

Corporate Procurement & Best Value Strategy

2018 - 2021



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1. Foreword

[Photograph]

[Insert Portfolio Holder's introduction]

Councillor David James, Economic, Regeneration & Employment Portfolio Holder

2. Introduction

2.1 Purpose

The purpose of this document is to set out Daventry District Council's (DDC's) approach to procurement between 2018 and 2021. As mentioned below, it also addresses the Council's approach to best value.

Procurement is an essential element of cost effective and efficient services. It impacts on Members, staff, suppliers and ultimately the tax payer. Procurement takes into account the whole life cycle from sourcing to contract management.

It is important that the Council focus on relevant themes to enable to accommodate the Council with the changing times over the next three years.

Daventry District Council currently spends approximately £16m per year on procurement of supplies, services and works using around 6,000 suppliers. The Council is continuing to work to modernise and streamline its current processes and procedures to achieve maximum efficiency. This includes providing good value services, manage procurement best practices, and carrying out socially responsible procurement processes whilst considering the environment and social value and generating efficiency savings.

The Council needs to continue to seek opportunities for collaboration with other authorities where possible and to ensure that all procurement activity is compliant with the Council's Constitution and is conducted within the rules provided by legislation.

2.2 Best value

This Strategy also sets out the Council's approach to delivering best value. Best value is a statutory duty under the Local Government Act 1999. This requires that the Council makes "arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness". The Council is obliged to consult on these arrangements, and also to have regard to guidance from the Secretary of State.

Whilst best value is not solely concerned with procurement, the Secretary of State's current guidance¹ has a particular focus on procurement issues, especially enabling small and medium enterprises (SMEs) and voluntary and community sector (VCS) entities to access procurement opportunities. It is therefore sensible to include the Council's approach to delivering best value in this document.

2.3 Background

Since the adoption of the previous strategy, the UK is currently in the process of leaving the EU. This will inevitably mean that new legislation and regulations will be

¹ Available at

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/418505/Revised_Best_Value_Statutory_Guidance_final.pdf

introduced that will have both strategic and operational impact upon the way the Council undertakes procurement.

In addition, like all councils, Daventry District is faced with financial pressures when delivering its services. Over the next three years the Council will continue to utilise ICT systems and processes to rationalise processes. It will ensure software is used to generate sound reporting for spend and contract analysis.

The Council must operate with tight budgets and limited procurement capacity but still take account of the National Procurement Strategy for Local Government (summarised in Appendix 2). A robust procurement methodology will assist the Council in achieving its ambitions by realising value for money from the way in which it procures goods and delivers its services.

It is now important to look forward to the next three years and develop a comprehensive procurement strategy that reflects these challenges whilst continuing to support the Council's Corporate Objectives.

Additionally, the Strategy needs to take into account the likely move to a unitary system of local government, probably from April 2020. This would mean that the Council ceases to exist and its contracts, functions, assets and liabilities become part of a larger organisation.

2.4 Scope

This document defines how DDC will approach all procurement activity, regardless of value. Procurement activity generally leads to a contract between the Council and a contractor. This is a legally binding arrangement under which the Council enters into an obligation to make payment for the supply of goods, works or services. As mentioned above, the Strategy also sets out the Council's arrangements for securing best value.

The Action Plan defines the work that will be focused upon during the next three years. As with the last Strategy, Years 1 and 2 are defined in detail and year 3 will (to the extent relevant in the context of local government reorganisation) be developed and agreed by the Council's Corporate Procurement and Efficiencies Working Group nearer the time.

The Strategy for 2018-2021 considers what opportunities and challenges the Council has ahead of it, including procurement post Brexit, and emphasises the deeper use of ICT. The Strategy also reviews the continuing importance of procurement to support efficiency and quality with the desire for responsible procurement and the engagement of SMEs, VCS entities and local suppliers to promote the local economy. It considers how the social and environmental impacts of spending decisions can be assessed to get the best out of the market place.

3. Current Situation

3.1 Key Objectives Achieved from 2015-2018 strategy

The following table shows strategic objectives identified and corresponding achievements at the end of the three-year strategy.

Position 2015		Objective from 2015-2018 strategy	Status
1	Category management	To continue good practice to ensure that annual spend analysis by category is undertaken and reported.	Complete
2	Partnering and collaboration	To maximise contract collaboration where opportunities arise for all procurement	Complete
3	Contract and supplier management	Pro-active contract management	Complete
4	Performance and transparency	To meet the recommended publication requirements of data transparency	Ongoing
5	Risk and Fraud management	Continue with good practice	Complete
6	Demand management	Resources focus on strategic procurement	Complete
7	Economic, environmental and social value	Maintain and develop any useable attributes for inclusion in all contracts	Complete
8	Improving access for SME's and VCSE's	Improve access to contracts via website and procurement portals	Ongoing
9	Single Cohesive Voice	Maintain involvement	Ongoing
10	Commitment from the top	Continue monitoring of procurement strategy actions	Ongoing
11	Commissioning	Strategic procurement considers commissioning	Ongoing
12	Procurement training	Continued development through CPD	Ongoing
13	Commercialisation and income generation	Continue to seek new opportunities	Ongoing
14	Supplier innovation	Adapt good practice in giving potential suppliers opportunities for innovation	Ongoing
15	Using Technology	Increase use of e-tendering to cover all procurement	Ongoing
16	EU Directive	Implement all UK Regulations that apply to DDC procurement	Complete

3.2 Key Procurements from 2015-2018

Notable and high value procurements or inter-public sector agreements were undertaken to put in place contracts for the following works, goods and services.

Contract Title	Supplier	Estimated value
Hambleside Danelaw extension	Clegg Construction Ltd	£2,580,122
Managed payroll services	Firefly Payroll Ltd	£105,624
Construction of an industrial unit at Heartlands Business Park	Conamar Building Services Ltd	£2,106,730
Telephony Solution	Daisy Communications	£140,994
Phoenix Youth Club enhancements	Steele & Bray Ltd	£1,695,000
Advertising services public notices and recruitment advertising	TMP Worldwide Ltd	£106,000
Monksmoor Primary School	Willmott Dixon	£2,740,000
Services Agreement & Dry Recyclate Agreement	Daventry Norse Limited	£35,000,000
Insurance	Zurich Municipal	£850,000
Hybrid mail	UK mail	£280,000
Recycling bins	Craemer Uk Ltd	£611,700

Some of these contracts were essentially one-off, but even in these cases useful lessons have been learned. In particular, the experience of the Monksmoor Primary school has shown the value of applying a customisable but still standardised 'product' rather than bespoke design.

Other contracts represent replacements for ongoing service provision. The payroll contract showed how better financial value could be obtained through competitive procurement of a common service. The new telecommunications system did not deliver financial savings (it was essential as the old system was no longer supported) but does offer a range of additional benefits which should make staff more efficient. The new insurance contract, arranged via an ESPO framework, secured significant savings.

By far the largest contracts are the pair with Daventry Norse Limited, the Council's joint venture supplier of environmental services. These flowed from detailed consideration of the options for delivering these services, which resulted in this public sector partnership rather than a traditional procurement.

3.3 Relevant Legislation

Public Contracts Regulations 2015 (PCR)

On the 26th February 2015, The Public Contracts Regulations 2015 ("PCR 2015") came into force in England and Wales. These implement updated EU and specific UK requirements. Highlights of these Regulations are as follows:

- a) There is now an obligation to use the UK Government's Contracts Finder. All contracts which are over £25k should be advertised through Contracts Finder. There is also an obligation to post an award notice on Contracts Finder for contracts over £25,000 once they are awarded. This applies even where the contract was not originally advertised on Contracts Finder or the contract was awarded via a framework agreement.
- b) The Light-touch regime (LTR) was introduced. LTR is a specific set of rules for certain service contracts that tend to be of lower interest to cross-border competition. Those service contracts include certain social, health and education services.
- c) The former Part A and Part B services distinction has been abolished, meaning that all service procurements are subject to the Regulations.
- d) Under the regime, all "procurement documents" (widely defined) must be ready and made available electronically (via the Internet) from the date of the OJEU advertisement (or invitation to confirm interest where a PIN has been used as a call for competition).

Concession Contracts Regulations 2016 (CCR)

The Concession Contracts Regulations 2016 ("CCR 2016") came into force on 18 April 2016. They apply to all in-scope concessions advertised by contracting authorities or utilities in the OJEU on or after that date. The CCR 2016 applies to over threshold public works concessions and public services concessions. These concession contracts are:

- Contracts for pecuniary interest concluded in writing between a contracting authority/utility) and an economic operator/(s).
- Where the consideration (or "payment") is either:
 - Simply that the contractor has the right to exploit (that is, to profit from) the works/services that are the subject of the contract.
 - Where the contractor has that right together with some payment from the contracting authority/utility.

Regulation 3(4) of the CCR 2016 further defines the necessary characteristics of the arrangement for the purposes of the regime, which:

- Must transfer to the contractor the operating risk in exploiting the works or services encompassing demand or supply risk or both; and
- The part of the risk transferred to the concessionaire involves real exposure to the vagaries of the market, such that any potential estimated loss incurred by the concessionaire is not merely nominal or negligible.

3.4 ICT Systems Review Schedule

The Council's annual revenue expenditure on ICT system is sufficiently large that it is particularly important to ensure that services are achieving value for money, that ICT systems provide the range of functionality expected of them and that opportunities to improve performance and value for money are explored.

The Council's Corporate Procurement & Efficiencies Working Group (CPEWG) has therefore approved a five-year schedule that requires services to undertake a fundamental review of each system, including benchmarking and soft market testing. Reports to CPEWG of the review process are designed to challenge many aspects of the service and software application. If the judgement is that the application represents value for money it will be retained until the next review is due, unless there is a change in circumstances. If the review concludes worthwhile savings or efficiency gains are possible through a change of system, a full procurement will take place.

Due to the likelihood of local government reorganisation, this approach is continuing but in many cases it will not be worthwhile to replace software until the systems to be used by the new unitary council are known. However, in some cases opportunities may exist to work towards common systems.

3.5 E-tendering System

The Council introduced an e-tendering system in 2012 and successfully ran several large procurements through it. LGSS, which provided access to the system, replaced this with an alternative e-tendering system ProActis, used by most councils in the East Midlands.

There are many advantages to using the e-tendering system. These include a full audit trail to protect the Council and bidders. This provides visibility on what was submitted and when. It also provides insight into the effectiveness of the tender processes, real time messaging between the Council and the bidders, reduced costs and a sustainable, environmentally responsible tender process. E-tendering is used wherever practical going forward.

3.6 Community Right to Challenge

The 'community right to challenge' was introduced by the Localism Act 2011 to allow expressions of interest to be submitted to run specific Council services. If a valid

expression of interest were to be submitted the Council would need to consider this and if the decision to accept the expression of interest was made, the Council would need to run a procurement process. This would be the normal process for such services, and would not favour the community group or parish council which submitted the original expression of interest.

By June 2018 no valid expressions of interest were received. However, this obligation remains and the Council will continue to open this opportunity to relevant bodies annually in accordance with its agreed programme.

3.7 Spend Analysis

The latest complete financial year of spend is 2017-18. An analysis of revenue and capital expenditure using the ProClass category system identified the ten highest spending areas for that year:

Category	Revenue	Capital
Works	£256,048	£6,394,503
Environmental services	£2,304,225	£576,035
Consultancy	£934,610	£100,074
Human resources	£983,195	
ICT	£637,443	£178,127
Legal services	£628,161	
Financial services	£601,742	£13,279
Leisure		£427,305
Utilities	£152,409	-
Facilities management	£62,660	-

Spend has also been broken down by category of supplier:

Supplier	Local Spend	Total
Micro	£284,876	£163,036
Small	£611,408	£1,132,445
Medium	£15,057	£768,767
Large	£19,291	£7,188,583
VCSE	£93,081	£48,117

3.8 SWOT Analysis

Strengths	Weaknesses
<p>Guidelines and financial regulations in Constitution</p> <p>Good practice up to date Procurement Toolkit and standard documents</p> <p>Central procurement of corporate requirements</p> <p>Increasing database of accessible framework agreements</p> <p>Large number of SME and local suppliers on small works frameworks</p> <p>Network of procurement specialists within East Midlands</p> <p>More corporate procurement resource now available</p> <p>The use of e-tendering is now in place for all high value procurement processes.</p> <p>Experience of making effective use of frameworks</p>	<p>Contract monitoring and management approaches not embedded within all Services</p> <p>Contract administration issues as consequence of incomplete stored contract records</p> <p>One-off procurement outside agreements can add to overall procurement cost</p> <p>Document management – folders and files not updated consistently.</p>
Opportunities	Threats
<p>To develop tactical and strategic procurement specifically for DDC's requirement.</p> <p>Incorporation of use of SME and local suppliers, and social and environmental factors</p> <p>Improve areas where the Council provides its services by considering sustainability issues.</p> <p>Effects flowing from Brexit may give new flexibilities in the way procurement can be conducted</p>	<p>Relatively small authority purchasing power limits direct negotiation with suppliers.</p> <p>Drive for cost efficiencies may limit opportunities for SMEs</p> <p>Further centrally imposed procurement rules may limit DDC's ability to pursue options which best balance cost, risk and policy objectives.</p> <p>Effects flowing from Brexit may make it harder to secure value for money in procurement.</p> <p>Likely local government reorganisation may hamper ability to secure value for money whilst future is uncertain.</p>

4. Procurement Strategic Aims

4.1 Objectives

Procurement in DDC, much like procurement in many other public sector organisations, has four objectives:

1. Value for money.
2. Transparency and accountability. DDC procurement must not only be fair and meet the requirements of public procurement law, but also must be seen to achieve these standards.
3. Support the Council's Vision and the Corporate Strategic Plan objectives (Appendix 1).
 - Improve our Business Economy, Learning and Skills
 - Protect and Enhance our Environment
 - Promote Healthy, Safe and Strong Communities and Individuals
 - Be an Efficient and Effective Council
4. Achieve wider value by supporting access to procurement opportunities by local and SME businesses, and VCS entities.

4.2 Procurement Themes

The National Procurement Strategy for Local Government 2014 sets out a number of ideas and recommendations in its strategy under four main themes:

- Making savings
- Supporting local economies
- Leadership
- Modernisation

The Local Government Association is currently producing the 2018 strategy. This will be considered once finalised and if necessary updates to this Strategy will be proposed.

4.2.1 Making Savings

This theme covers the improvement and effective use of the whole procurement process. The Council will:

- Use procurement to realise savings and efficiencies and help to work effectively. This will be done through service provision decisions, working corporately, and adopting good practice.
- Access all available consortia and maintain awareness of agreements for goods and services, such as ESPO, YPO, Central Buying Consortium and Crown Commercial Services (CCS).
- Explore opportunities for collaborative procurement with other local authorities, notably with local partners, public sector bodies, private and voluntary sector organisations and with central Government
- Encourage partners and suppliers to do business electronically to reduce costs and improve communication.

- Minimise the costs and complexity of complying with PCR2015 and CCR2016 through access to consortia and frameworks.
- Making use of standardised solutions where applicable.
- Explore opportunities for collaboration between public sector bodies to harmonise procurement processes across the area.

4.2.2 Supporting Local Economies

The Council seeks to improve the economic, social and environmental benefits for the local communities from its procurement activity. The Council will:

- Encourage a diverse and competitive supply market including small and medium size enterprises, and local firms.
- Ensure where practical that VCS organisations are able to access procurement opportunities.
- Ensure that sustainability criteria are included in the specifications to suppliers where relevant.
- Ensure that whole life cost is considered as part of procurement, where it is meaningful and proportionate to do so.
- Ensure that suppliers understand key sustainability issues so that they can respond to the Council's requirements in this regard.
- Support employee awareness of relevant environmental and social effects of procurement through appropriate training.
- Promote and make available contract information through self-serve channels including the Council's website.

4.2.3 Leadership

The Council recognises the importance of procurement and how it contributes to overall services. To rise to the economic and environmental challenges it is important to continue to demonstrate initiative and resourcefulness and willingness to do things differently. The Council will:

- Maintain CPEWG's key role in implementing, developing and monitoring the Corporate Procurement Strategy and all related policies.
- Maintain the role of the Business Manager in the Senior Management Team in championing good procurement, and the Corporate Procurement Officer in providing technical procurement advice and support across the Council.
- Through training, develop staff skills and capacity needed to improve procurement and ensure it contributes to priorities and supports good corporate governance.

4.2.4 Modernisation

The Council is committed to making the best use of information and communications technology as part of the procurement process in order to improve the efficiency and effectiveness of activities. It will:

- Where possible, use e-ordering and invoicing to reduce paperwork in ordering goods and services.

- Investigate e-auctions and their appropriateness as part of the procurement processes in order to help efficiency where there is an active market by providing an opportunity for suppliers to bid against each other.
- Where relevant and useful, use dynamic purchasing systems (DPSs). These are electronic systems mainly used to purchase commonly used goods, works or service within a limited duration. Benefits of using a DPS include: reduced timescales for procurement, being quick and simple for suppliers as it is fully electronic and there is no need to ask suppliers for the same information throughout the duration of the DPS. DPSs are best suited to commodity items which can be fully specified and thus price is the only variable.
- Where relevant, engage in early, informal consultation with the market, to better understand procurement opportunities.
- Ensure that our procurement processes are proportionate to the size and complexity of the requirement, with award criteria that reflect what the Council wants in terms of quality and delivery.
- Ensure that high value procurement is carried out electronically via the e-tendering system to ensure ease and full transparency throughout, unless there is a particular reason this is not practical.

5. Considerations for 2018-2021

5.1 Better use of ICT

The procurement team will look at further use of ICT and explore the benefits which it can bring. The aim is to fully utilise the functionality of existing systems enabled by more ICT training for the team and to streamline procurement processes with increased usage of e-tendering and e-quotations. The potential for artificial intelligence/machine learning to support efficient procurement processes will also be explored.

5.2 Effects of Brexit

The full implications of Brexit are not known, and will vary depending on the relationship the UK has with the EU after its departure. Therefore the Council will need to prepare and for what is to happen whilst acknowledging a high degree of uncertainty.

According to the Local Government Association (LGA) the Government needs to introduce a more efficient UK system regulating how councils use the public procurement system post-Brexit. This could, for example, mean that the Council could have greater ability to use local suppliers.

However, regulation of public procurement will doubtless continue. It seems likely that broadly similar regulations will continue to apply, either as a result of the UK's continued alignment with the EU or because of the inherent value of the regulations. The EU regulations are understood to be based to a significant degree of UK Government proposals. Additionally, the rules of the World Trade Organisation (WTO) Government Procurement Agreement (GPA) are based on the EU regulations.

The UK Government has already said that it will maintain the allied EU rules around state aid. In the UK, the intention is that these will be enforced by the Competition & Markets Authority.

5.3 Utilising the market place

According to PCR2015, procurements should be not disaggregated simply to avoid application of the Regulations. However, the Regulations encourage making procurement opportunities available to smaller suppliers. Therefore, the Council could package its opportunities into smaller units, thereby encouraging smaller local businesses and SME's to partake in the exercise.

Tendering for public sector contracts is often viewed as a pursuit for larger companies. However, while a minority of high-value contracts dominate the public perception of tendering, in reality SMEs have a huge role to play in the public sector. As a smaller local authority, the Council is particularly well-placed to give opportunities to SMEs.

The Council also has a duty under the Public Services (Social Value) Act to consider whether broader value can be obtained in services procurements over the EU tender threshold. This might include, for example, the provision of training opportunities. By awarding contracts and places on frameworks to local SMEs, authorities can ensure that local jobs are protected or even created, and that wealth doesn't 'leak out' of the community to national providers based elsewhere.

The overarching aim of any procurement process is to seek best value for money. SMEs' innovative or unique approaches to service delivery may support the Council in achieving cost savings or driving forward quality. The Council therefore need to create a level playing field where possible so that SMEs are not unfairly disadvantaged by the process. This means that there is a fair opportunity for bidders of all sizes to present their proposals. Widening the playing field and including as many bidders as possible creates greater competition which will of course have greater benefits for the Council.

To aid this, the Council need to ensure that contracts are being split into separate lots or frameworks for multiple suppliers so that lower value contracts are introduced to boost SME involvement. However, the Council also needs to be aware that it is not enough to simply open contracts up to SMEs through lower barriers to entry; the contracts themselves must be suitable and achievable for these smaller companies.

The Council will therefore ensure that questions and evaluation criteria in the tender documents are suitable for SMEs' capabilities and skills where practical

5.4 Fraud

The risk of fraud and corruption within local government procurement process is a key concern. Due to increasingly limited finances, fraud or corruption in the procurement process can be particularly damaging as it increases the cost of goods or services and prevents value for money being achieved.

Procurement fraud or corruption can take place at any point in the procurement cycle and although it is unlikely that the full cost of a procurement exercise would be lost, the high financial returns make it an attractive area for exploitation. There is also an increasing threat of the Council's procurement processes being infiltrated by serious organised crime groups, leading to increased prices by reducing or removing the opportunity for local competition.

The Council's Counter Fraud Strategy 2018-21 acknowledges the risk of fraud and corruption within procurement. Several actions have been incorporated in the associated work programme to strengthen the procurement process to prevent fraud and corruption including:

- Devise a procurement / supplier code of conduct
- Engage more readily with suppliers / contractors to reinforce the Council's anti-fraud, bribery and corruption culture
- Conduct a serious and organised crime audit to identify areas of vulnerability.

6. Gap Analysis, Aims and Objectives

6.1 Gap Analysis

A summary of the recommendations of the National Procurement Strategy for Local Government 2014 is given in Appendix 2. The Council has in many instances implemented the good practice recommendations. A comparison of the outcomes and assessment of the gap provides a road map that sets the Strategy action plan over the next three years.

6.1.1 Making Savings

Item	Current Position	Objective	Link to Corporate Strategic Plan
1. Category management	Annual spend analysis by category is already undertaken and reported.	To continue this good practice.	C2 Effective resource and risk management
2. Partnering and collaboration	Well established collaborative information on contracts through Northamptonshire Procurement Forum and East Midlands Cities & Districts regular meetings.	To maximise contract collaboration where opportunities arise for all procurement.	C2 Effective resource and risk management
3. Contract and supplier management	Contract register is constantly being reviewed and updated. This alerts the Council of re-procurement timescales and is key to avoiding 'out-of-contract' situations.	Updated and streamlined contract register for all to view and utilise. Pro-active contract management.	C2 Effective resource and risk management
4. Performance and transparency	The Contracts Register is crucial to ensuring that data specified in the Transparency code is published quarterly.	Meet the compulsory publication requirements of Data Transparency, and those recommended requirements which offer value for money.	C2 Effective resource and risk management
5. Risk and fraud management	Risk management is part of Council's Project Management methodology. Fraud risks have been highlighted in recent years.	Continue with this good practice. Explore ways of increasing awareness of fraud risks.	C2 Effective resource and risk management
6. Demand management	Resources focus on strategic procurement.	Continue to consider demand management where appropriate for specific procurements.	C2 Effective resource and risk management

6.1.2 Supporting Local Economies

Item	Current Position	Objective	Link to Corporate Strategic Plan
1. Social value (including environmental and local economy considerations)	Considered for each procurement presented to CPEWG.	Maintain and develop useable attributes for inclusion in applicable contracts.	B2 Maximise economic opportunities in the rural area. E1 Reduce adverse environmental impact
2. Improving access for SMEs and VCSEs	Contracts published on accessible procurement portal.	Assist SMEs and VCSEs to access contracts the procurement portal.	B1 Develop Daventry Town B2 Maximise economic opportunities in the rural area.

6.1.3 Leadership

Item	Current Position	Objective	Link to Corporate Strategic Plan
1. Single cohesive voice	Membership of procurement networks input/inform national policies.	Continue to maintain involvement.	C3 Value and develop an effective workforce
2. Commitment from the top	Current governance and scrutiny arrangements considered satisfactory.	Continue monitoring of procurement Strategy actions.	C2 Effective resource and risk management
3. Commissioning	Strategic procurement considers commissioning.	To include consideration for larger procurements.	C2 Effective resource and risk management
4. Procurement training	Procurement Toolkit has been updated and will continue to be reviewed where necessary.	Continue to update the toolkit and provide procurement awareness training when required.	C3 Value and develop an effective workforce

6.1.4 Modernisation

Item	Current Position	Objective	Link to Corporate Strategic Plan
1. Commercialism and income generation	Standing agenda item on CPEWG.	Continue to seek new opportunities.	C1 Maximising income generation
2. Supplier innovation	Some soft market/early supplier involvement undertaken for complex requirements that cannot be easily specified.	Adopt good practice in giving potential suppliers opportunities for innovation.	C2 Effective resource and risk management
3. Using technology	E-tendering routinely used for high value procurement.	Continue to increase the usage of e-procurement.	C2 Effective resource and risk management
4. Public procurement law	The Council is kept informed and are up to date with any new legislation and case law.	Implement all UK Regulations that apply to procurement by the Council and ensure CPD is maintained.	C3 Value and develop an effective workforce

7. Best value approach

7.1 Best value statutory guidance

The Secretary of State's guidance may be summarised as:

- a) Consider overall value (paragraph 2)
- b) Consult, including SME and VCS entities (introduction 1 and 3; paragraph 3)
- c) Support access to opportunities by SME and VCS entities (introduction 1 and 3; paragraphs 4 and 5)
- d) Avoid excessive information requests and equality requirements (paragraphs 3 and 4)
- e) Avoid giving funding to organisations opposed to fundamental British values (paragraph 6).
- f) Be fair to the VCS, and take opportunities to work with the VCS (introduction 1, 3 and 4; paragraph 7).

Of course, this guidance has to be read in the light of the Council's various general and specific statutory duties, the results of local consultation and local circumstances.

7.2 Best value arrangements

Taking these factors into account, the Council's arrangements for securing best value are:

1. To operate an effective overall management system, including performance and project management. Performance management is based around the Council's Corporate Strategic Plan and incorporated elements such as annual staff appraisals. Project management is carried out in line with the Council's project management methodology.
2. To invest in a suitable workforce and ensure it is well trained for the functions which need to be carried out. To this end the Council will apply the principles of the Investors in People scheme and seek to retain accreditation under it.
3. To make informed 'make or buy' decisions through business planning at the right stages of projects and initiatives.
4. To obtain works, goods and services in ways which deliver value for money, taking into account broader value considerations such as social value as applicable. To this end wherever practical procurements will allow SME and VCS entities to make proposals, and the Council will seek to develop the local market for supplying it.
5. To make the most effective use of ICT. This includes initiatives as set out in the ICT Strategy, regular reviews of ICT systems, is outlined elsewhere in this Strategy, and also ensuring staff are trained to use ICT to best effect.
6. Make effective investment decisions, whether for services, income or treasury management, supported by sufficient evidence and reasoning.

8. ACTION PLAN

8.1 2018/19

Key action	Item	Target date
1.	Value for money	
1.1	ProClass assessment of spending for 2017/18	Sep 2018
1.2	Benchmarking of key spend areas with other councils	Jan 2019
1.3	Analyse location of suppliers and geographic split of Council spend	Jan 2019
1.4	Improve website information on selling to the Council, especially for SMEs	Dec 2018
1.5	Explore barriers to VCS engagement in procurement opportunities	Mar 2019
1.6	Review consideration of social value in procurement/contracts and consider if further action is justified	Mar 2019
1.7	Update procurement guidance and templates using lessons learned and other sources of information	Mar 2019
1.8	Explore options for contract management training	Mar 2019
2.	Use of ICT	
2.1	Continue programme of ICT reviews	Ongoing
2.2	Explore improvements to portal and other electronic tools	Nov 2018
2.3	User training to support effective use of procurement portal	Mar 2019
2.4	Explore the use of artificial intelligence/machine learning to simplify procurement processes for suppliers and Officers	Mar 2019
3.	Partnerships, collaboration and frameworks	
3.1	Explore areas for joint working and shared systems in preparation for new unitary council	Mar 2019
3.2	Maintain awareness of available frameworks and DPSs	Ongoing
3.3	Continue engagement with local, regional and national networks	Ongoing
4.	Controls and standards	
4.1	Complete review and update of Contracts Register	Sept 2018
4.2	Publish updated Contracts Store based on updated Contracts Register	Nov 2018
4.3	Ensure full compliance with Transparency Code mandatory requirements	Sept 2018
4.4	Consider which Transparency Code recommended requirements should be applied	Dec 2018
4.5	Regular procurement reports for Portfolio Holder meetings	Ongoing
4.6	Consider if changes to documentation are required to assist in managing fraud risks	Mar 2019
4.7	Devise up to date procurement training, including e-learning module	Mar 2019

8.2 2019/20

In this year, it is likely that efforts will need to be applied in the knowledge that the Council will be replaced by a larger unitary council. The actions will therefore need to be read in that light.

Key action	Item	Target date
1.	Value for money	
1.1	ProClass assessment of spending for 2018/19	Sep 2019
1.2	Benchmarking of key spend areas with other councils	Jan 2020
1.3	Analyse location of suppliers and geographic split of Council spend	Jan 2020
1.4	Address identified barriers to VCS engagement in procurement opportunities	Jul 2019
1.5	If further action was identified as justified, implement it.	Oct 2019
1.6	Implement contract management training	Sep 2019
1.7	Explore training for local SMEs and VCS entities on accessing procurement opportunities	Jul 2019
2.	Use of ICT	
2.1	Continue programme of ICT reviews	Ongoing
2.2	Continue user training to support effective use of procurement portal	Mar 2020
2.4	If suitable systems have been found, apply artificial intelligence/machine learning to simplify procurement processes for suppliers and Officers	Mar 2020
3.	Partnerships, collaboration and frameworks	
3.1	Apply, and continue to explore areas for joint working and shared systems in preparation for new unitary council	Mar 2020
3.2	Maintain awareness of available frameworks and DPSs	Ongoing
3.3	Continue engagement with local, regional and national networks	Ongoing
4.	Controls and standards	
4.1	Ensure compliance with Transparency Code recommended requirements it has been decided should be applied	Dec 2019
4.2	Regular procurement reports for Portfolio Holder meetings	Ongoing
4.3	Apply any changes to documentation considered required to assist in managing fraud risks	Sep 2019
4.4	Implement up to date procurement training, including e-learning module	Sep 2019

9. APPENDICES

9.1 Appendix 1 Corporate Strategic Plan 2017 – 2020

Under each objective, the Council has identified the District's priorities, more specific areas of work that contribute to achieving the Vision from the wider work of the Council and the local services it provides.

Vision – Develop a Better District	
Objective 1 – Improve our Business Economy, Learning and Skills	
B1	Develop Daventry Town
B2	Maximise economic opportunities in the rural area
B3	Facilitate and develop opportunities for employment and learning
B4	The District is recognised as being open for business
Objective 2 – Protect and Enhance our Environment Priorities:	
E1	Reduce adverse environmental impact
E2	Reduce the amount of waste generated
E3	Deliver attractive public spaces
E4	Preserve the District's heritage
Objective 3 – Promote Healthy, Safe and Strong Communities and Individuals	
H1	Improved access to services
H2	Encourage a safe and healthy lifestyle
H3	People have the housing they need
H4	Support the community and voluntary sector
Objective 4 – To be an Efficient and Effective Council	
C1	Maximising income generation
C2	Effective resource and risk management
C3	Value and develop an effective workforce
C4	Manage performance and customer perception

9.2 Appendix 2 National Procurement Strategy for Local Government – Summary of Recommendations for Districts

Theme 1. Making Savings

1. Category Management

- Recognise the benefits and tap into category management plans of other public sector organisations and through Professional Buying Organisations (PBOs, eg ESPO, CCS)
- Review existing framework arrangements at early stages of procurement to reduce duplicated effort
- Recognise the benefits from engaging with a national approach and ensure timely publication of data to ensure a robust analysis can take place

2. Partnering and Collaboration

- Set out the approach to partnering and collaboration in the corporate procurement strategy
- Explore opportunities to procure through existing routes to market, in particular harnessing existing shared service or PBO resources
- Explore the options relating to sharing services or posts with appropriate partners

3. Contract and Supplier Management

- Measure contract outputs and key performance indicators to ensure competitiveness over the life of the contract
- Ensure visibility of supply chains
- Expect main contractors to act fairly with supply chains and mandate timely payment to subcontractors through contract clauses

4. Performance and Transparency

- Baseline contract spending and outcomes internally over time and with other councils and use this information to inform their contingency planning and re-competition strategies
- Join together with other councils and partners to share information that makes prices and performance more open and transparent
- Publish data in relation to contracted-out services in accordance with the Transparency Code
- Ensure the rights to the data created as a result of a service being contracted out remains with the Council

5. Risk and Fraud Management

- Where no dedicated procurement resource exists, risks and the implications of poor procurement is identified through corporate risk processes
- Proactively audit contracts to check for fraud
- Include whistleblowing policies as part of contract conditions

6. Demand Management

- Councils build in a demand management approach before procurement begins
- Councils seek alternative mechanisms to procure customer needs

Theme 2. Supporting Local Economies

1. Economic, Environmental and Social Value
 - Consideration is given as to how to obtain social value in all contracts over the EU threshold
 - Sustainability is considered at the 'identify need' stage of the procurement cycle
2. Improving access for SME's and VCSE's
 - Identify all procurement opportunities over £5,000 through regional portals
 - Ensure websites make it clear which portals are being used to advertise tender opportunities and how suppliers can register.
 - Measure the amount of local spend as a way of identifying and reducing the barriers for smaller organisations in bidding for council contracts
 - Develop or update and publish the 'selling to the council' guide
 - Mandate payment by suppliers to their subcontractors be no greater than those in the primary contract, through contract clauses.
 - Engage with single, simplified PQQ's such as PAS91 for construction
 - Learn from and engage with the supply base and other councils on a regional basis through market days
 - Ensure that lotting strategies do not create unwanted barriers for smaller businesses
 - Link into existing framework contracts which outline how consortia can be encouraged

Theme 3. Leadership

1. Single Cohesive Voice
 - Engage with procurement networks to ensure visibility of and input into policy
 - Join with PBO's to showcase and share good practice and to influence Government and the wider public sector
2. Commitment From the Top
 - Provide periodic updates senior managers and elected members on implementation of good practice (set out in this NPS) and its relevance to the organisation
 - Encourage an elected member champion for procurement
 - A senior level manager takes overall strategic responsibility for procurement and ensures full value is extracted from all procurement decisions
 - Link the procurement strategy to the corporate strategy
3. Commissioning
 - Use a strategic commissioning approach to appraise new service delivery models
 - Procurement and Commissioning staff work together to ensure best outcomes for service users
 - Demonstrate a willingness to move to multi-functional delivery
 - Set out a corporate approach to decommissioning services that includes:
 - Clear objectives
 - Co-produced products and strategy
 - Communications strategy
 - Transparency

- Timescales and timetable
- Risk management
- Defined roles for those involved

4. Procurement Training

- Engage with other councils to 'piggy back' onto training and development programmes
- Ensure senior officers are involved directly in high value contracts.
- Recruit consultants with commercial skills to help with developing a more commercial approach. Knowledge transfer should be part of the consultancy contract.
- Engage with training on new EU Procurement Directives either through other councils or directly

Theme 4. Modernisation

1. Commercialism and income generation

- Invest in training and developing commercial acumen for new and existing staff
- Develop forward savings and income generation plans

2. Supplier Innovation

- Join with other councils and PBO's to engage in supplier market and innovation days
- Ensure terms and conditions are flexible enough to allow for changes in technology during the life of the procurement
- Use outcome-based specifications that include the minimum technical and performance requirements and focus on a statement of the problem that needs to be solved

3. Using Technology

- Use electronic means for tendering processes in line with EU Directives
- Work with suppliers to encourage a move to more e-business
- Consider making e-invoicing a contractual requirement

4. EU Directive

- Take full advantage of the free face-to-face and e-learning available through CCS
- Cascade training to council officers and elected members outside of the 'procurement team'
- Maximise the flexibilities afforded in the new EU Directives

9.3 Appendix 3 Legislation and guidance affecting procurement strategy

Legislation	Impact on Procurement Strategy
Public Services (Social Value) Act 2012	<p>The Public Services (Social Value) Act 2012 embeds social value into procurement and the Council is required to consider how procurement might improve the economic, social and environmental well-being of the District in all 'above EU threshold' service contracts. However, the Government promotes the inclusion of social value in all contracts as best practice.</p> <p>The Council will work towards a more optimum approach by leveraging social value by going beyond the minimum requirements. Taking a more strategic and proactive approach embracing all supply chains across goods, works and services. These can be:</p> <ul style="list-style-type: none"> • Use of smaller contracts rather than combining different areas or types of work. • Requirements to seek, or be open to, local tenders for sub-contracts. • 'Local labour' requirements. • Considering if voluntary or community groups might be particularly suitable providers of the type of service in question. • Within public procurement rules, when and how social consideration can be factored in technical specifications, award criteria and contract performance clauses
Local Government Transparency Code 2014	<p>DDC must publish details of every invitation to tender for contracts to provide goods and/or services with a value that exceeds £5,000.</p> <p>DDC must also publish details of any contract, commissioned activity, purchase order, framework agreement and any other legally enforceable agreement with a value that exceeds £5,000.</p> <p>DDC place on Contracts Finder, as well as any other local portal, every invitation to tender or invitation to quote for contracts to provide goods and/or services with a value that exceeds £50,000.</p> <p>It is recommended by the Code that councils should go further than the minimum publication requirements and publish:</p>

Legislation	Impact on Procurement Strategy
	<ul style="list-style-type: none"> • information on a monthly instead of quarterly basis, or ideally, as soon as it is generated and therefore becomes available (commonly known as 'real-time' publication) • every invitation to tender for contracts to provide goods and/or services with a value that exceeds £500 instead of £5,000. • details of invitations to quote where there has not been a formal invitation to tender. • All contracts in their entirety where the value of the contract exceeds £5,000 • company registration number at Companies House • details of invitations to tender or invitations to quote that are likely to be issued in the next twelve months. The details that should be published are the same as those set out in paragraph 26 • details of the geographical (e.g. by ward) coverage of contracts entered into by the local authority • details of performance against contractual key performance indicators, and • information disaggregated by voluntary and community sector category (e.g. whether it is registered with Companies House, Charity or Charitable Incorporated Organisation, Community Interest Company, Industrial and Provident Society, Housing Association, etc.).
National Procurement Strategy for Local Government in England 2014	<p>The Local Government Association's strategic vision set out as four objectives:</p> <ol style="list-style-type: none"> 1. Making Savings. Councils are dealing with significant financial pressures resulting from reductions in government funding and rising demand. This means using spending power wisely and strategically and setting targets for procurement and contract management. 2. Supporting Local Economies. Councils need to maximise the economic, social and environmental benefits to communities from every pound that is spent, and that spend with SMEs and VCSEs can make a very significant

Legislation	Impact on Procurement Strategy
	<p>contribution to local economic growth. Councils can do more to remove barriers faced by SME's and VCSE's bidding for council contracts.</p> <p>3. Demonstrating Leadership. Local government procurement needs to demonstrate leadership to increase its impact and influence across the public sector.</p> <p>4. Modernisation. To rise to the challenge local government procurement needs to modernise in terms of scope, use of technology and practices and procedures.</p>
The Public Contracts Regulations 2015	The Regulations apply the relevant EU Directive, which was intended to empower public bodies across the EU to implement commercial best practice enabling faster, less costly, and more effective processes. They also include some UK-specific requirements, such as the abolition of prequalification for all contracts below the EU services threshold in value.
The Concession Contracts Regulation 2016	These apply the relevant EU Directive, and apply basic rules about openness to contracts where all or part of the consideration received is the right to charge some third party for using what is provided.

9.4 Appendix 4 Glossary of Terms

Audit trail	A record of processes taken throughout the procurement lifecycle
CCS	Crown Commercial Services, central Government's buying agency. CCS often lets frameworks which councils can use.
Contract monitoring	Process that enables the authority to track a contract and ensure that it is achieving the agreed performance standards
CPEWG	Corporate Procurement and Efficiencies Working Group
E-procurement	Electronic Procurement
ESPO	Eastern Shires Purchasing Organisation
Framework agreement	Agreement allowing the 'calling off' of future service requirements over a period and under agreed contractual terms
OJEU	Official Journal of the European Union. When a procurement exceeds the set threshold the tender must be advertised in OJEU (in practice, in an electronic part called 'Tenders Electronic Daily' (TED))
PQQ	Pre-qualification questionnaire (often used for OJEU procurements)
ProClass	An industry standard classification of expenditure used for comparison and analysis
SMEs	Small and medium enterprises
Soft market testing	Discussions with the market on potential availability of services that might be required
VCS	Voluntary and Community Sector
VCSE	Voluntary Community and Social Enterprise
YPO	Yorkshire Purchasing Organisation