no distortion of competition occurs and it is carried out in a non-discriminatory and transparent way. Outcomes from any research must not favour or discriminate against any potential bidder.
- 21.5 For high value procurements, details of opportunities should advertised by using a Prior Indicative Notice (PIN) if above threshold, or by advertising on Source Derbyshire and/or the Government's Contract Finder portal, asking for expressions of interest. This should be followed up with a brief explaining what is required in broad terms to stimulate a discussion and allow potential suppliers to explain what options may be available and which would be most suitable for the Council. It is also advisable to directly approach the market, to ensure incumbent and local providers are consulted in addition to key players, where possible.
- 21.6 For low value procurements a less formal process can be used. Appropriate key suppliers may be contacted directly. It is recommended that a written brief is produced for circulation to the key suppliers as part of any discussions.
- 21.7 It is essential that any confidential information obtained during this process is not divulged.
- 21.8 All market research / pre engagement / fact finding exercises should be recorded.

22 Strategic approach

The strategy for each procurement exercise will be agreed with the Key Stakeholder(s), the Procurement Team and the Director of Finance. Factors which may influence the strategy for a Procurement Exercise include;

- Value
- Availability in the marketplace
- Number of potential suppliers
- Urgency
- Strategic importance to the Council
- Existing Framework Agreements (Council / Consortium),
- In house capability,
- Shared services – with other authorities

23 Strategy Options

These could include:

- 23.1 Use of existing contracts / framework agreements
- Internal SDDC agreements
 - External, such as;
 - CCS
 - YPO
 - ESPO
 - PfH
 - EEM
 - Local Authorities collaborations.

23.2 Tender:

- Goods
- Services
- Works
- Above / below threshold

23.3 Enquiry - for low value procurements:

- email - preferred
- verbal – to be used in an emergency

24 Develop Specification

- 24.1 A robust performance based specification should be produced by the stakeholder. The Procurement Team will provide assistance and constructive challenge.
- 24.2 Specifications must not use any 'trade names' or brands, except for reasons of compatibility with legacy equipment or systems, but should describe the function and outcome.
- 24.3 Any potential compatibility issues must be highlighted so any proposed solutions are feasible.
- 24.4 Whilst the specification is being prepared there can be a degree of Market Engagement, to help in developing the specification by gaining an understanding of what is currently available and news of any potential developments in the Market.
- 24.5 Development of innovative solutions should be encouraged. Specifications must focus on desired outcomes / performance, not on current methods of working or how the solution is to be achieved. Suppliers are experts in their field and should be allowed to develop creative proposals to meet the Council's needs.

25 Assessment Criteria

- 25.1 The way that Tenders will be assessed must be determined, prior to issuing Invitations to Tender or requests for Quotations.
- 25.2 Questions must be devised so all Bidders can respond in a way which allows them to demonstrate their strengths, and which can be assessed and scored to give a comparison with other Bidders. It is essential to consider how the responses will be evaluated when devising questions.
- 25.3 Details of the scoring process and the criteria to be used, including the relative weightings must be issued as part of the Invitation to Tender Documentation to ensure transparency and fairness.
- 25.4 All questions and their weightings must be relevant and proportionate to their importance in the procurement exercise and to the Council.
- 25.5 Cost will always be a significant factor when assessing tenders, however it is important to look beyond the initial price, for the 'Whole Life Cost', which may include;
- Purchase price
 - Delivery charges
 - Delivery timescale (financial impact of early / late delivery)
 - Commissioning costs
 - Life expectancy

- Anticipated reliability, based on 'Mean Time Between Failure' data (provided by supplier)
- Cost of providing replacement equipment during any 'Down Time'
- Maintenance / servicing costs
- Cost of spare parts
- Call out times for emergency repairs
- Running costs – consumption of energy and other resources
- Training
- Upgrade costs
- Cost of emissions
- Insurance costs
- Potential cost for damage rectification (especially if likely to be prone to vandalism or accidental damage etc.)
- Decommissioning costs
- Residual value

These factors should be considered when producing a 'pricing matrix' for bidders to complete and submit.

25.6 Other Criteria which may be considered which relate to the tenderers ability to provide the Goods / Services / Works;

- Health & Safety of: staff, client and third parties (Pass / Fail). The Council will not award work to suppliers who cannot meet the standards detailed in its 'Safety Policy Statement of Intent'
- Quality
- Environmental impact (initial and on-going)
- Competence
- Qualifications
- Timeliness – Start / Finish requirements
- Availability of spare parts
- Potential obsolescence
- Compatibility with existing or planned infrastructure / equipment
- Design capability
- Performance / efficiency of the Goods / Services / Works (standards)
- Backup – help desk, service engineers, spare parts
- Speed and effectiveness of problem resolution
- Proposed performance measurement KPIs
- Ideas to improve efficiency and reduce cost
- Innovation – R&D
- Opportunity to develop new improved products and processes
- Organisation suitability
- Financial strength (assessed by independent organisation)
- Professionalism of Directors
- Membership of professional bodies – technical expertise / certification
- Insurance cover (Pass / Fail)
- Ability to respond rapidly if required - Location
- Social value;
 - Integration of disadvantaged people
 - Community schemes
 - Local regeneration
 - Apprenticeships / training

- 25.7 The criteria above should be considered when devising questions, however only the most appropriate items should be included, to ensure a manageable process. The use of too many criteria may dilute the effectiveness of important elements.
- 25.8 These criteria should also be applied to any sub-contractors proposed.

26 Selection of Tenderers

- 26.1 The use of 'Pre-Qualification Questionnaires as part of the supplier selection process is no longer permitted for below threshold (non 'OJEU') tenders. (Appendix 1)
- 26.2 It is important that the full scope of requirements is detailed in the specification in such a way that potential bidders can determine their own suitability prior to expending significant resources preparing a bid.
- 26.3 Opportunities should be advertised as widely as possible, using the Council's website, the Government's 'Contracts Finder' portal, Source Derbyshire, Specialist Trade Press, OJEU (if over threshold), etc. It is also recommended that details of opportunities are sent to incumbent suppliers and any local suppliers, including SMEs, who may be suitable. It should be made clear that the opportunity is being widely advertised.

27 Tendering

- 27.1 All tendering exercises will be conducted electronically by Procurement using the Council's preferred e-tender portal.
- 27.2 Details of the different procedures which can be used are detailed in 'The Public Contracts Regulation 2015'. The usual tender procedure used should be 'Open' (unless there are strong strategic reasons), giving a simple process and opportunities for the wider market.

28 Advertising Requirements

- 28.1 Contracts which may be 'over threshold' (Appendix 1) must be advertised in OJEU.
- 28.2 In order to implement Lord Young's 2013 recommendations on opening up contracts to smaller businesses, there are new mandatory requirements to advertise contracts above a certain value (Appendix 1) on the Government's Contracts Finder portal. Post-award notices are also required.
- 28.3 To encourage local interest, opportunities will also be advertised on the Source Derbyshire portal.
- 28.4 Incumbent suppliers and suppliers who have previously expressed an interest in working for / supplying the Council for the required categories should be notified of the opportunity and given the opportunity to register.
- 28.5 If appropriate, specialist publications and trade bodies should be asked to circulate details of opportunities amongst their members.

29 Communication during the Tender Process

- 29.1 All communication with potential bidders during the tender process must be carefully managed to ensure there can be no accusation of favouring or disadvantaging any bidders or distorting competition in any way.

- 29.2 Any communication with potential bidders regarding existing projects / contracts must be reduced to the absolute minimum, Officers who have any involvement in live tenders should not attend and meetings should be minuted to evidence live tenders have not been discussed.
- 29.3 During the tender process any questions raised by bidders must go through the e-tendering portal. The questions, with the Council's responses will be made public on the portal but must be non-attributable. Requests for the questions and answers to not be made public can be considered, to protect a bidder's technical / commercial advantage.
- 29.4 For complex procurement exercises, where a briefing and / or a site visit is required, all potential tenderers should be invited to attend a group session. This should be carried out after the opportunity to express interest has passed, to ensure all potential tenderers have an opportunity to attend. Sufficient notice must be given and all who have expressed an interest should be invited to attend. This ensures all tenderers are given the same information and any questions raised and answers given are heard by all. Minutes of meetings should be taken and circulated via the e-tender portal. Tenderers may choose to disadvantage themselves by not attending.

30 Tender receipt and opening

All tender exercises for the Council are managed electronically through an e-Tendering portal. This ensures:

- The widest possible audience
- All potential tenderers receive information electronically, immediately it is posted
- Documents cannot be misplaced during delivery or return
- The system is robust, transparent and secure
- There is no cost to suppliers to register or use the portal
- Tenderers may submit, withdraw or amend their Tender as required up to the closing date and time
- Tenders are held in a secure vault which cannot be unlocked until the closing date and time.
- Tenders cannot be removed or altered once the vault has been unlocked.
- All information is held securely and there is a complete audit trail.
- There is no requirement for tender opening to be witnessed for governance purposes.
- Tenders can be circulated electronically to assessors immediately after the vault is unlocked.

31 Tender Evaluation

- 31.1 Tenders should be evaluated by a panel of assessors using the criteria published in the Invitation to Tender documentation.
- 31.2 Evaluators may just evaluate the responses to questions within their specialist area of expertise, they do not have to evaluate all areas, however they, with the rest of the panel, must score those questions for all of the viable tenders to be assessed to ensure balance.
- 31.3 Scores should be entered into a spread sheet, provided by Procurement, to allow easy consolidation of assessments, with comments on why marks have been awarded. This is essential to allow feedback at a later stage, or to defend any challenge.
- 31.4 Spread sheets from individual assessors are to be consolidated into a master table which will also incorporate all the pricing elements and calculate the final score incorporating the weightings. This will be done by Procurement.

- 31.5 If it is anticipated there may be a large number of responses, a note should be included in the Instructions to Tenderers advising that following an assessment of the pricing element, tenders which mathematically could not possibly win, may be put to one side. All tenders must be fully scored if such a notice has not been included.

32 Due Diligence

- 32.1 Due diligence should be carried out to ensure any contract which is awarded is robust, sustainable and the supplier is competent to carry out the work, with appropriate qualifications, experience, and security in place. It is far better to challenge suppliers prior to contract award to ensure they are suitable than to find out they are not after a contract has been awarded. Any doubts must be raised to allow the Supplier to respond and evidence their suitability.
- 32.2 As part of the assessment process financial checks should be carried out on tenderers prior to awarding a contract using an independent external agency. This is to ensure they are financially robust and will be capable of sustainably carrying out the work required over the contract period.
- 32.3 If a supplier is new to the Council or carrying out work not previously done, other checks may be required to ensure suppliers are competent and have the necessary resources available. This may require meetings in the Council offices, on site or at the supplier's premises.
- 32.4 It is in nobody's interest to award a contract which cannot be sustained.

33 Negotiation

- 33.1 Negotiation is defined as 'the process of discussing something with someone in order to reach agreement'.
- 33.2 Negotiation should not be seen as 'beating down the supplier', but as an opportunity to ensure both parties get what they need to produce a strong working relationship which benefits both and allows continual improvement and development.
- 33.3 There are many elements of procurement exercises where negotiation may take place, but it must not favour, or disadvantage any supplier or distort competition in any way.
- 33.4 To ensure a robust and fair negotiation process the strategy must be planned and each step documented.
- 33.5 Professional guidance should be sought from the Procurement Team.

34 Recommendation Report

A final report detailing key parts of the process, details of bidders and their scores, together with relevant comments, including any due diligence which has been carried out, with a final recommendation for award will be produced by the Procurement Team. The report should be agreed with the Key Stakeholder, before it is sent to Director of the Council for final sign-off.

35 EU Requirements

- 35.1 Contracts which are expected to be above the 'Threshold' (Appendix 1) must comply with the full requirements of The Public Contracts Regulations 2015. Any contract whose value may reach the threshold must be managed by the Procurement Team. When calculating

the total value, the aggregate spend for the whole Council must be considered, over the life of the proposed arrangement, including any options or extensions.

- 35.2 The method for calculating or subdividing the total value must not be determined with the intention of excluding it from the regulations.
- 35.3 As part of the process for over threshold procurement, there must be a 'Standstill Period' of ten days from the notification to all bidders of the intended award, to the actual commencement of the contract.

36 Contract Award

- 36.1 Notifications of Contract Award should be sent electronically using the e-tendering portal. Messages to the unsuccessful bidders should also include basic feedback information to indicate where the successful bidder was more competitive.
- 36.2 For over threshold Contracts, a standstill period of 10 days from when notification is sent via the portal must be observed, before the Contract becomes effective.

37 Procure

Once approved, the Goods, Works or Services may be commissioned, by;

- Award of a contract / framework agreement
- Placing of an order; for simple, lower value purchases.

38 Partnering and Collaboration

In order to minimise costs and maximise benefits working together is actively encouraged. Suppliers should consider working with other organisations who can complement what they offer when bidding for work. Public bodies should collaborate on procurements to aggregate buying spend. The following benefits can be enjoyed;

- Joint and integrated commissioning
- Common Purpose
- Aggregated requirements and spend
- Wide experience and expertise
- Remove duplication of work
- Whole systems approach
- Shared Power
- User perspective to stimulate change

39 Supplier Development

- 39.1 Working with suppliers to develop new products and processes benefits both parties and allows optimum solutions to be created for the Council. Suppliers also benefit as they can use improvements in their efficiency or offerings to gain additional work with other clients, and reduce their costs of doing so.
- 39.2 It is important to recognise that benefits obtained from working with the supplier should be shared to encourage future development.
- 39.3 Developing strong relationships with suppliers can help to reduce the problems where there is only a single source of supply. Mutual trust can reduce perceptions of overcharging where there is no alternative.

40 Variations / Modifications to a Contract

- 40.1 Whilst every effort should be made to ensure contracts cover all potential requirements at the outset, some things are unforeseeable and where any additional requirements can only be fulfilled by the original supplier, it should be managed as a variation to the contract.
- 40.2 Changes to scope must be agreed with the supplier at the earliest opportunity so that they can be incorporated into the main work with as little disruption as possible to minimise any costs.
- 40.3 Additional work or materials required should be costed pro-rata using existing rates for work.
- 40.4 Any changes or modifications must not alter the overall nature of the contract or increase its value by more than 10%.
- 40.5 Guidance should be sought from the Procurement Team.

41 Review

Prior to contract management reviews with the supplier, a short internal review should be carried out with stakeholders who are involved with the contract. These may include;

- Key users
- DLO
- Tenant representatives
- Accounts
- Procurement
- Customer services

This will give a complete picture of the performance of the supplier and the relationship with the Council in all aspects of the contract which will make subsequent meetings with the supplier more productive.

42 Contract Management

- 42.1 The objective of Contract Management is to ensure performance is maintained or improved sustainably, efficiencies are incorporated into the process to reduce costs (for mutual benefit) and to identify any potential problems at the earliest opportunity which will enable solutions to be agreed prior to issues becoming significant. It may be useful to include stakeholders in the meetings to cover particular issues.
- 42.2 Contract management reviews should be carried out throughout the life of contracts on two distinct levels:
 - 42.2.1 Operational; covering day to day issues, will be carried out at regular intervals, usually monthly, but may be weekly if required, involving users and stakeholders, with a focus on;
 - Health and Safety
 - Day-to-day minor issues
 - Review performance against agreed KPIs.
 - Updates on progress
 - Short term planning
 - 42.2.2 Strategic; (for key contracts), consisting of high level reviews of performance and opportunities, carried out annually by the Procurement Team and senior stakeholders.

- Health and Safety review of statistics to identify any causes for concern and devise improvement plans.
- Review the contract to ensure it still delivers what is required in potentially changing circumstances.
- Strategic review of agreed KPIs. Develop and agree any required action plans to improve performance
- Review environmental performance and agree any improvement actions.
- Consider any opportunities to improve efficiency, reliability, customer service or reduce costs. Agree improvement plan.
- Review equality and diversity information.
- Review the contract to ensure it is delivering against the requirements of the Public Services (Social Value Act) 2012.
- Review medium / long term plans and adjust if required, to ensure all parties understand the strategy for future requirements and how they will be fulfilled.

43 Escalation

- 43.1 It is important to quickly escalate issues if they are not resolved, to ensure effective corrective action can be taken to remedy problems before things get too far out of hand.
- 43.2 Agreed escalation procedures should be included in all contracts.

44 Value Engineering

- 44.1 Value Engineering Workshops should be conducted for contracts which are; complex, have a high spend, or are strategically important, usually in conjunction with Strategic Contract Management exercises.
- 44.2 The key drivers are to identify and remove costs which do not add value or benefit and to improve service levels. The process is designed to improve Value for Money by increasing efficiency, improving products and services, and / or reducing lifetime costs.
- 44.3 Key stakeholders and senior members of staff from the supplier must be involved so that ideas and robust action plans can be developed, specified, agreed and approved in the workshop. Focus should be on reviewing the fundamental requirements and exploring and developing better solutions. 'Brain Storming' is a useful way to generate initial ideas for examination.
- 44.4 Costs contained in all areas of the contract should be considered, including:
- Alternative solutions to satisfy the requirement
 - Design
 - Alternative sources/specifications for materials / components
 - Delivery
 - Roles and responsibilities
 - Process efficiency
 - Simplification - removing unnecessary links in the processes
 - Administration
 - Lifetime costs including; running costs, maintenance, replacement in whole or part
 - Obsolescence

45 Equality and Diversity

- 45.1 All procurement exercises will adhere to the Council's 'Equalities Policy Statement'.
- 45.2 All tenderers must confirm they will meet or better any requirements in the Policy Statement.

46 Social Value / Local Regeneration

- 46.1 The Public Services (Social Value) Act 2012 requires all services contracts above the OJEU threshold to be subject to appropriate social value criteria. The Act is only compulsory for this category of contracts, but it is expected that social value criteria are used for all procurements.
- 46.2 We will deliver social benefits including local regeneration and improved job opportunities, as specific requirements in our specifications and contracts in compliance with the Act.
- 46.3 The act requires the criteria to be relevant to the subject of the contract and proportionate to the value and potential impact that could be achieved.
- 46.4 Consideration should be given to how to improve the economic, social and environmental well-being of the district through procurement and also how to undertake the process with a view to securing that improvement and measuring it during the life of the contract. To this end;
- We will prioritise procurement with local suppliers where possible.
 - We will invite local suppliers to quote for our requirements (where possible).
 - Questions posed as part of the tender and assessment of responses will be designed to promote the use of local;
 - labour,
 - suppliers,
 - contractors, and
 - Sub-contractors.
 - Suppliers with links to educational establishments and who engage apprentices will be encouraged.
 - Promoting pride in neighbourhoods reduces anti-social behaviour, in addition to giving people training and employment opportunities.
- 46.5 This work will give the Council a supplier base with strong local ties and which understands local people, issues and priorities.

47 Health and Safety

- 47.1 All procurement exercises will adhere to the Council's 'Safety Policy Statement of Intent'.
- 47.2 All tenderers must confirm they will meet or better any requirements in the Policy Statement.
- 47.3 The Council will not employ suppliers, contractors or sub-contractors who cannot meet these minimum requirements for Health and Safety.

48 International Standards

Where possible, recognised Standards should be included in specifications as a minimum requirement. International Standards (ISO) should be used where possible in preference to European or UK Standards.

49 Protecting the Environment

- 49.1 All procurement exercises will adhere to the Council's 'Environmental Policy'.
- 49.2 All tenderers must confirm they will meet or better any requirements in the Policy Statement.

- 49.3 The Council will work with its key suppliers to develop use of products and ways of working to minimise environmental impacts, including;
- Waste Reduction
 - Recycling
 - Reducing our carbon footprint
 - Sustainability

50 Value for Money

- 50.1 We are responsible for spending public money. An essential element of effective procurement is to ensure we obtain Value for Money, using an appropriate balance of quality and calculated whole life costs.
- 50.2 A key part in this process is the embedding of VFM ideals throughout the organisation, to increase staff awareness of the potential for efficiency, and identifying areas where we can work smarter to drive out costs, through the use of output based functional specifications and effective procurement.
- 50.3 In order to evidence VFM we will benchmark our top 10 contracts (by value) annually using data from Consortia.
- 50.4 Annual 'Expenditure Analysis' reviews will be conducted of data from the accounting system. All non-Contract purchases will be categorised and aggregated, showing;
- Who,
 - Where,
 - What,
 - When,
 - Why
- This will allow us to ensure requirements are aggregated across the whole Council. Categories which have an aggregated expenditure over the amount detailed in Appendix 1 will be examined to ensure existing contracts are utilised as much as possible and procurement activity can be focussed on putting appropriate new contracts in place to comply with regulations and;
- Reduce costs
 - Provide an agreed level of service
 - Allow Council Officers to place orders at pre agreed rates with no requirement to go out for further competition.

Appendix 1 - Procurement Values

Public Contracts Regulations 2015

All aggregated requirements which exceed these values must follow the full 'OJEU' process. This will be managed by Procurement.

'OJEU Threshold' Values applicable from 1 January 2016.

	Supplies	Services	Works
Public Sector contracting Authorities	£164,176	£164,176	£4,104,394

Transparency publication requirements

Information must be published on the Council's website in full every quarter for;

- Details of every invitation to tender for contracts to provide goods and/or services with a value that exceeds £5,000.
- Details of any contract, commissioned activity, purchase order, framework agreement and any other legally enforceable agreement with a value that exceeds £5,000.

Data from all Council departments will be consolidated and published by Procurement.

Contracts Finder Portal

It is a Government requirement that all procurement exercises over £25,000 are published on the 'Contracts Finder' portal.

Aggregated Annual Expenditure

New contracts should be developed for categories where aggregated annual 'off-contract' expenditure exceeds £100,000. Contracts should also be developed for categories with a lower spend, which are strategically important to the Council.

Values applicable to procurement exercises where an existing contract cannot be used.

Classification	Value	Actions	Responsibility
Low Value	Up to £1,000	Obtain three quotations (if possible).	Budget Holder
Medium Value	From £1,000 to £25,000	Obtain three written quotations (if possible).	Unit Manager
Below Threshold	From £25,000 to OJEU threshold	Conduct Tender exercise.	Procurement
Above Threshold	Over OJEU threshold	Full OJEU Tender process.	Procurement

Appendix 2 - Glossary

Recognised Standards

- ISO 9000 – Quality Management
- ISO 11200 – Crisis Management
- ISO 14000 – Environmental Management
- ISO 22301 – Business Continuity Management
- ISO 26000 – Social Responsibility
- ISO 31000 – Risk Management
- ISO 45001 – Occupational Health & Safety Management

Organisations

- CCS Crown Commercial Service (Central Government)
- CHAS Contractors Health & Safety assessment scheme
- CIPS Chartered Institute of Purchasing & Supply
- EEM Efficiency East Midlands
- ESPO Eastern Shires Purchasing Organisation
- FSC Forest Stewardship Council
- NEPO North East Procurement Organisation
- PfH Procurement for Housing
- YPO Yorkshire Purchasing Organisation

Other Terms

- BME Black & Minority Ethnic
- ITT Invitation to Tender
- KPIs Key Performance Indicators
- MEAT Most Economically Advantageous Tender
- OJEU Official Journal of the European Union
- PPA Pre-Procurement Analysis
- PQQ Pre-Qualification Questionnaire
- SEP Social Enterprise Partnership
- SME Small to Medium size Enterprise
- VFM Value for Money
- VCSE Voluntary, Community and Social Enterprise (Third sector)
- WRAP Waste and Resources Action Programme

Key Documents

- The Public Contracts Regulations 2015 – the UK enactment of the European Procurement Directive
- National Procurement Strategy for Local Government in England 2014
- Public Services (Social Value) Act 2012
- Data Protection Act 1998
- Freedom of Information Act 2000

South Derbyshire District Council - Documents

- Safety Policy Statement of Intent
- Environmental Policy
- Equalities Policy Statement