



# LANCASHIRE COMBINED FIRE AUTHORITY

## PROCUREMENT STRATEGY

2018-21



making Lancashire safer

## CONTENTS

1. INTRODUCTION.....	3
2. BACKGROUND.....	3
3. WHAT IS PROCUREMENT .....	3
4. APPLICABILITY .....	4
5. PROCUREMENT PRINCIPLES .....	4
6. CONTROLS, STANDARDS AND RISKS .....	7

## **1. INTRODUCTION**

This role of the Procurement function within Lancashire Combined Fire Authority is to ensure application of its commitment to providing best value for money in terms of quality and cost. This Procurement Strategy identifies procurement's priorities aligned 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 effective support, structure and guidance in regard to the compliant purchasing of goods, services and works.

The Strategy sets out a clear framework to achieve compliant procurement throughout the Authority which adequately reflects the Home Office collaborative agenda, the Authority's Corporate Plan, adherence to internal Contract Standing Orders and Financial regulations and the Authorities commitment to sustainable Procurement.

## **2. BACKGROUND**

Lancashire Combined Fire 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 effect that compliant and efficient procurement makes to the communities the Authority serves considering socio-economic agendas such as equality and diversity, local 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.

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

## **3. WHAT IS PROCUREMENT**

The term 'procurement' has a far broader meaning than simply buying goods. Procurement is the efficient acquisition of appropriate goods, services or works that provide the best possible value taking into account quality and cost.

The procurement process spans the whole life cycle of a product or service from identification of the requirement through to the useful life of a product or service (also defined as an asset). The Authority's procurement processes promote fair and transparent competition, minimise exposure to fraud and collusion by effectively managing commercial risk and ensures optimum value for money.

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

## 4. APPLICABILITY

This Strategy applies to all external procurement and commissioning of goods, services and/or works.

All procurement activity must comply with internal Contract Standing Orders, Financial Rules/Regulations (both within the Authority and Home Office) and relevant legislative requirements (the framework of rules for procurement is determined by UK and European Law and any Domestic and European Procurement Directives must be complied with).

EU Procurement Directives (for goods and services with a total contract value above £181,302 and for works above £4,551,413) must be followed and 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 any relevant Directives.

Contract Standing Orders determine the applicable thresholds and appropriate procurement procedures and should be adhered to at all times.

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

## 5. PROCUREMENT PRINCIPLES

Fundamental to this Strategy are procurement principles which guide the Authority as to how procurement is conducted. The Authority's approach to procurement must:

- Ensure effective and efficient procurement control and management;
- Deliver a flexible, 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 professionalism and commercial skill in regard to procurement activity;
- Maximise sustainability and embrace collaborative opportunities in all procurement activity;
- Provide opportunities to local and SME's (small to medium enterprises) suppliers to participate by increasing visibility of procurement plans and opportunities;
- Deliver cost savings and efficiencies;
- Monitor and measure procurement performance, promoting continuous improvement;
- Improve stakeholder and supply chain engagement.

### General

For all procurement activity, 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 activity must be assessed and minimised accordingly.

All major procurement activity should be adequately planned and consideration given to the resources required to achieve the appropriate outcome.

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

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 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. Failure to use contracted suppliers and/or existing arrangements can increase transactions costs.

#### Value for money

Procurement procedures should focus on enabling the achievement of value for money in terms of both quality and cost.

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

#### Collaboration

Collaborative working (locally, regionally and nationally) 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. An example where this has worked well is LFRS leading on national procurement exercises for a Rota, Availability and Payroll System, and Purchase of Ladders. Both these Contracts are available for any UK FRS to use. 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 arrangements.

The NW Technical and Procurement Officers Group will continue to consider joint working, aligning Contract expiry dates, consolidating and standardising requirements and leading on regional tender opportunities (e.g. Multi Gas Detectors, Appliance Bay Door Maintenance, Station End Mobilising Equipment).

Current working relationships with LanCon (Lancashire Constabulary) will be developed to ensure that collaborative opportunities are progressed where appropriate. Examples include a review of both LFRS and LanCon Contracts Registers to identify potential collaborative Contracts, alignment of expiry dates of existing arrangements and mutual support and guidance in terms of procurement best practice.

#### 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 processes transactions electronically whenever possible. E-procurement solutions that provide efficiencies will be implemented when appropriate to deliver lower transaction costs, reduce off-contract spend\* and minimise paperwork therefore providing efficiencies and environmental benefits.

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

The Procurement department will ensure guidance, support and training is provided where necessary and will facilitate the procurement process via the e-tendering system.

*\*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 Social Value and Sustainable Procurement Policy supports and underpins the organisation's Safety, Health and Environmental Policy, Environmental Management System detailed in the Environment Service Order and Climate Change and Environment Strategies.

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.

Further information in regard to whole life costings can be found at [Appendix 1](#).

## 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 (where appropriate).

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 and 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. The Authority is committed to acting ethically and with integrity with a zero-tolerance approach and to implementing and maintaining effective systems and controls to ensure that Modern Slavery is not taking place in our supply chain.

### 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 and adherence to the Authority's Procurement Service Order (ADMIN-90), Social Value and Sustainable Procurement Policy and Procurement Strategy is actively encouraged.

### 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 procurement projects.

### Risk Management

Procurement is subject to risk and uncertainty. The risk that procurement outcomes will not match the initial objectives needs to be recognised from the outset and suitable risk management approaches should be utilised. This may involve consultation with various directorates or departments at varying stages of the procurement cycle - see [Appendix 2](#).

Commercial risk to the organisation should be managed effectively through best and robust procurement practice. The procurement department is able to facilitate appropriate management.

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

## Fraud Avoidance

The Authority recognises that when procuring goods, services and/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 with annual audit procedures in place.

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 via the whistleblowing policy contained in Section 23 of the Human Resources Service Order.

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. At times internal customers may be requested to complete satisfaction questionnaires and will always be encouraged to provide feedback (both positive and constructive criticism) 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 and probity are upheld.

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

## Departmental Plans

Procurement plans (strategic and action plans) are in place and updated regularly. A snap shot of the annual plans are provided within this Strategy document for information purposes.



## Appendix 1

LFRS ensures that Procurement projects consider whole life costing taking account of the cost of a product or service over its entire life, from identifying the need through to disposal and/or replacement.

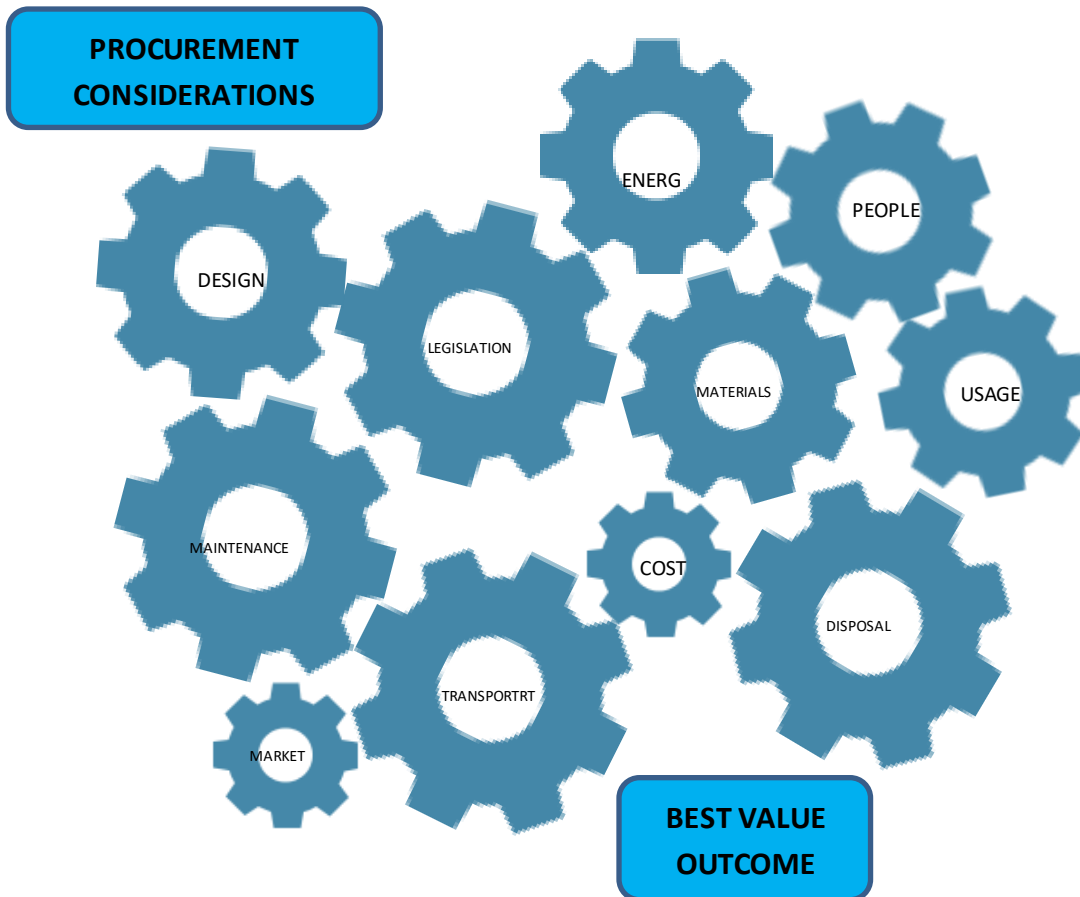
For Goods, this includes the costs of maintaining and operating the product, outright purchase, hire or lease price, the cost of consumables, utilities/energy, training, CO2 emissions and carbon footprint of the manufacturing stage of a product and the cost of disposal at the end of the life of the product.

For Services, costs such as overtime, staff training, travel expenses etc. are considered when evaluating a service contract.

For Works, legislative requirements in regard to construction materials, energy consumption and reduction, environmentally friendly products and local supply chain and ongoing and maintenance costs will be considered.

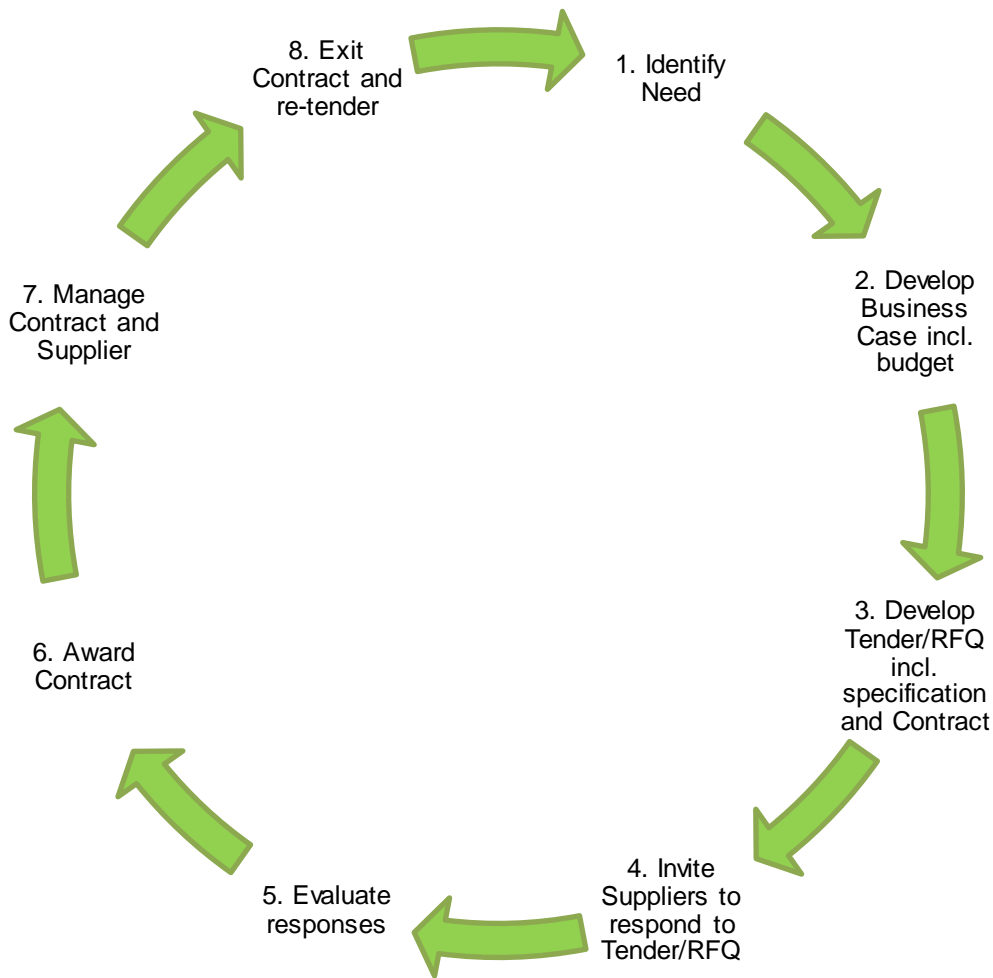
It is important that LFRS fully considers the social, economic and environmental impact in the procurement of Goods, Services and Works and that any requests for information as part of a procurement exercise is relevant and appropriate.

Various procurement documents provide appropriate guidance and advice to ensure that Whole Life Costing is included in all Procurement exercises.



Guidance and advice is available by contacting the Procurement Dept – [procurement@lancsfirerescue.org.uk](mailto:procurement@lancsfirerescue.org.uk) or by accessing information on the Intranet. The following documents provide relevant information: Procurement Strategy, Social Value and Sustainable Procurement Policy, Procurement Service Order, Specification Checklist, SO-ADMIN-90, SO-ENV-00.

## Appendix 2 Procurement Cycle



1. Understanding and defining of the company needs and technical requirements.
2. Internal rules to be followed, confirmation of available budget and authorisation to proceed.
3. Drafting of tender/request for quote documentation including evaluation methodology, specification and draft Contract.
4. Formal invitation to Suppliers to respond to the procurement opportunity.
5. Formal evaluation of all responses including quality and cost (MEAT\*).
6. Formal Contract award to successful supplier(s).
7. Formal Contract and Supplier management for the full term of the Contract including regular Supplier Performance Review.
8. Plan for exit of Contract and re-tender process.

*\*MEAT = most economically advantageous tender taking into account the total cost of ownership to the Authority in regard to quality and cost.*



making Lancashire safer