

Date: 5 May 2022

The logo for Eden District Council features the word "Eden" in a large, elegant serif font. A stylized, wavy line resembling a river or a path flows through the letter 'E'.

**District Council**

Town Hall, Penrith, Cumbria CA11 7QF

Tel: 01768 817817

Email: [cttee.admin@eden.gov.uk](mailto:cttee.admin@eden.gov.uk)

Dear Councillor K Greenwood

## **Resources Portfolio Holder Meeting Agenda - 13 May 2022**

A Portfolio Meeting is to be held at 10.00 am, on Friday, 13 May 2022, in The Council Chamber, Town Hall, Penrith to consider the following matters:

### **1 Declarations of Interest**

To receive declarations of the existence and nature of any private interests, both disclosable pecuniary interests and any other registrable interests, in any matter to be considered or being considered.

### **2 Biennial Review of Procurement Procedures** (*Pages 3 - 26*)

To consider the attached report DoR37/22 of the Assistant Director Finance and Human Resources which presents the Council's Procurement Procedures for approval.

RECOMMENDED that the appended Procurement Procedures 2022 be approved.

### **3 Annual Review of Procurement Strategy** (*Pages 27 - 46*)

To consider the attached report DoR38/22 of the Assistant Director Finance and Human Resources which seeks to present the Council's Procurement Strategy for approval.

RECOMMENDED that the appended Procurement Strategy 2022 be approved.

### **4 Exclusion of the Press and Public**

To consider whether, in accordance with Section 100A(4) of the Local Government Act 1972, members of the public (including the press) should be excluded from the meeting during discussion of the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 to Schedule 12A of the Act (i.e. information relating to the financial or business affairs or any particular person (including the authority holding that information)).

Please note that this exclusion only applies to Appendix A of the report; the remainder of the report is open to the public.

## 5 NNDR Write-Offs (Pages 47 - 52)

To consider the attached report DoR33/22 of the Assistant Director Finance and Human Resources which sets out a number of write-offs for the Portfolio Holder's consideration.

RECOMMENDED that £88,366.42 is written off for accountancy purposes.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Ian Frost', written on a light-colored background.

Ian Frost  
Interim Chief Executive

Democratic Services Contact: [cttee.admin@eden.gov.uk](mailto:cttee.admin@eden.gov.uk)

Encs

### **For Attention**

Portfolio Holder – Councillor K Greenwood

**For Information by Email to: - All Members of the Council**

Report No: DoR37/22

Eden District Council

Resources Portfolio

13 May 2022

## Biennial Review of Procurement Procedures

<b>Portfolio:</b>	Resources Portfolio
<b>Report from:</b>	Assistant Director Finance & HR
<b>Wards:</b>	All Wards
<b>OPEN PUBLIC ITEM</b>	

### 1 Purpose

1.1 To present the Council's Procurement Procedures for approval.

### 2 Recommendation

It is recommended that the appended Procurement Procedures 2022 be approved.

### 3 Report Details

3.1 The proposed Procurement Procedures 2022 is attached to this report as Appendix 1.

3.2 The practice of the Council is to seek approval of the Procurement Procedures every 2 years from the Resources Portfolio Holder.

3.3 The Procurement Procedures were last updated in 2020.

3.4 No major changes are proposed to the procedures, however the following updates/changes have been made:

- Changed format to enable auto-numbering and contents page for ease of reference
- Changed the order to follow the natural process for ease of use
- Removed/Changed references to EU legislation and OJEU
- Updated for any changes in titles/roles due to restructure

### 4 Policy Framework

4.1 The Council has four corporate priorities which are:

- Sustainable;
- Healthy, safe and secure;
- Connected; and
- Creative

4.2 This report meets the Sustainable corporate priority

### 5 Consultation

5.1 As an update to the previous procedures, no consultation has taken place.

## 6 Implications

### 6.1 Financial and Resources

- 6.1.1 Any decision to reduce or increase resources or alternatively increase income must be made within the context of the Council's stated priorities, as set out in its Council Plan 2019-2023 as agreed at Council on 7 November 2019.
- 6.1.2 There are no direct proposals in this report that would reduce or increase resources, however, adherence to the Procurement Procedures should result in effective procurement, resulting in control or reduction of costs for the Council.

### 6.2 Legal

- 6.2.1 Advice on the Procurement Strategy was sought from our Procurement Advisors, Cirrus Purchasing Ltd who have provided advice on current procurement legislation. This has not resulted in any changes required to these Procedures except for the changes due to Brexit.

### 6.3 Human Resources

- 6.3.1 There are no Human Resources implications arising out of the proposal.

### 6.4 Environmental

- 6.4.1 The Procurement Procedures consider Environmental concerns as part of the tender/bids qualitative criteria (section 6.3.3). There are no direct effects on carbon emissions and ecosystems.

### 6.5 Statutory Considerations

<b>Consideration:</b>	<b>Details of any implications and proposed measures to address:</b>
Equality and Diversity	Equality and Diversity is addressed in the qualitative categories of assessment of bids and tenders (section 6.3.3).
Health, Social Environmental and Economic Impact	There are no Health, Social, Environmental and Economic impacts.
Crime and Disorder	There are no crime and disorder impacts.
Children and Safeguarding	There are no children and safe guarding implications

### 6.6 Risk Management

<b>Risk</b>	<b>Consequence</b>	<b>Controls Required</b>
Risk that the Council does not comply with government requirements	Risk of legal challenge	The Procedures are aligned with the Procurement Strategy which has been matched to legal requirements

<b>Risk</b>	<b>Consequence</b>	<b>Controls Required</b>
Risk that Council implements an approach to procurement that does not provide good value and procurement efficiencies	Procurement that does not provide good value and loses out on potential procurement efficiencies and added value.	Adoption of formal procurement procedures provides a method to ensure and record value for money

## **7 Other Options Considered**

7.1 No alternatives considered.

## **8 Reasons for the Decision/Recommendation**

8.1 Effective procurement is important in a sound system of corporate governance. These Procurement Procedures set out clearly the procedures and steps that Council Officers (and Members) should take.

### **Tracking Information**

<b>Governance Check</b>	<b>Date Considered</b>
<b>Chief Finance Officer (or Deputy)</b>	4 May 2022 (author)
<b>Monitoring Officer (or Deputy)</b>	4 May 2022

**Background Papers:** None

**Appendices:** Appendix 1 – Procurement Procedures 2022

**Contact Officer:** Marianne Bastille, Assistant Director Finance & HR



# Procurement Procedures

<b>Service:</b>	<b>Contracts &amp; Procurement</b>
<b>Author:</b>	<b>Neil Buck / Marianne Bastille</b>
<b>Date:</b>	<b>April 2022</b>
<b>Version No:</b>	<b>4</b>
<b>Last Updated</b>	<b>May 2020</b>
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<b>Review Date</b>	<b>May 2024</b>

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# 1 Introduction

Eden District Council (“the Council”) believes that it is essential that a proper and consistent approach is used in any procurement exercise to obtain works, goods or services on its behalf.

Procurement activity within the Council is governed internally by its Constitution, Procurement Rules and Accounting and Audit Rules and externally by Public Contracts Regulations 2015 (PCR) and the Local Government Transparency Code. The Council’s internal rules govern how Officers and Members responsible for committing company expenditure should conduct this activity.

The purpose of this policy is to provide Officers and Members guidance and information on how to comply with these internal and external rules when purchasing goods, services or works.

# 2 Thresholds

The requirements of the Financial Regulations (Constitution) and PCR vary dependent upon the level of expenditure that is to be committed and the actions required of the purchaser are split into different thresholds of expenditure.

When calculating the value to compare against these thresholds, the combined value of all same or similar goods, works or services over the life of the expected contract should be included.

If in doubt, please contact Neil Buck (Contracts and Procurement Manager) for advice and guidance. In accordance with the Council’s Procurement Rules, the following thresholds apply:

Estimated value of purchase/contract (ex VAT)	No. Bids Required
£0 - <£5,000	1
£5,000 - <£10,000	2
£10,000 - <£25,000	3
£25,000 - <£60,000*	4
£60,000 - UK Thresholds*	4
>UK Thresholds – See Section 11	N/A

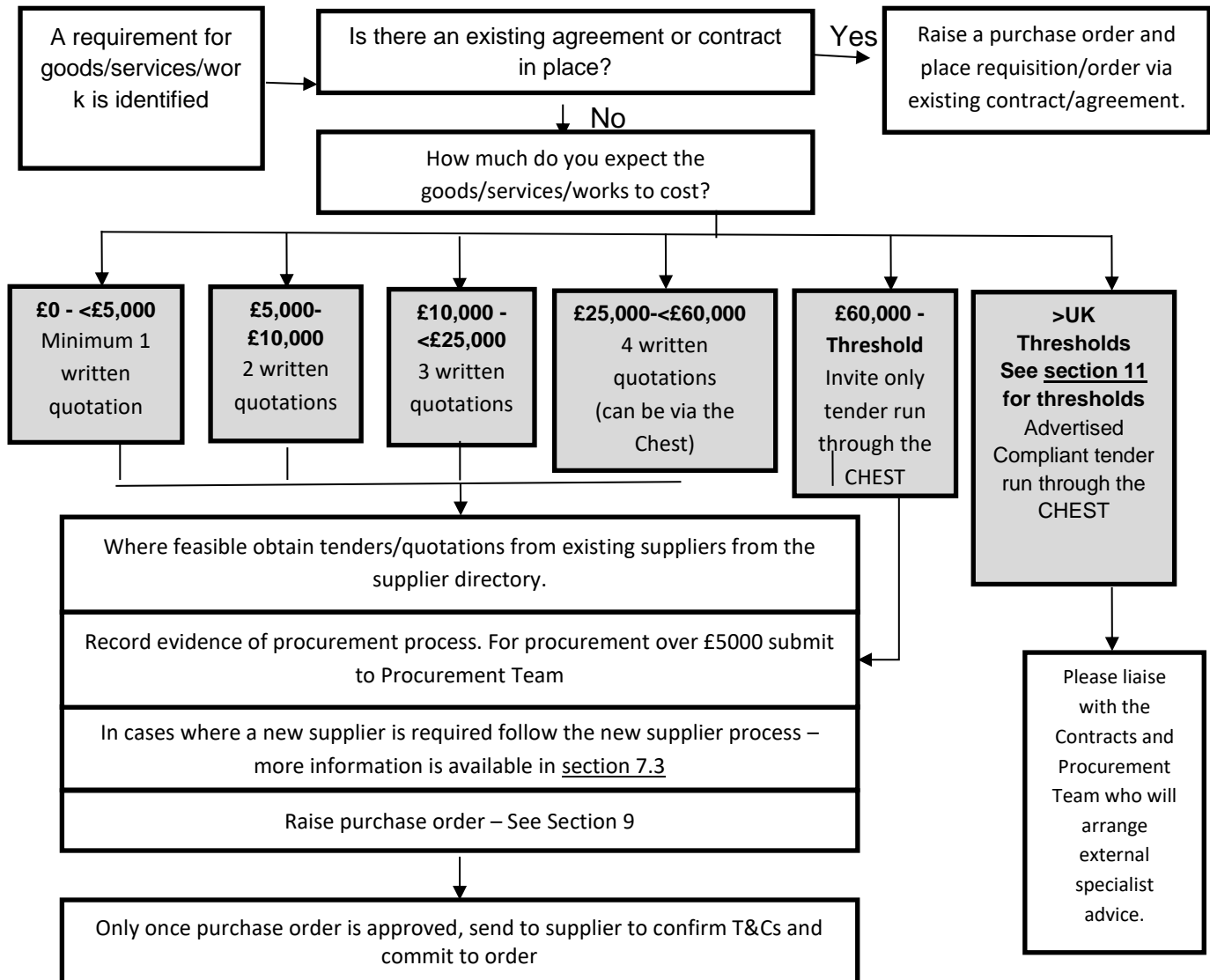
\*These below UK threshold procedures are not usually openly advertised as there are specific procedures and advertising rules that need to be followed when publicising purchases over £25k. Please refer to section 11.4 for more information.

Once you have identified the value of procurement expenditure you intend to make against the relevant threshold, please follow the flowcharts in section **Error! Reference source not found.** below to understand the steps that should be taken when completing the selection and procurement process.

Any exceptions to the procurement policy regarding thresholds and required activity must be approved by a relevant Chief Officer. For detailed guidance see the latest Council's Procurement Rules (Constitution).

### 3 Procurement Flowchart

The grey cells highlight the financial thresholds and the *minimum* procurement activity required and use of CHEST is advised.



### 4 Declarations of Interest

All Officers should declare any links, whether they are personal or professional, which they may have with any supplier and/or contractor who may be engaged on behalf of the Council. Staff should be able to demonstrate that they do not benefit personally from any decisions which may be made (or to which they contribute, so as to avoid any situation which might be seen as compromising). Should any such interest arise it should be declared to the Deputy Chief Executive (Monitoring Officer) for consideration and recording before any further action is taken. **Non-declaration of a conflict of interest may be a disciplinary matter.** See Council's gifts and hospitality policy for further information.

## 5 Gifts & Hospitality

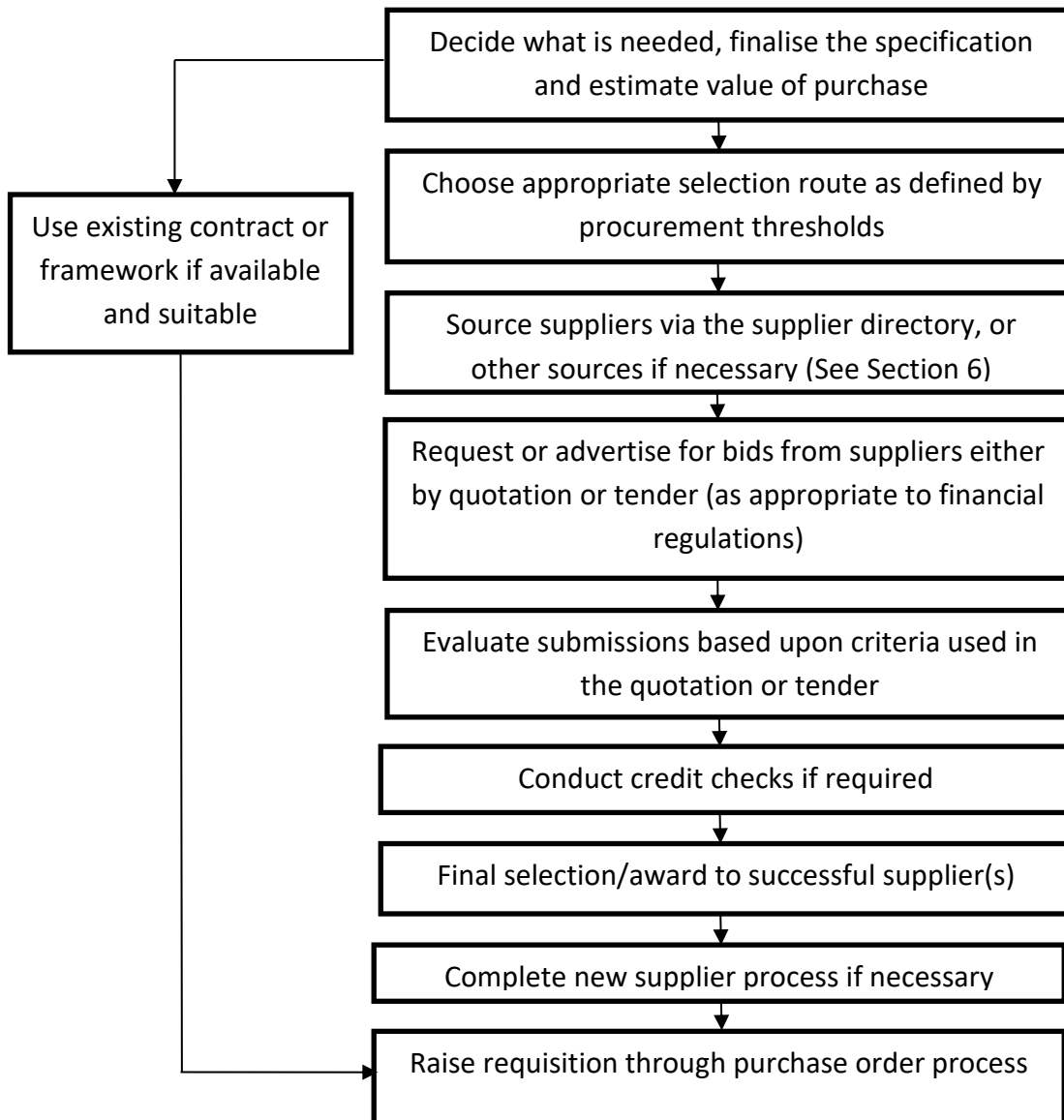
During procurement, gifts, other than items of a small intrinsic value (diaries, note pads and so on), should not be accepted under any circumstances. Any other item or personal gifts should be declined.

## 6 Quoting & Tender Process

The purpose of these processes is to ensure transparency, non-discrimination and value for money for the Council.

### 6.1 Overview of Quoting & Tender Processes

The steps in the supplier selection process are outlined below:



The selection process can be undertaken in two main ways, either by request for quotation or by tender. The choice of process is dependent upon the expected level of expenditure; please refer to section **Error! Reference source not found.** for the current procurement thresholds.

Whilst the basic principles remain the same between a Request for Quotation and a tender, there are differences:

### 6.1.1 Request for Quotation

Request for Quotations are used to ascertain price and provide invited suppliers with a fixed specification to quote against, the decision around what is required has already been made before suppliers are approached. Whilst qualitative detail can be requested from suppliers within a Request for Quotation, for more complex procurement activity a tender is more ideally suited.

### 6.1.2 Tender

A tender, often referred to as an Invitation to Tender (ITT), is used where there is a more complex or higher value procurement requirement. Access to a tender can either be limited to an invited list (for tenders below UK thresholds), or open for all interested suppliers to bid against (for tenders over UK thresholds). Generally there is a defined need or requirement against which suppliers submit their response. The suppliers are then assessed on a qualitative basis on how they will deliver or supply the goods, works or services and at what cost. A tender can however, where justified by the nature of the goods or services required, be used on a lowest cost basis although minimum standards criteria should still be stipulated.

## 6.2 Information Only Questions

Not all questions have to be evaluated, and for many questions it would be inappropriate to do so. Questions seeking basic information, for example bidder contact details or diversity monitoring information can be for information only and as such are not weighted or evaluated.

Further guidance is provided in the Invitation to Tender template documentation, available on SharePoint. The Contracts and Procurement team can provide further guidance on suitable criteria and question

## 6.3 Supplier Selection Criteria

### 6.3.1 Overview

For all supplier selection processes, either quotation or tender based, when multiple submissions are received these have to be assessed in comparison to the other submissions received.

The assessments, or evaluation of bids received can be categorised in two ways:

For simple purchases, where the goods or services involved are of fixed quality or of relatively low impact for the Council, the selection process can be based upon a **lowest cost** assessment. Lowest cost evaluations should only be used for low value, commodity items or where product specification is fixed and service elements are minimal; for example purchasing electricity supply.

For more complex procurement activity, using the selection of a contractor as an example, a mix of **cost and quality** should be used to evaluate submissions. The relative importance of cost and quality used depends on the nature of the contract, and is at the discretion of the buyer. Guidelines are detailed within the cost and quality section below.

### 6.3.2 Cost and quality

The latest Council's Procurement Rules set out the basis of acceptance of tenders. They can be a most economically advantageous tender or lowest price.

Example cost and quality weighting splits:

- Price only; for commodity items such as energy or stationery; where specification is fixed and not variable
- Price sensitive goods and services; for example cleaning services, which is primarily driven through a tight specification. Typically cost will have a larger proportion of the weighting, approximately 70% cost and 30% quality
- Contractors; usually ranges from 40% cost/60% quality, to 60% cost/40% quality depending upon the complexity of the works and the associated service
- Contractors; where a cost weighting split of less than 60% is being used to evaluate tenders the approval of the appropriate Cabinet Member be sought.
- Consultancy; or other quality based services, government guidance is 80% quality and 20% cost. This is driven by the impact some professional services can have which is disproportionate to the fees charged. Approval to undertake this split is required from the relevant Portfolio holder.

In all circumstances, criteria for assessment purposes should not be chosen to disadvantage or discriminate against any supplier or group of suppliers.

Cost and qualitative questions should be weighted from a total pool of 100%. Specific questions/categories can be evaluated on a pass or fail basis. Interviews and/or site visits can be used to validate and moderate the scores given to written submissions, or can be scored separately if these are required.

### 6.3.3 Qualitative Categories

To ensure probity, the categories and criteria to be evaluated need to be defined and the relevant weightings set prior to the issue of quotations/tenders. Once finalised and the request for quotation or the tender is issued, the weightings should not be altered.

Examples of qualitative categories are as follows:

- Finance & compliance;
- Health & safety;
- Equality & diversity;
- Environment;
- Experience & capability (including references); and
- Tender specific questions relating directly to the goods, services or works being tendered.

Not all categories are required for every procurement exercise; only relevant categories of questions should be included to suit the goods, works or services being procured.

### 6.3.4 Minimum Standards

Minimum standards are requirements that bidders must be able to achieve to have their submissions evaluated. They are set on a pass/fail basis and it is policy to clearly explain to bidding organisations the minimum required standard for a pass. This is important for openness and transparency so suppliers do not waste time submitting tenders that cannot succeed.

Minimum turnover levels can be used to ensure that bids are received from suppliers that are appropriately sized to deliver the contract, or minimum standards for health & safety for contractors.

Minimum operational requirements can also be put in place, for example if entering into a lift servicing contract minimum response times can be set. As a result the bidder could be asked to provide a service engineer who is based within 30 minutes of a given location.

All procurement processes must request that the successful supplier(s) obtains suitable insurance cover at a level stipulated within the procurement documents prior to contract commencement. Different levels and types of insurance cover will be required dependant on the goods/services purchased. Please contact the finance team should you require assistance on setting suitable levels of insurance.

When necessary, the Contracts and Procurement team will provide further guidance and support on the use of minimum standards

## 6.4 Advertising

Any contracts over £25k, if advertised, must be advertised on Contracts Finder. See section 11.2 and 11.4.

## 6.5 Quote & Bid Submission

All procurement processes should be conducted electronically, either via email or through the Chest eTender system.

### 6.5.1 Quotations

For purchases between £5,000 and £60,000 where quotations are sought, bidders should be requested to submit their completed quotation documents to the [procurement@eden.gov.uk](mailto:procurement@eden.gov.uk) email address only, and should not send their submission to/ copy in any other email address. To ensure probity, the Assistant Director Finance & HR and the Contracts and Procurement Team will have access to the [procurement@eden.gov.uk](mailto:procurement@eden.gov.uk) email account.

Once the quotation submission deadline has passed, the Officer responsible for conducting the procurement process should request that the submissions be forwarded to them for review. This request should be sent via email to the Contracts and Procurement Manager. Quotes and tenders should be created using the templates available on SharePoint.

### 6.5.2 Tenders

For purchases where tenders (rather than quotations) are sought, tender documents should be issued and submissions received via the Chest eTender system. Once the tender submission deadline has passed, the Contracts and Procurement team will release the tender submissions to the end user responsible for conducting the procurement process.

For further details about the eTender system and guidance on the available functionality, please contact the Contracts and Procurement team.

Any procurement activity that is subject to UK Public Procurement rules must be undertaken with the full support of an external procurement consultant.

## **6.6 Credit Checks**

Credit checks should be conducted by a member of the Procurement team on all provisionally successful suppliers following a procurement process where the total value of the purchase/contract is greater than £25,000.

Annual credit checks should also be conducted by a member of the Procurement team on all suppliers who deliver contracts lasting longer than twelve months that have a contract value greater than £60,000 per annum.

For high risk contracts, appropriate financial viability test of potentially successful suppliers during a tender process and/or prior to any contract award

## **6.7 Award of Contract**

Before entering into any agreement with the successful supplier(s), the results of the procurement process require sign off in accordance with the Council's current Procurement Rules per the Constitution.

# **7 Suppliers**

## **7.1 Sourcing Suppliers to Quote**

The Council operates a supplier directory that is the primary source of suppliers (Total Financial System). For all procurement activity, suppliers available on the directory should be used first as this removes the time and cost associated with adding suppliers to the finance system and reduces fragmentation of expenditure.

Where we have a pre-tendered contract with a supplier then they must be used for all procurement within the scope of that tender if required. Advice can be sought from the Contracts & Procurement Department.

The directory is not however a shortcut to avoiding the obligation for competition and the required process must be followed per section 3.

## **7.2 Sourcing Alternate Suppliers**

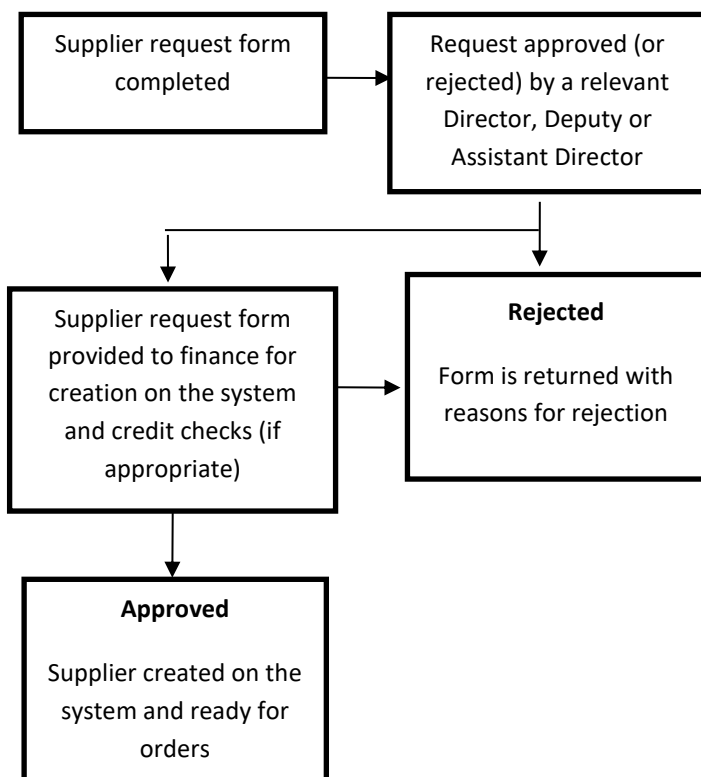
Where the supplier directory does not contain sufficient suppliers, other suppliers will have to be sourced to participate in the selection process. There are numerous sources of suppliers available, including the following:

- Consortia: Organisations such as Cumbria County Council operate a number of accessible frameworks that may contain suitable suppliers. Existing Framework agreements list of suppliers may also be useful to identify suitable suppliers.

- Recommendation: Speak to other Local Authorities, many may have similar requirements and could suggest appropriate suppliers to contact. The Council may also wish to procure goods/services in collaboration with other Local Authorities who have similar requirements where appropriate. Where a collaborative procurement exercise is undertaken, the combined value of the contracts for all Local Authorities involved should be used when identifying if the procurement exercise is above the relevant UK procurement threshold. Consultants working with the Council on the project may also be able to suggest suitable suppliers

### 7.3 New Supplier Process

Where you award a contract to a supplier not already on the Supplier Directory (Total finance system) then you must request that new supplier to be added to the system. This must be done before the issue of any order.



## 8 Form of Contract / Terms & Conditions

### 8.1 General

There is no single form of contract that is ideal for all purchases, and it is recommended that Officers use forms of contract they are familiar with when appropriate to the nature of the purchase. Eden District Council does operate standard terms and conditions of purchase, however these terms may not be appropriate for all contracts. For guidance on appropriate forms of contract to use for a specific procurement process, the legal team should be contacted.

Where a bespoke form of contract is suggested by either party, the legal team must be given opportunity to review the document to ensure there are no disadvantageous terms from a legal perspective.



## 8.2 Cost Control

The standard approach to cost control for all contracts or frameworks in excess of twelve months is to cap any proposed annual increase to no more than the Consumer Price Index (CPI). For reference, the CPI is defined as the Consumer Price Index as published by the Office for National Statistics, Consumer Prices and General Inflation Division, or if such publication is discontinued then the relevant document which succeeds it.

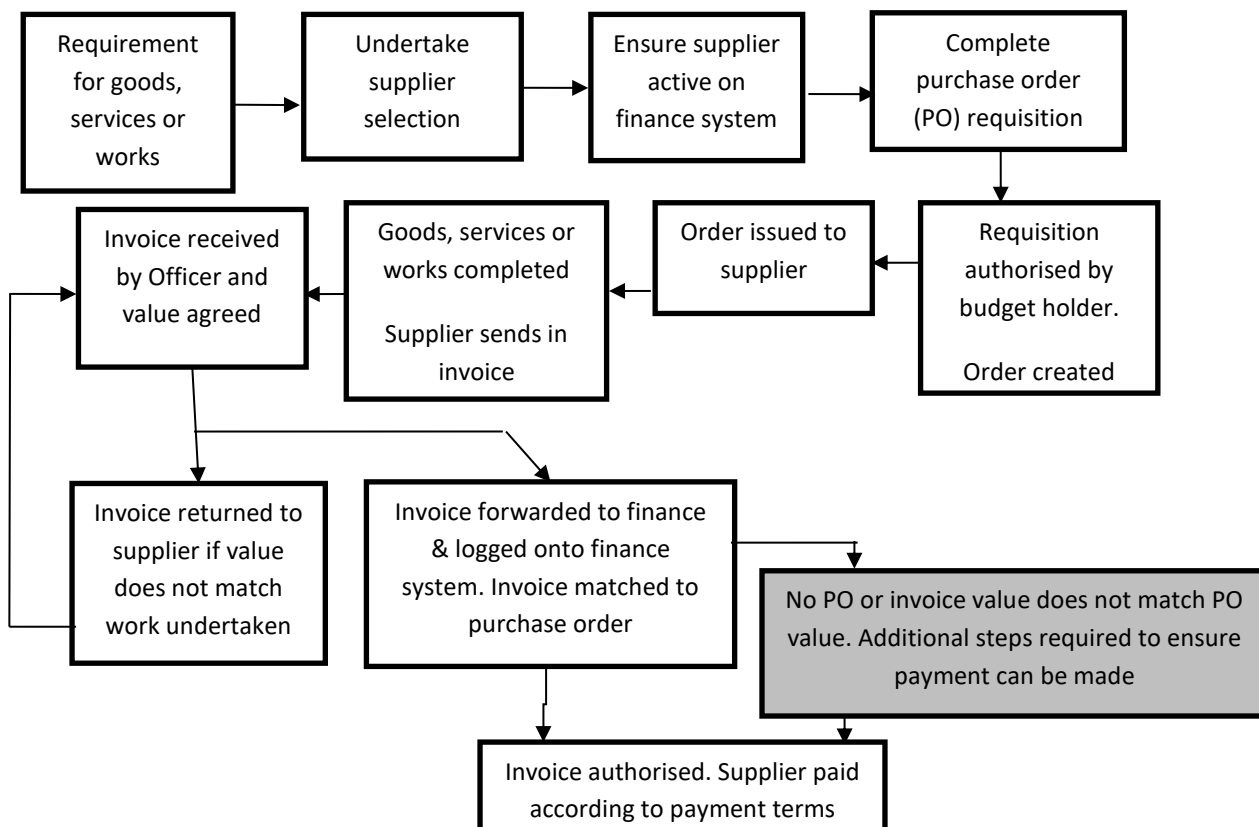
CPI is the preferred cost control index as it tracks lower than the Retail Price Index (RPI) and is less volatile than other indices such as the Building Cost Information Service Tender Price Index (BCIS TPI). Dependent on the market or sector, other cost control mechanisms may be appropriate

## 8.3 Termination

High risk relationships require a specific form of contract. Contracts must include clauses permitting the Council to terminate the contract if the supplier becomes insolvent, performs below the standards expected or if there is any other justification for an unplanned contract termination.

## 9 Purchase Order Process

EDC currently operates a purchase order process which must be followed when committing company expenditure



## 10 Contract Extensions

All options to extend a contract must be detailed in the original procurement process and contained within any form of contract that is agreed and signed with the successful supplier(s). In general terms, no further extensions are permitted or to be negotiated with suppliers once the total contract duration including all extension options has expired. For further guidance, see the latest Council's Procurement Rules.

## 11 Thresholds & PCR

Any procurement that is over the thresholds below must be undertaken with the full support of a specialist procurement consultant to help manage the process and ensure the relevant regulations are followed.

### 11.1 Current Thresholds

The current values came into effect from January 2020 and are set as follows:

Current procurement thresholds (Valid until Dec 2023)		
Type of contract	Example	Threshold £ (incl VAT)
Works	Construction of buildings	5,336,937
Supplies	Stationery	213,477
Services	Building cleaning	213,477

If a single requirement involves more than one contract, the estimated value of all the contracts must be added together to identify if the threshold will be reached. If the resulting combined value means the relevant threshold is exceeded, each of the contracts is individually covered by the legislation.

When tendering for a fixed term contract, expenditure over the total contract term including possible options to extend, not the annual value, should be used to assess compliance requirements. Where the total contract value exceeds the relevant threshold, the tender is subject to UK procurement rules.

Where no fixed contract duration has been agreed, the total value of expenditure via all suppliers/contractors providing the same or similar services and goods should be calculated across four years. If the value of combined expenditure over a four year period exceeds the relevant threshold, an over-threshold tendering exercise is required.

The value of any requirement must not be split over a number of contracts/years for the purpose of avoiding the over-threshold procurement requirement. Such activity would be considered a breach of legislation and represents a risk for the organisation.

### 11.2 Advertisement of above threshold tenders

Tender opportunities over the threshold must be advertised online via Find a Tender and Contracts Finder websites:

- Find a Tender: [Find a Tender \(find-tender.service.gov.uk\)](https://find-tender.service.gov.uk)

Where there is the need for an over the threshold compliant tender, please contact the Contracts and Procurement Manager to arrange the appointment of a suitable consultant to aid with the process.

### **11.3 Publication of framework call-off contract award information on Contracts Finder**

For all call-off contracts issued under frameworks tendered in line with the Public Contracts Regulations 2015, the following award information must be published on the Contracts Finder system:

- the name of the successful bidder(s) awarded the call-off contract
- the date the call-off contract was entered into
- the call-off contract value

### **11.4 Below threshold requirements of the Public Contracts Regulations (2015 #102)**

The UK Government has also stipulated some conditions that must be followed for procedures that fall below the thresholds. These conditions include:

- Pre-Qualification Questionnaires can no longer be used for below threshold tenders
- For all contracts above or below the thresholds, payment terms must be set at 30 days for undisputed invoices. There is also the obligation to cascade this requirement to sub-contractors and any tiers of supply below (e.g. the supplier's supplier must also be paid in 30 days by the supplier)
- For all contracts valued at more than £25,000 (ex VAT), including call-off contracts issued under frameworks, the following award information must be published on the UK Government's Contracts Finder system (<https://www.gov.uk/contracts-finder>):
  - The name of the successful bidder(s);
  - The closing date for submissions;
  - The date the contract was awarded;
  - The date the contract started;
  - The date the contract ends (inclusive of all options);
  - The contract value (inclusive of all options);
  - If the bidder is a Small and Medium-sized Enterprise; and
  - If the bidder is a Voluntary, Community and Social Enterprise.
- Additional rules for advertised under-threshold tenders: For below threshold purchases that have a value greater than £25,000 (ex VAT), the UK Government has implemented additional rules that must be followed when the procurement opportunity is openly publicised (i.e. the procurement opportunity can potentially be viewed and completed by any supplier). These rules are as follows:
  - Advertise the opportunity on the UK Government's Contracts Finder system; and
  - Offer unrestricted access free of charge to the procurement documents via the internet.

## **12 Data Protection**

### **12.1 Data Protection Act**

The Data Protection Act 2018 is the UK's implementation of the General Data Protection Regulation (GDPR). The legislation aimed at protecting the privacy of individuals and preventing breaches of personal data (information from which an individual can be identified). The regulations impose requirements that must be followed by the Council when a third party (such as a supplier) processes personal data provided by the Council.

Due to the broad definitions of personal data and processing provided in the regulations, it is likely that all contracts will involve some processing of personal data. As such, the following requirements should be followed when conducting all procurement activity.

### **12.2 Assessing Compliance**

Procurement processes should include questions to assess the competency of suppliers to process personal data in full compliance with the requirements of the Data Protection Act 2018. A sample question has been included within the Council's template tender document; however this may not be suitable for all contracts. The assessment conducted should take into account the sensitivity of the data to be processed and the risk to individuals should there be a data breach. The Council should only appoint suppliers where they are satisfied the supplier has provided sufficient evidence of their compliance with the regulations

### **12.3 Contractual Requirements**

The regulations require the Council to have a formal contract in place between itself and any organisation processing data on its behalf, stipulating the data protection responsibilities and liabilities of both parties. The Data Protection Act 2018 sets out information and terms that must be included within all contracts between the Council and a third party processing personal data. Please contact the legal team for advice and guidance on suitable contract terms that meet the requirements of the Data Protection Act.

### **12.4 Data Protection Policy**

Reference to the Council's Data Protection Policy should be included within the procurement documents. This allows bidders to see how the Council will use the personal information they submit as part of the procurement process.

For guidance on the Data Protection Act 2018, the legal team should be contacted. In general the applicable law concerning the processing of personal data and privacy.

## **13 Local Government Transparency Code 2015**

The Local Government Transparency Code identifies requirements for Local Authorities to publish data online to give local people more transparency into the activities delivered by the Local Government. This section provides an overview of the information the Council is required to publish quarterly in relation to its spending and procurement activities in order to meet their mandatory obligations under the Local Government Transparency Code.

### **13.1 Expenditure exceeding £500**

The Council is required to publish details of expenditure for each individual item that is greater than £500. For each item, the Local Government Transparency Code identifies the following information that must be published:

- Date the expenditure was incurred;
- Local authority department which incurred the expenditure;
- Beneficiary;
- Summary of the purpose of the expenditure;
- Amount;
- Value Added Tax that cannot be recovered, and
- Merchant category (e.g. computers, software etc.).

The relevant data will be extracted from the Council finance system and published on the Council's website by the Finance team.

### **13.2 Government Procurement Card transactions**

The Council is required to publish details of every transaction on a Government Procurement Card. For each transaction, the Local Government Transparency Code identifies the following information that must be published:

- Date of the transaction;
- Local authority department which incurred the expenditure;
- Beneficiary;
- Amount;
- Value Added Tax that cannot be recovered;
- Summary of the purpose of the expenditure; and
- Merchant category (e.g. computers, software etc.).

The relevant data will be extracted from the Council's finance system and published on the Council's website by the Finance team.

### **13.3 Procurement Information (When Awarded)**

The Council is required to publish details of every invitation to tender concluded for contracts to provide goods and/or services with a value that exceeds £5,000. For each invitation to tender, the Local Government Transparency Code identifies the following details should be published:

- Reference number;
- Title;
- Description of the goods and/or services sought;
- Start, end and review dates, and
- Local authority department responsible.

The Local Government Transparency Code states that the Council is also required to “publish details of any contract, commissioned activity, purchase order, framework agreement and any other legally enforceable agreement with a value that exceeds £5,000”. For each contract, the Local Government Transparency Code identifies the following details should be published:

- Reference number;
- Title of agreement;
- Council department responsible;
- Description of the goods and/or services being provided;
- Supplier name and details;
- Sum to be paid over the length of the contract or the estimated annual spending or budget for the contract;
- Value Added Tax that cannot be recovered;
- Start, end and review dates;
- Whether or not the contract was the result of an invitation to quote or a published invitation to tender, and
- Whether or not the supplier is a small or medium sized enterprise and/or a voluntary or community sector organisation and where it is, provide the relevant registration number.

The relevant data will be published on the Council’s website by the Contracts and Procurement team each quarter and will be extracted from the documents provided by the Officer responsible for procuring the contract as identified under Section 13: Recording activity. It is therefore important that these documents are provided to the Contracts and Procurement team at the earliest opportunity once the procurement process has concluded

## **14 Documentation / Evidence**

All key contract documentation for each supplier also needs to be stored centrally to ensure accessibility of information. It is the ultimate responsibility of the end user(s) selecting and using the suppliers to ensure the necessary documents are stored and refreshed as appropriate.

The procurement and contract documentation for suppliers should be stored electronically on SharePoint. Once the procurement process has concluded, the end user responsible for undertaking the procurement process should send the relevant documents to the Contracts and Procurement team via the [procurement@eden.gov.uk](mailto:procurement@eden.gov.uk) email address, who will ensure the documents are loaded and stored on SharePoint.

The required documentation varies by contract but will include as a minimum:

- Copies of the tender and supporting documents issued for completion by bidders;
  - Tender/quotations received from all suppliers to deliver the contract;
  - Evaluation models and any summaries prepared;
- The following are to be kept as shown**
- Signed contract documentation with successful supplier(s); **Legal team and Relevant Officer**

- A record of appropriate insurance certificate numbers, updated as appropriate throughout the duration of any contract; **Relevant Officer**, and
- A copy of the Experian credit report with any monitoring reports that are issued where applicable; **Relevant Officer**

Further information may be required from contractors, such as additional health and safety information. The Council's Health & Safety Policy sets out guidance and the Deputy Director of Technical Services can be contacted where required.

## 15 Contracts Register

The Council operates a contracts register to help keep track of its contracts and financial commitments with suppliers.

An up-to-date contracts register is an important tool that can be used as a source for effective planning of procurement and contract management activity.

The Contracts Register is available to view on SharePoint.

All contracts with a value greater than £5,000 (ex VAT) per annum, or a total contract value above £5,000 (ex VAT) if the contract duration is less than twelve months, must be recorded in the Contracts Register. For these contracts, the person responsible for conducting the procurement process used to award the contract must provide the following information to the Contracts and Procurement team via the [procurement@eden.gov.uk](mailto:procurement@eden.gov.uk) email address once the contract has been awarded:

- Contract category
- Contract name
- Contractor(s)/supplier(s) awarded contract
- Contract reference number
- Total contract value
- Contract start date
- Contract expiry date
- Contract duration and any options to extend
- Department responsible for procurement
- Description of goods/service purchased
- Date of break clause (if any)
- Notice required for break (if applicable)
- Council Manager responsible for contract
- Procurement route used (e.g. framework call-off, tender, quotes etc.)  
Located with the Legal team`
- Form of contract and signed contract location

On receipt of this information, the Contracts and Procurement Team will update the Contracts Register and file the contract accordingly.

# 16 Contract Management

## 16.1 Supplier Monitoring

The monitoring of strategic or high risk suppliers and their performance against pre-identified Key Performance Indicators (KPIs) is to be undertaken by the member of staff that 'owns' the contract or supplier relationship.

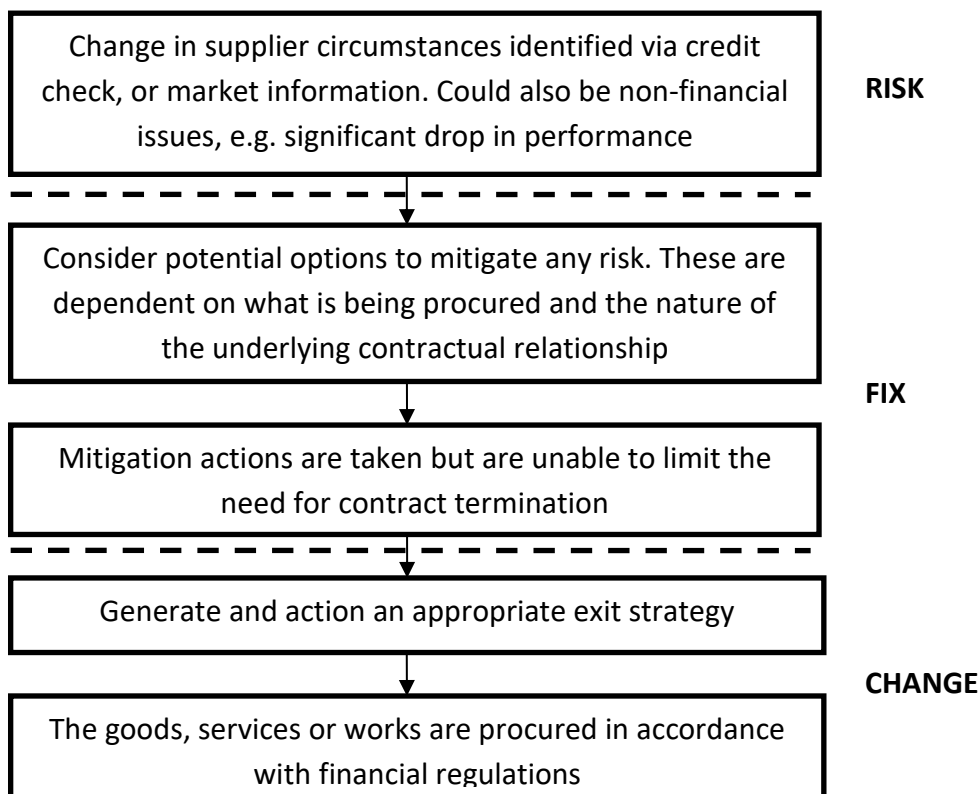
The frequency and monitoring undertaken will vary depending upon the supplier and type of work. Suitable KPIs should be set on a case by case basis where the use of KPIs are deemed relevant. The Contracts and Procurement team can give guidance on appropriate KPIs.

### 16.1.1 Recording activity

It is a requirement for records of procurement activity, including all quotations and tenders received to be stored securely in electronic format. Tender submissions, quotations received, evaluation documents and any final reports detailing the selection outcome should be stored centrally within the procurement section of SharePoint.

## 16.2 Supplier Insolvency

In addition to contract clauses allowing contract termination, the Council operates an escalation path for suppliers when their ongoing viability becomes a potential issue and/or risk. The escalation path is as follows:





The escalation path is activated where concerns over a supplier's ongoing ability to meet the needs of a contract are identified. Escalation may ultimately result in a full exit from the contractual relationship if appropriate.

Examples of feasible mitigation options to minimise service interruption, cost implications and potentially limit the need for contract termination:

- Repackaging of programme of works (contractors)
- Begin preliminary steps in re-procurement of contract if monitoring indicates an increased risk
- Identify supply-chain solutions, including framework agreements, that are available to the Council to allow an efficient changeover that minimises cost and service interruption

Examples of the different options available to limit the impact of supplier insolvency when procuring key supply-chain relationships are detailed below. This is not an exhaustive list of the options available, but intended as a demonstration of the types of methods available to mitigate this area of risk.

## 17 Key Contacts

Key contacts within Eden District Council for procurement and associated matters:

### Guidance on procurement:

- Neil Buck (Contracts and Procurement Manager) 01768 212337 or [Neil.Buck@eden.gov.uk](mailto:Neil.Buck@eden.gov.uk) and Gwyneth Timson (Contracts Officer) 01768 212268 or [Gwyneth.Timson@eden.gov.uk](mailto:Gwyneth.Timson@eden.gov.uk) or [procurement@eden.gov.uk](mailto:procurement@eden.gov.uk)

### Guidance on health & safety:

- Laura Cadman (Assistant Director Services ) 01768 212250 or [Laura.Cadman@eden.gov.uk](mailto:Laura.Cadman@eden.gov.uk)

### Guidance on general legal advice and contract terms:

- Lisa Tremble (Assistant Director Governance) 01768 212249 or [Lisa.Tremble@eden.gov.uk](mailto:Lisa.Tremble@eden.gov.uk)

### Guidance on financial terms:

- Marianne Bastille (Assistant Director Finance and HR) 01768 212208 or [Marianne.Bastille@eden.gov.uk](mailto:Marianne.Bastille@eden.gov.uk)

## 18 Related Documents & Legislation

### 18.1 Related EDC Documents

- Council's Procurement Rules (Part of Constitution)
- Accounting and Audit Rules (Part of Constitution)
- Equality & Diversity Policy
- Health & Safety Policy
- Gifts & Hospitality Policy

## 18.2 Legislation Applicable to Procurement

The relevant legislation applicable to procurement at the Council is as follows:

- [Public Procurement Regulations 2015](#)
- [Race Relations \(Amendment\) Act 2000](#)
- [The Disability Discrimination Act \(Amendment\) 2005](#)
- [Local Government Act 2000](#)
- [The Equality Act 2006](#)
- [The Human Rights Act 1998](#)
- [The Equality Act 2010](#)
- [The Data Protection Act 2018](#)
- [The Local Government Transparency Code 2015](#)

Officers with responsibility for procurement should make themselves aware of the main points of the above, relevant to procurement and equality.

Report No: DoR38/22

Eden District Council

Resources Portfolio

13 May 2022

## Annual Review of Procurement Strategy

<b>Portfolio:</b>	Resources Portfolio
<b>Report from:</b>	Assistant Director Finance & HR
<b>Wards:</b>	All Wards
<b>OPEN PUBLIC ITEM</b>	

### 1 Purpose

1.1 To present the Council's Procurement Strategy for approval.

### 2 Recommendation

It is recommended that the appended Procurement Strategy 2022 be approved.

### 3 Report Details

- 3.1 The proposed Procurement Strategy 2022 is attached to this report as Appendix 1.
- 3.2 The practice of the Council is to seek approval of annual updates to the Council's Procurement Strategy from the Resources Portfolio Holder.
- 3.3 The Procurement Strategy was last updated in 2018.
- 3.4 No major changes are proposed to that strategy, however it has been updated to take into account current legislation, changes in staffing, Brexit and Local Government Re-organisation.

### 4 Policy Framework

4.1 The Council has four corporate priorities which are:

- Sustainable;
- Healthy, safe and secure;
- Connected; and
- Creative

4.2 This report meets the Sustainable corporate priority

### 5 Consultation

5.1 As an update to the previous strategy, no consultation has taken place.

## 6 Implications

### 6.1 Financial and Resources

6.1.1 Any decision to reduce or increase resources or alternatively increase income must be made within the context of the Council's stated priorities, as set out in its Council Plan 2019-2023 as agreed at Council on 7 November 2019.

6.1.2 There are no direct proposals in this report that would reduce or increase resources, however, adherence to the Procurement Strategy should result in effective procurement, resulting in control or reduction of costs for the Council

### 6.2 Legal

6.2.1 Advice on the policy was sought from our Procurement Advisors, Cirrus Purchasing Ltd who have provided advice on current procurement legislation.

### 6.3 Human Resources

6.3.1 There are no Human Resources implications arising out of the proposal.

### 6.4 Environmental

6.4.1 The procurement Strategy, section 5.6, sets out how the Council's procurement activities will support the Sustainability strategic priority. There are no direct effects on carbon emissions and ecosystems.

### 6.5 Statutory Considerations

<b>Consideration:</b>	<b>Details of any implications and proposed measures to address:</b>
Equality and Diversity	Equality and Diversity is addressed by the Procurement Principles in the Strategy with a equality and diversity assessment undertaken. The Assessment has concluded that the policy is robust and the evidence shows no potential for discrimination
Health, Social Environmental and Economic Impact	There are no Health, Social, Environmental and Economic impacts.
Crime and Disorder	There are no crime and disorder impacts.
Children and Safeguarding	There are no children and safe guarding implications

### 6.6 Risk Management

<b>Risk</b>	<b>Consequence</b>	<b>Controls Required</b>
Risk that the Council does not comply with government requirements	Risk of legal challenge	Adoption of a formal procurement strategy
Risk that the Council implements an approach to	Procurement that does not provide good value and loses out on	Adoption of a formal procurement strategy

<b>Risk</b>	<b>Consequence</b>	<b>Controls Required</b>
procurement that does not provide good value and procurement efficiencies	potential procurement efficiencies and added value.	

## **7 Other Options Considered**

7.1 No alternatives considered.

## **8 Reasons for the Decision/Recommendation**

8.1 Effective procurement is important in a sound system of corporate governance. This Procurement Strategy sets out clearly the procedures and steps that the Council should take.

### **Tracking Information**

<b>Governance Check</b>	<b>Date Considered</b>
<b>Chief Finance Officer (or Deputy)</b>	4 May 2022 (author)
<b>Monitoring Officer (or Deputy)</b>	4 May 2022

**Background Papers:** None

**Appendices:** Appendix 1 – Procurement Strategy 2022

**Contact Officer:** Marianne Bastille, Assistant Director Finance & HR



# Procurement Strategy

## 2022

Next Update Due: April 2023  
Updated: Annually  
Responsible Officer: Assistant Director Finance & HR

## Contact Us

Telephone: 01768 817817

Fax: 01768 890470

Write To: Contracts & Procurement Manager, Eden District Council, Town Hall, Penrith, Cumbria CA11 7QF

E-mail: [procurement@eden.gov.uk](mailto:procurement@eden.gov.uk)

Website: Information on all of our services is available at [Procurement, tendering and contracts \(eden.gov.uk\)](http://Procurement, tendering and contracts (eden.gov.uk))

## Accessibility Information

A summary of the information contained in this document is available in different languages or formats upon request. Contact Eden District Council's Communication Officer, telephone: 01768 817817 or email: [communication@eden.gov.uk](mailto:communication@eden.gov.uk)

### Polish

Streszczenie informacji zawartych w niniejszym dokumencie można uzyskać na życzenie w innym języku lub formacie. Prosimy o kontakt telefoniczny z Referentem Rady ds.

Komunikacji Okręgu Eden pod numerem telefonu 01768 817817 lub pocztą e-mail na adres [communication@eden.gov.uk](mailto:communication@eden.gov.uk)

### Traditional Chinese

若閣下要求，本文件的摘要資訊可以其他版式和語言版本向您提供。請聯絡伊甸區地方政府傳訊主任 (Eden District Council's Communication Officer)，其電話為：01768 817817，或發電郵至：[communication@eden.gov.uk](mailto:communication@eden.gov.uk)

### Urdu

اس دستاویز میں شامل معلومات کا خلاصہ درخواست کیے جانے پر مختلف زبانوں اور فارمیٹوں (شکلوں) میں دستیاب ہے۔ ایڈن ڈسٹرکٹ کاؤنسل کے افسر برائے مواصلات سے فون نمبر 01768817817 پر رابطہ کریں یا [communication@eden.gov.uk](mailto:communication@eden.gov.uk) پر ای میل کریں۔

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Appendix 1: Decision Making Flowchart



## 1. Executive Summary

- 1.1 Procurement concerns the acquisition of all goods, works and services. It relates to all expenditure by the Council, with the exception only of staff costs, benefit payments and grants. The aim of this Procurement Strategy is to set a clear framework for procurement throughout the Council which reflects the Council's Corporate Plan, provides a framework for securing value for money and which stands alongside the Council's Accounting and Audit Rules and Procurement Rules. It also sets out an action plan for achieving the corporate approach to procurement.
- 1.2 In considering the Council's corporate priorities, strategic actions and values, the following procurement objectives have been set:
- to ensure that the procurement process is clear and focused in the first instance on achieving value for money;
  - to ensure that the procurement options are chosen on the basis of the degree to which they fulfil the Council's corporate priorities and those of specific services;
  - to be pragmatic in procuring services so that service delivery to customers is optimised;
  - to prioritise, where possible, the policy of "Buy Eden First" (i.e. procuring locally where possible and keeping economic value within the Council's area of operation); and
  - to ensure contracts implemented are sustainable for the Council.
- 1.3 To ensure that these objectives are met:
- procurement arrangements within the Council are reviewed annually by Management Team and the Member Procurement Champion (Resources Portfolio Holder, Councillor Karen Greenwood);
  - there are comprehensive Accounting and Audit Rules, Procurement Rules and Procurement Procedures in place;
  - template procurement documentation is available (for quotations and lower value invitations to tender);
  - comprehensive Procurement Guidance has been produced for staff and made available to key stakeholder and suppliers;
  - training on the Procurement Rules and Procedures has been provided;
  - in pursuing the Council's economic policies, consideration is taken of the contribution that effective procurement can make to achieving these policies; and
  - a small procurement team has been created within the Council to support relevant officers with procurement requirements and provide a centralised overview of all procurement being conducted by the Council.

## **2. Introduction**

- 2.1 Procurement is the process of obtaining supplies, services and construction works. At the point of procurement, it is important to take into account the lifecycle of the asset or service contract. 'Lifecycle' is defined as being from the initial definition of the business need, through to the end of the useful life of the asset or service contract. Procurement excludes staff costs and transfer payments, such as benefits and grants.
- 2.2 The term 'procurement' has a far broader meaning than that of purchasing or buying. It is about securing services and products that best meet the needs of the users and the local community in its widest sense and furthers the Council's objectives. This Procurement Strategy provides a common framework within which all procurements by the Council are to be managed.
- 2.3 The Council will achieve the best value for money through procurement by:
- adopting the lifecycle approach to assets and contracts;
  - applying effective and up-to-date procurement procedures;
  - collaborating with other contracting authorities, shared services and/or professional buying consortia where relevant to best use resources and achieve efficiencies; and
  - ensuring procurement helps deliver the Council's key corporate priorities.
- 2.4 The Procurement Strategy will support national policy drivers, such as:
- the National Procurement Strategy 2018;
  - Part 4 of the Public Contracts Regulations 2015;
  - the Localism Act 2011 and Public Services (Social Value) Act 2012; and
  - the National Procurement Policy Statement (June 2021)
- 2.5 The UK Government are in the process of drafting new procurement legislation following the end of the Brexit transition period. Once the new legislation has been published the Council will review their key procurement documentation including this strategy, the Procurement Rules and Procurement Procedures documents and amend accordingly. Communication and training will then be put in place as necessary for the Council's staff

### **Background**

- 2.6 Procurement is seen by the Government as one of the main means of achieving efficiencies and reducing expenditure. It is important that the Council understands the role that procurement can play in all aspects of the Council's work.
- 2.7 Procurement is devolved to Senior Managers and it is their responsibility to follow the Procurement Procedures and Rules. This Procurement Strategy sets out how such devolved procurement delivers the Council's objectives.
- 2.8 A small procurement team has been created within the Council to support relevant officers with procurement requirements and provide a centralised overview of all procurement being conducted by the Council. In addition, there is external advice available on an adhoc basis from a procurement consultancy.

- 2.9 The purpose of this Procurement Strategy is to communicate clearly to all stakeholders, including the public and suppliers, but most importantly those staff involved in the procurement process, how the Council ensures that the procurement of services, supplies and works, furthers its objectives.
- 2.10 This Procurement Strategy will be available to key stakeholders and suppliers. Comments and views are welcomed so that the Council can further develop the Strategy in the future.
- 2.11 This Procurement Strategy is reviewed on an annual basis by:
- seeking comments on current practice and suggestions for improvement from officers involved in the procurement process, all stakeholders, including elected Members, suppliers, external consultants (if required) and the public; and
  - consultation with the Management Team and the Member Procurement Champion, who is the Resources Portfolio Holder.

The Assistant Director Finance & HR has a corporate overview of procurement and in particular a responsibility to ensure that the Procurement Strategy is kept updated.

- 2.12 The Definitions that apply to this strategy can be found within the Procurement Rules (in the Council's Constitution).

### 3. Current Arrangements

- 3.1 Procurement of services, goods and assets is regulated by Procurement Rules, the Procurement Procedures and Accounting and Audit Rules.
- 3.2 A considerable part of the Council's procurement is undertaken through the blue collar contracts with Urbaser. This is governed by the agreed contracts which were renewed with effect from 1 April 2012 and which were extended in 2021 until the end of March 2027. The core work is billed as a standard monthly amount. Ad hoc work is ordered by the Client Team. These contracts should be used where possible to reduce the need to procure (providing the work falls under the original procured scope).
- 3.3 Procurement is devolved to individual budget holders who place orders (within the budget limits set). Most day-to-day purchases are made through the TotalMobile creditors' system, which produces and creates an accounting commitment. A limited number of officers are authorised to use a Government Procurement Card where this is a beneficial method of procurement. This is restricted to selected staff. Support with procurement can be offered by contacting the Assistant Contracts Manager.
- 3.4 Certain contracts are procured centrally; the relevant sections are shown below:

<b>Classification</b>	<b>Lead Department</b>
Advertising (including recruitment)	Human Resources
Computer supplies (hardware and software), Mobile Telephones	Shared IT Services
Insurance Services, Public Transport, Office Supplies	Financial Services
Legal Services	Legal Services
Printing	Customer Services
Blue Collar Services	Property and Contracts
Recycling Services	Property and Contracts

Leisure Management Services	Leisure and Communities
Office Furniture	Property and Contracts
Health and Safety	Technical Services

- 3.5 The Council is involved in an arrangement with the other five district councils in Cumbria, the County Council, Cumbria Police and Crime Commissioner, Cumbria Primary Care Trust and the Lake District National Park Authority, collectively known as 'Effective Procurement in Cumbria' (EPIc). EPIc's main objectives are to encourage collaboration, increase supplier engagement and produce procurement efficiencies throughout the County. If you think contacting EPIc may be useful, please contact the Procurement Team who can discuss this with you.
- 3.6 The Council awarded long term contracts for Blue Collar (from April 2012), Leisure Management (from April 2012) and Recycling Services (from July 2012). These were originally for a ten year period (until 2022) with an option to extend for an additional 5 year period (until 2027). The extensions were implemented in 2021 for all contracts resulting in an expiry date of 2027. The total is circa £3m per annum.
- 3.7 The Council's revenue procurement budget for 2022-2023 is approximately £7.2 m. Most of this is sourced by formal contracts for blue collar services and recycling via Urbaser. When these contracts are re-let, there may be the opportunity for major procurement savings, however, significant savings can still be found within other smaller contracts. The Procurement Rules and Procurement Procedures documents set out the ways in which procurements must be ran to ensure value for money.
- 3.8 The Council's Capital Programme varies substantially from year to year. Given its small level, one or two major projects within the Programme tend to account for the substantial majority of capital spend. Of a total Programme over the next four years of some £10.2m, only £2.8m is for procurement expenditure. The vast part of the Programme is already committed, or to do with schemes already determined, or grants to third parties.

### **What are Our Strengths?**

- 3.9 Whilst there are a number of areas for improvement, the Council's current method of procurement has many strengths:
- major procurements are managed as discrete projects, with project management arrangements tailored to each project. Specialist support is bought-in where required from procurement and/or specialist consultancies;
  - use is made of Cumbria County Council, Strategic and Commercial Procurement (the County Council's central purchasing function);
  - procurement is devolved to a low level, helping to ensure that procurement is driven by the needs of the service;
  - the Council is open-minded about the way services are procured and there are examples of most major methods:
    - ▷ in-house;
    - ▷ shared in-house, for example, IT Services;

- ▷ national buying consortia (frameworks);
  - ▷ contracted, for example, refuse collection;
  - ▷ procured jointly, for example, internal audit services;
  - ▷ procured from another local authority, for example, car park enforcement;
  - ▷ part in-house, part buy-in, for example, internal audit.
- payment of 90% of creditors via BACS;
  - use of Government Procurement cards;
  - the Council's rules on procurement are set up in one place (Procurement Rules) and are supported by a detailed Procedures document for staff to follow;
  - the Council is a formal member of EPiC; and
  - the Council requires procurement to be undertaken in a way that ensures sustainable contracts are awarded (i.e. taking into account the lifecycle cost of the contract). This may mean the upfront or overall costs of the contract are higher, but the long term gains for the Council outweigh this cost.

#### **4. e-Procurement**

- 4.1 e-Procurement is doing business electronically. The benefits of e-Procurement include:
- delivering savings through streamlining the internal procurement procedures and processes;
  - providing a framework to ease the ordering of goods, services and works whilst maintaining compliance with legislation; and
  - improving services.
- 4.2 The Council currently uses Procontract (The Chest) as its preferred method of letting contracts. The system allows staff to comply with both external and internal procurement rules and offers an audit trail for all procurement processes conducted through it. The system is now the Council's main method of seeking quotations and tenders. This is formally stated in the Procurement Rules and enforced in guidance.
- 4.3 The Council already uses electronic means to improve its business efficiency:
- almost all suppliers are paid by BACS (electronic bank payment);
  - key purchasing officers use a corporate procurement card;
  - electronic tendering;
  - electronic remittance advices; and
  - electronic ordering and invoicing has been introduced from December 2012. The number of suppliers using electronic means is increasing. Staff request that suppliers use this when orders and payments are made.

#### **5. Procurement Policy**

- 5.1 Procurement should further the Council's overall objectives. Whilst an essential ingredient of securing value for money, it is also important that procurement decisions

are taken in light of the broader objectives which the Council is seeking to achieve. For a public body, effective procurement should include social and community benefits, as well as financial considerations.

- 5.2 The importance of price compared to quality will vary substantially depending on what is being purchased. The Procurement Rules and the Procurement Procedures documents advise how price and non-price factors can fairly and properly be dealt with.
- 5.3 To understand the community benefits the Council is seeking to achieve, it is necessary to consider the Council's corporate priorities. The Council supports a "Buy Eden First" strategy. This means that sourcing its supplies and services from local contractors and suppliers should be prioritised where possible. This strategy is encouraged within the Procurement Rules and Procurement Procedures documentation.
- 5.4 The Council has four corporate priorities, supported by twenty one strategic actions. The Council's overall aim is to:

<b>Corporate Priorities</b>	
<b>Sustainable</b>	Making the Council financially viable, customer focussed and zero carbon
<b>Healthy, safe and secure</b>	Improving housing, working towards self-sufficiency in energy and co-producing healthy, connected prosperous communities
<b>Connected</b>	Improving digital connectivity, transport and access
<b>Creative</b>	Supporting businesses to respond to national and global changes and encouraging innovation

### **Corporate Procurement Policy**

- 5.5 To ensure that value for money is obtained and recognising the requirements of the above statements, the following policy has been developed:
  - **Vision**  
To obtain Best Value through planned and skilful procurement in respect of all goods, works and services sought by the Council.
  - **Procurement Principles**  
Procurement principles have been established that aim to support the Council's priorities. These are summarised below:
    - ▷ **Management and Control of Contracts**  
Arrangements shall ensure that all contracts are adequately managed and monitored with a view to achieving completion of service delivery on time, within budget and in accordance with the specification.

▷ **Assessing and Minimising Risk**

The risks associated with all procurement shall be assessed and minimised accordingly prior to going to market. Where the Council considers a contract to be critical to the business a corporate resolution plan may be required to ensure the Council is prepared from any risk to the continuity of service delivery

▷ **Trained and Experienced Staff Resources**

Staff engaged in procurement and contract management shall be suitably experienced and trained for the purpose.

The Council will regularly benchmark themselves against similar, comparable organisations to assess their procurement capabilities and progression.

▷ **Social and Economic Well-Being**

All procurements shall consider the impact of the social and economic well-being of the District and, in particular, ensure that, wherever possible, the Council's procurement supports the local economy. The Council signed up to the Small Business-Friendly Concordat in 2005 and the Public Services (Social Value) Act 2012 may apply to higher value procurements for services.

In addition, the Council is committed to providing social value in line with the Government's National Procurement Policy Statement. Therefore, all procurements will also consider the following 3 national priorities alongside local priorities:

- ▷ Creating new businesses, new jobs and new skills;
- ▷ Tackling climate change and reducing waste, and
- ▷ Improving supplier diversity, innovation and resilience

▷ **Partnership and Partnering**

The Council recognises the importance of partnerships for effective service delivery and has made a range of procurements in partnership with one or more partners. This includes partners from both the voluntary and community sectors, as well as the private sector.

▷ **The 'Make or Buy' Decision**

One of the most difficult procurement decisions is often whether to buy-in a service, or provide it directly through the Council's own staff. For several years the Council has had guidance on how to make this decision and this is set out in Appendix 1. A variant on make or buy is procuring by using shared services. The Council will consider any proposed shared service arrangements individually..

▷ **Management of Major Projects**

Given the size of the Council, major projects present particular challenges. 'Major' projects are difficult to define precisely but have included the blue collar tendering and Penrith New Squares. All major projects will have their project

management arrangements reviewed by the Management Team. All major procurement shall have due regard to social, economic and environmental issues and early decisions shall be taken to ensure that projects are packaged so as to encourage delivery in the most efficient manner and achieve what end users want and can afford.

▷ **High Professional Standards and Best Practice**

All procurement procedures shall be operated in a professional manner ensuring the highest standards of transparency, probity and accountability.

▷ **Continuous Improvement**

Where contracts are going to run for a number of years, the contract should be sufficiently flexible to provide for continuous improvement throughout the period of the contract. The procurement process should always consider changes and improvements that could be made over the contract lifetime.

Where appropriate, Key Performance Indicators (KPIs) should be incorporated into contracts and monitored throughout the contract duration. KPIs should be relevant, and proportionate to the size and complexity of the contract.

▷ **Workforce Matters**

Any procurement that potentially involves the transfer of staff who are currently employed by the Council shall, as far as legally possible, fully protect the future terms and conditions of employment of such staff so that they continue to enjoy the good employment practices of the Council, insofar as the Council is legally able to do so. The Council must ensure that, when dealing with staff transfers, Transfer of Undertakings (Protection of Employment) (TUPE) will be complied with.

▷ **Equality and Diversity**

As a major procurer of goods and services in the area, the Council will endeavour to ensure that the suppliers and contractors with which it conducts business comply with the requirements of the Equality Act 2010 and have the same values and principles and approach to equality and diversity as the Council. The Council will take all reasonable steps to avoid conducting business with suppliers who discriminate against members of society for any reason, or do not comply with current legislation relating to equality. The Council's Equality Impact Assessment for this Strategy is attached at Appendix 2.

## 5.6 **The Environment and Sustainability**

The Council has adopted a Zero Carbon Eden strategy and has declared a Climate and Ecological Emergency. The Council's procurement activities impact on the environment and it is important that this strategy is considered when conducting procurement. Sustainability issues should be considered fully when specifying goods, works and services as part of the procurement process. The main aims when considering sustainability in procurement are:

- to seek alternatives to products and processes which are detrimental to the environment by using more environmentally friendly products and processes (this



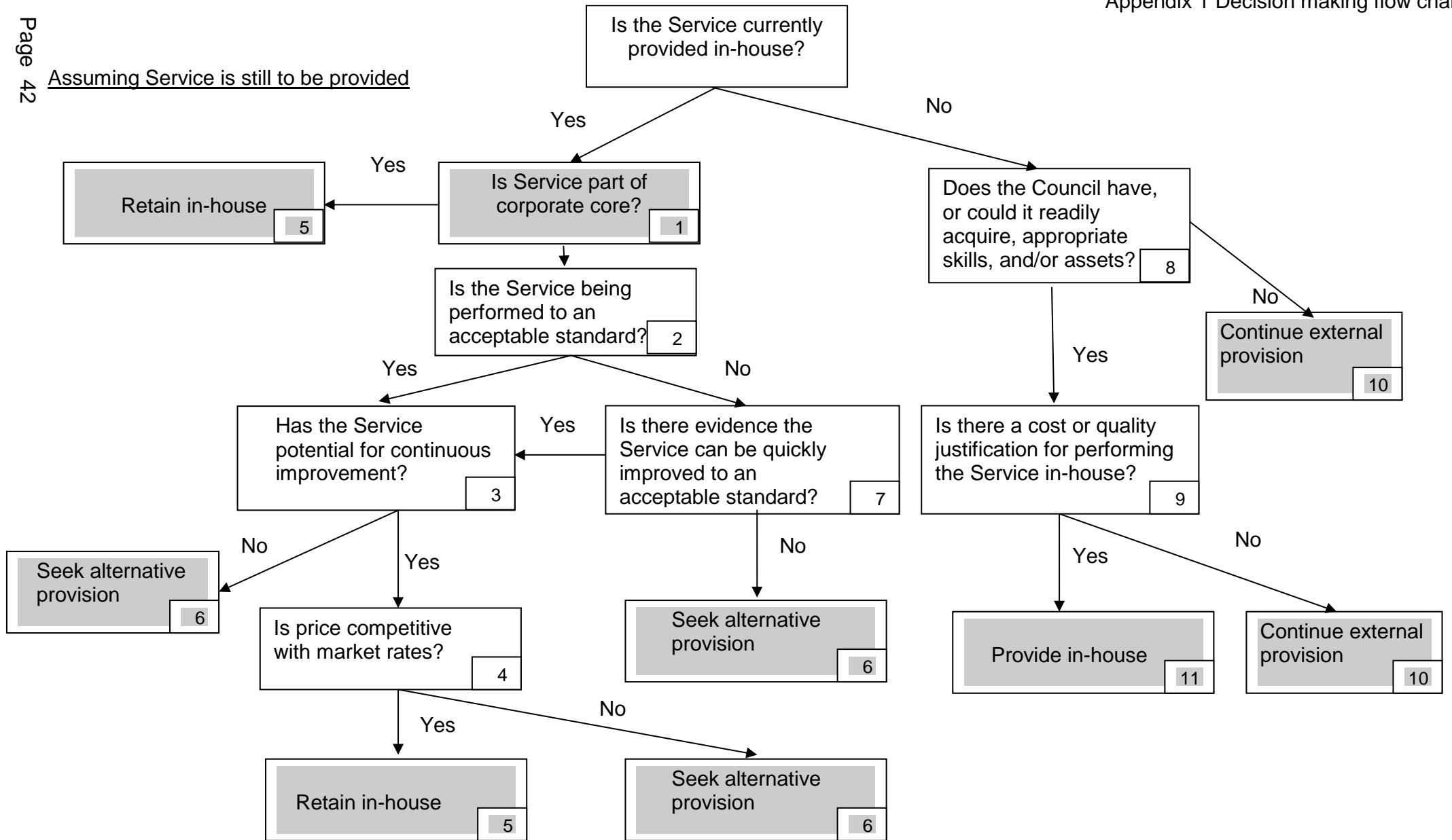
could include engaging with the market and/or other local Public Sector organisations, before conducting a procurement process to ensure you are familiar with what is available to support this aim);

- to review the lifecycle environmental cost of the assets, services or works to be procured (it may be that environmentally friendly products cost more upfront but the Council is willing to invest to achieve the Zero Carbon Eden strategy);
- to only purchase supplies when necessary and minimise waste, including any packaging, or waste produced as a by-product of the goods or service, and waste generated by the eventual disposal of the product;
- to maximise the reuse and recycling of materials;
- to minimise the consumption of non-replaceable natural resources by reviewing current and proposed future usage and evaluating the pros and cons of alternatives;
- to stimulate demand for environmentally friendly products by considering the environmental performance of all suppliers and encouraging them to conduct their operations in an environmentally sensitive manner;
- to ensure work is not awarded (where possible) to suppliers that have processes in place that may result in the degradation of the natural environment and biodiversity, and ensure work is awarded to suppliers that actively offer assets/services that could safeguard and improve of the natural environment;
- to procure locally where possible (Buy Eden First) to ensure the pound remains within the local area;
- to increase the opportunities for Small and Medium Enterprises (SMEs) and Voluntary, Community and Social Enterprises (VCSEs)
- to increase the opportunities for innovation within the supply chain
- to incorporate social value investment into supplier contracts that will be beneficial to the local area; and
- to comply with all environmental/sustainability stipulations of resources and funding that has been offered by the UK Government (or other environmental body).

## **6. Review, Update and Publicity**

- 6.1 It is important that this Procurement Strategy does not become just an historic document. To ensure it is a major vehicle for the improvement of procurement it should be reviewed in line with point 2.11 above.
- 6.2 The approved Procurement Strategy will be published both on the Council's website and SharePoint under Corporate Centre\Documents\Procurement. After each update, this will be highlighted on the Corporate Bulletin Board.

Assuming Service is still to be provided



NB: The numbers at the bottom right refer to explanatory notes shown overleaf

## Notes

### **1. Is the service part of the corporate core?**

The corporate core of the Council is that part which enables it to undertake its key activities, such as determination of policy. It is not possible to answer this question in a black and white way and some judgement is called for. However, it will be apparent in most cases which services are part of the corporate core and which are not. Most front-line services are unlikely to be in the corporate core. The issue is not as clear-cut in relation to some support services where, due to the small numbers of staff involved, some staff might be involved in some corporate core activities (for example, attending at committee meetings) but also providing some straightforward support services to front-line services. It is also considered that an effective corporate core includes a strong and expert client for those services already contracted out. The corporate core for Eden may be larger, in proportionate terms, than for many other councils. If the Council's staff shrinks beyond a 'critical mass', it may have problems retaining and recruiting staff.

### **2. Is the service being performed to an acceptable standard?**

This should be judged against a range of indicators, including measures of customer satisfaction, performance comparison with similar authorities and the private sector if possible. In comparing against other local authorities, particular attention should be paid to the upper quartile benchmark for performance. Standards against which the services are judged are preferably ones that have been set down in advance and ones that the service is currently being monitored against.

### **3. Has the service got potential for continuous improvement?**

All services of the Council should be capable of improving. There must be evidence that there is the potential for improvement. This may not necessarily be in all areas. For example, it may be that there is no scope for reducing costs, but some qualitative aspects of the service can be improved. This might, for example, include evidence of historic improvement.

### **4. Is the price competitive with market rates?**

Some indication of market rates should be obtained. This can be done informally by looking at the service costs of local authorities whose services are externalised for a particular function (it might also be wise to include a comparison with the costs of authorities doing that function in-house), or it could be done more formally by asking for prices from private suppliers (though such suppliers might be reluctant to supply such pricing information if they think there is no realistic chance of a service being awarded out-of-house) or by seeking benchmarking services from an appropriate consultant. In comparing the internal cost to the external cost, a judgement will have to be made on how far internal overheads should feature in the comparison. Obviously, all the marginal costs of providing a service should be compared to the cost of market provision. However, overheads should only be added to the extent that they will be saveable over the life of any envisaged contract.

So, for example, where a very small contract is considered, say, payroll (where less than one full time person provides the service), it might be quite legitimate to remove the cost of accommodation in the price comparison. However, in considering a larger service, accommodation might be a legitimate inclusion in the cost comparison because there could realistically be a chance of saving this cost to the Council by disposing of part of a property, renting it out, or enabling the Council to move to smaller premises. It is suggested that, in making such a comparison, advice should be sought from the Department of Finance.

## **5. Retaining the service in-house**

If the service is to be provided in-house, it is important that monitoring of the performance and cost is just as rigorous as it would have been if the service had been externalised.

## **6. Seeking alternative provision**

There are a number of alternatives to in-house supply, the main ones being:

- joint provision with another authority (perhaps most appropriate where there is no ready market): it is noted that the size of the Council makes it very unlikely that it, itself, could create a market from scratch;
- joint commissioning with another public sector body; and
- externalisation: this could either be done as a traditional tendering exercise, or could be done in partnership, probably through a negotiated approach (as long as this is consistent with procurement regulations). This should be pursued without any in-house bid (going through the previous stage will have given adequate chance for in-house provision to be justified). The presence of an in-house bid is likely to deter contractors from bidding. In the event of an external bid winning against an in-house bid, this may well create tensions between transferred staff and the contractor that could have been avoided if a transfer was progressed from the outset.

Whilst communication with staff is important, it becomes especially important if it appears that in-house service provision will cease. Both the Council's Principal Human Resources Officer and the appropriate Trade Unions should be involved at the earliest stage. TUPE considerations will need to be clearly addressed.

The decision to outsource service provision will require a different range of expertise. For smaller contracts, this expertise may be available in-house, in particular, from the Property and Contracts Section in relation to contracts, and to the Department of Finance in relation to financial issues. In larger externalisations, external advice might be needed. In any event, the decision to externalise service provision will need to be fully discussed at an early stage at Management Team. The length of contract to be entered into will vary according to circumstances.

**7. Is there evidence that the service can be quickly improved to an acceptable standard?**

There needs to be hard evidence that improvements can be made in the short term. This would preferably form an action plan. It may be that a short term improvement target is given and, if this is not attained, the Council goes down the route of seeking alternative service provision.

**8. Does the Council have, or could it readily acquire, appropriate skills and/or relevant assets to perform the service?**

Where a service is relatively simple and does not require any particular assets, it may well be feasible for the service to be provided in-house. However, any decision should only be made after a full review of the advantages and disadvantages of bringing a service in-house. Where specialist skills are necessary and where there is considerable asset usage, it is questionable whether it would be feasible for the Council to do this work in-house.

**9. Is there a cost or quality justification for performing the service in-house?**

In relation to costing, the same points apply as in Note 4. There has to be very clear evidence, in particular, that the Council will be able to achieve a level of performance at least as good as that of the external provider.

**10. Continue external provision**

How the Council procures goods and services from third parties is governed by the Procurement Rules. These ensure that there is full competition in accordance with UK legislation. These Procurement Rules are reviewed annually to ensure that they remain relevant and up-to-date.

**11. Provide in-house**

It is important that monitoring is undertaken to ensure that the service is provided within the cost and performance level that were the justification for bringing the service in-house. TUPE considerations may apply.

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Report No: DoR33/22

## Eden District Council

## Resources Portfolio

13 May 2022

**NNDR Write Offs**

<b>Portfolio:</b>	Resources
<b>Report from:</b>	Interim Director of Resources
<b>Wards:</b>	All Wards
<b>OPEN PUBLIC ITEM – Appendix A is not for publication by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972</b>	

**1 Purpose**

- 1.1 To set out a number of write-offs for the Portfolio Holder's consideration.

**2 Recommendation**

It is recommended that £88,366.42 is written off for accountancy purposes.

**3 Report Details**

- 3.1 In accordance with the Council's Accounting and Audit Procedure Rules, the Director of Resources is authorised to write-off debts which for all accounts for an individual debtor do not exceed £5,000.
- 3.2 The Director of Resources, in consultation with the Portfolio Holder responsible for financial matters, be authorised to write-off debts in excess of £5000 but which do not exceed £60,000 and in all cases exceeding £60,000 where further recovery action is impossible because the debtor is subject to bankruptcy, liquidation or and administration order.
- 3.3 The reason for periodically writing off debts for accountancy purposes is to ensure that the Council's book debts show the likely level of recoverable debt and enable meaningful management information to be extracted. Except where it is clearly not cost-effective to do so, bad debts will continue to be pursued, despite being written off for accountancy purposes.
- 3.4 The details of the write offs are in Appendix A.

**4 Policy Framework**

- 4.1 The Council has four corporate priorities which are:
- Sustainable;
  - Healthy, safe and secure;
  - Connected; and
  - Creative
- 4.2 This report meets the Sustainable corporate priority.

**5 Consultation**

- 5.1 There has been no consultation with ward councillors or portfolio holders.

## 6 Implications

### 6.1 Financial and Resources

6.1.1 Any decision to reduce or increase resources or alternatively increase income must be made within the context of the Council's stated priorities, as set out in its Council Plan 2019-2023 as agreed at Council on 7 November 2019.

6.1.2 The financial implications are considered as part of the report.

### 6.2 Legal

6.2.1 There are no Legal implications.

### 6.3 Human Resources

6.3.1 There are no Human Resources implications.

### 6.4 Environmental

6.4.1 There are no environment implications.

### 6.5 Statutory Considerations

<b>Consideration:</b>	<b>Details of any implications and proposed measures to address:</b>
Equality and Diversity	There are no implications
Health, Social Environmental and Economic Impact	There are no implications
Crime and Disorder	There are no implications
Children and Safeguarding	There are no implications

### 6.6 Risk Management

<b>Risk</b>	<b>Consequence</b>	<b>Controls Required</b>
Debts are written off that could have been recovered	Auditors may determine that the Council has not made proper arrangements for securing effectiveness and efficiency	Ensure that all debts are pursued in a cost-efficient manner, at least to the point of recovery through the Courts. Retain full reports on all actions taken in pursuing the debts.

## 7 Other Options Considered

7.1 No other options have been considered.

## 8 Reasons for the Decision/Recommendation

8.1 The debts are considered to be irrecoverable and, if the proposal is agreed, they will be written off the individual accounts involved and from the Council's ledger.



## Tracking Information

<b>Governance Check</b>	<b>Date Considered</b>
<b>Chief Finance Officer (or Deputy)</b>	26 April 2022
<b>Monitoring Officer (or Deputy)</b>	26 April 2022
<b>Relevant Assistant Director</b>	N/A

## Background Papers:

### Appendices:

**Appendix A NNDR Bad Debts (Not for publication as it contains confidential information by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act)**

### Contact Officer:

**Amanda Yellowley, Assistant Director Customers & Performance**

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