



"An Excellent Authority"

Merseyside Fire & Rescue Authority

PROCUREMENT STRATEGY

2015-2018

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1. INTRODUCTION

This Procurement Strategy defines the role of the Procurement function in the delivery of Merseyside Fire & Rescue Authority's commitment to providing best value for money. This document identifies procurement's priorities aligning with local, regional and national procurement policy and the critical actions required to deliver the strategy.

The Authority recognises the importance of a professional procurement department which provides commercial support and guidance in regard to the purchasing of goods, services and works.

The strategy sets a clear framework in regard to achieving compliant procurement throughout the Authority and reflects the Government agenda, the Authority's Corporate Plan, adherence to internal Contract Standing Orders and Financial regulations and a commitment to sustainable procurement.

2. BACKGROUND

Merseyside Fire & Rescue Authority's non-pay expenditure for goods, services and/or works is approximately £18 million per year.

The impact of procurement is far greater than a simple definition of a process. The principles set out in this strategy illustrate the positive contribution that effective procurement arrangements make to the communities the Authority serves considering socio-economic agendas such as equality and diversity, a successful economy, community benefit and reducing environmental impact. Purchasing of goods, services and/or works represents a significant interface with the economic community on a local, regional and national level via contractual relationships developed with suppliers.

Effective procurement of good, services and/or works to support front line service provision is vital for the Authority in order to meet its core objectives and to reduce risk.

3. WHAT IS PROCUREMENT

The term 'procurement' has a far broader meaning than simply buying goods. Procurement is the acquisition of appropriate goods, services or works that are procured at the best possible cost, quality, quantity, time and location.

The procurement process spans the whole life cycle of a product or service from identification of the requirement through to the end of the life of that product or service or the end of the useful life of an asset. The Authority's procurement processes promote fair, open competition and minimise exposure to fraud and collusion.

The procurement department provides a professional internal support service to efficiently plan, design and commission purchasing activity.

4. APPLICABILITY

This strategy applies to all external procurement and commissioning of goods, services and works.

All procurement activity must comply with internal Contract Standing Orders, Financial Rules/Regulations. Contract Standing Orders determine the applicable thresholds and appropriate procurement procedures and should be adhered to at all times.

The framework of rules for procurement is determined by UK and European Law and any Domestic and European Procurement Directives must be complied with.

All members of staff and members involved in any procurement activity must be aware that procurement procedures must demonstrate probity and accountability and are auditable.

5. PROCUREMENT PRINCIPLES

Fundamental to this strategy are our Procurement Principles. These principles will guide how we conduct procurement and in recognition of the impact of effective procurement the Authority's approach to procurement will:

- Ensure effective and efficient procurement control and management;
- Deliver an innovative, cost effective and fit for purpose support service to internal customers;
- Deliver value for money via modern, economically and socially responsible practice, ensuring fairness and transparency;
- Increase the professionalism and commercial skill in regard to procurement activity;
- Maximise sustainability and collaboration in our procurement activities;
- Provide opportunities to local and SME (small to medium enterprises) suppliers to participate by increasing visibility of our procurement plans and opportunities;
- Deliver cost savings and efficiencies;
- Monitor and measure procurement performance, promoting continuous improvement;
- Improve stakeholder engagement.

General

For all procurement the outcomes and objectives to be achieved and the steps that will achieve them need to be clear. The assessment of risk associated with any procurement will be assessed and minimised accordingly.

All major procurement should be adequately planned and consideration given to the resources required achieving the desired outcome.

Wherever possible, requirements will be expressed in terms of outcome and performance to provide scope for innovation.

Value for money

Procurement procedures should be effective and focussed to enable the achievement of value for money.

Whole life costing methodologies should be used when appropriate i.e. consideration of the total cost associated with any purchase. An example may be the procurement of a fire appliance – costs associated with spare parts and ongoing maintenance needs to be considered.

Collaborative working will provide the opportunity for working with other fire authorities and public sector bodies i.e. one lead authority can manage a large scale procurement exercise on behalf of the NW region or public sector Consortium arrangements can be accessed. The Authority will review all options for the procurement of goods, services and/or works and

consider potential collaboration with other fire authorities, local authorities, Consortia and the private sector where appropriate.

The Authority will continue to promote and invest in existing collaborative and partnership arrangements.

The consistent use of corporate Contracts and contracted suppliers across a wide range of areas whenever possible ensures that risk is reduced i.e. the contracted suppliers have been evaluated, governance has been undertaken and that internal systems have been set up to receive and promptly pay invoices. The Procurement department will have undertaken the appropriate process to ensure that improved terms e.g. extended warranty and improved pricing e.g. fixed prices for the term of the Contract are applied to the Contract. Failure to use contracted suppliers and/or existing arrangements can increase transaction costs.

E-Procurement

E-procurement systems streamline all aspects of the purchasing process. All the Authority's procurement activity should be processed via the appropriate electronic financial or e-tendering system.

The Authority seeks to process transactions electronically as far as possible. E-procurement solutions that provide efficiencies will be implemented as appropriate to deliver lower transaction costs, reduce off-contract spend* and minimise paperwork therefore providing efficiencies and environmental benefits.

EU Procurement Directives (for goods and services with a total contract value above £164,176 and for works above £ 4,101,394) e-procurement is mandated, specifically publishing notices to OJEU (Official Journal of the European Union). The Procurement department must be included in any EU procurement process and will publish the relevant documentation in adherence to internal Contract Standing Orders and the Directives.

Suppliers are encouraged to register on the Authority e-tendering system.

The Procurement department will ensure guidance, support and training is provided where necessary.

**Off-contract spend is expenditure for goods, services and/or works from a source outside of a formal existing arrangement*

Sustainable Procurement

Sustainable procurement is not simply about purchasing environmentally friendly products. The Authority's Sustainable Procurement Policy supports and underpins the organisation's corporate environmental strategy and policies.

Suppliers are encouraged to adopt practices that minimise their environmental impact and deliver community benefits in relation to their own operations and throughout their supply chain. Sustainability enhancements and targets both internally and with the supply chain will be sought to support continuous improvement.

Small to medium sized Enterprises (SME's), local suppliers and the voluntary sector are encouraged to bid for appropriate contracts.

Whole life costs are to be considered when making purchases or tendering, to investigate not only the product purchased but also maintenance, re-use and disposal etc. to ensure value for money is achieved.

The Authority aims to reduce the amount of waste going to landfill by encouraging re-cycling of reusable materials and minimise wastage generally by encouraging staff and stakeholders to consider whether a product or service is required before they buy.

Equality & Diversity

Promoting equality and diversity throughout the procurement process and supply chain is a crucial objective for the Authority. Fairness, transparency, honesty, integrity, impartiality and objectivity must be evidenced in all procurement decisions.

Compliance with the requirements of the Equality Act 2010 is mandatory and will be considered appropriately in procurement processes, ensuring that consideration is given to ensure that suppliers follow best practice and adhere to the principles of no discrimination in regard to age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex or sexual orientation.

Social Value

Compliance with the requirements of the Social Value Act 2012 is mandatory and requires the Authority to take into account economic, social and environmental well-being in connection with public sector contracting arrangements.

The Authority seeks to make a positive contribution towards social inclusion, securing improvements to the environment and minimising environmental impact through its purchasing activity. Evaluation criteria involving social considerations will be used as part of the tender evaluation process where appropriate.

Modern Slavery

Modern Slavery is a criminal offence under the Modern Slavery Act 2015. Modern Slavery can occur in various forms, including servitude, forced or compulsory labour and human trafficking. All of these involve the deprivation of a person's liberty by another in order to exploit them for personal or commercial gain. We have a zero-tolerance approach to Modern Slavery. The Authority is committed to acting ethically and with integrity in all business dealings and relationships and to implementing and maintaining effective systems and controls to ensure that Modern Slavery is not taking place in our supply chains.

Consultation with Stakeholders

Appropriate consultation will take place when making procurement decisions, ensuring that consideration is proportionate to the scale, complexity and value of the requirement. Different stakeholders may be required at different stages of the procurement.

Stakeholders may include internal and external members, staff, service users, representative bodies, suppliers and other fire authority staff.

Training and Development

The procurement department will deliver procurement training, guidance and advice at a local level as required within the Authority to raise awareness and improve compliance with Procurement rules and regulations.

6. CONTROLS, STANDARDS AND RISKS

Effective management arrangements to ensure contract monitoring, measure and review should achieve completion of service delivery on time, within budget and in accordance with the specification.

Project management principles should be adopted to monitor procurement projects in regard to costs, schedule plans, quality and service delivery.

Business Continuity Planning (BCP)

BCP is an integral part of the business planning strategy utilised throughout the Authority. Procurement projects must seek to protect all services and functions by increasing levels of preparedness and reduce risk to the organisation via a proactive approach to BCP.

Suppliers are encouraged to follow the same philosophy and consideration within complex, high value procurements must be included.

Risk Management

Procurement is subject to risk and uncertainty. The risk that procurement outcomes will not match the initial objectives need to be recognised from the outset and suitable risk management response developed. This may involve consultation with various directorates or departments at varying stages of the procurement cycle.

Commercial risk to the organisation should be managed effectively through best and robust procurement practice.

Risks should be managed and reside with those most able to effectively manage them. This may require the supplier to accept risk within the Contract terms.

Fraud Avoidance

The Authority recognises that when procuring goods, services or works there is the potential for fraudulent activity to occur. This will be managed by committing to ensure that fair and transparent procurement processes are implemented and followed accordingly.

The detection, prevention and reporting of fraud is the responsibility of all Members and employees of the Authority. All are expected to:

- Act with integrity
- Comply with all relevant codes of conduct
- Comply with Contract Standing Orders and Financial Regulations
- Raise concerns as soon as impropriety is suspected

Members, employees and/or the general public are encouraged to raise concerns they may have in respect of fraud and corruption via:

- Line Managers
- Internal Audit
- Directors
- Chief Fire Officer
- Members
- Clerk

Continuous Improvement

Procurement performance will be monitored at a departmental level and will identify areas of good performance and areas for development. Internal customers will be asked to complete satisfaction questionnaires and will always be encouraged to provide feedback on an ongoing basis to the Head of Procurement. This information will be used to develop and progress continuous improvement initiatives.

Procurement department staff will ensure that all relevant accreditations and qualifications are kept up to date and will operate in a professional manner ensuring the highest of standards are upheld.

Support and advice will be sought from industry experts and other fire authorities to gain experience and upskilling where appropriate.