



**Buckinghamshire & Milton Keynes Fire  
Authority Procurement Strategy**

**2015 - 2020**

## **Contents**

- 1. Executive summary**
- 2. What is procurement?**
- 3. Role and responsibility of the Fire Authority**
- 4. Role and responsibility of the Procurement function**
- 5. Spend categories**
- 6. Proposed CFOA procurement strategy for FRS in England 2015-2018**
- 7. Current arrangements**
- 8. Procurement principles and policies**
- 9. Sustainability**
- 10. E-procurement**
- 11. Social and environmental awareness**

## 1. **Executive summary**

1.1 The procurement of goods and services are required to support the delivery of the Authority's key service priorities and as such contribute to the achievement of the following aims as set out in the Corporate Plan:

- *To provide high quality, value for money, equipment, vehicles and premises supported by safe operating procedures and systems of work, to support the safe and effective delivery of our services.*
- *To continually review our performance, ensuring that our resources are effectively and efficiently deployed to reduce risks to our staff and communities.*
- *To enhance our efficiency by ensuring our assets and operations minimise the impact on the environment.*

1.2 In meeting these aims this strategy document sets out the Authority's general principles in respect of procurement and in light of these principles how procurement activity is to be managed within the Service.

1.3 The aim of this procurement strategy is to set a clear framework for the procurement of goods, works and services within the Authority. The strategy supports the development of a longer term vision of how procurement can help to deliver the Authority's aims and outcomes while working within a value for money framework and standing orders relating to contracts in order to achieve efficiency savings.

1.4 This Procurement Strategy 2015–2020 supersedes all previous strategies.

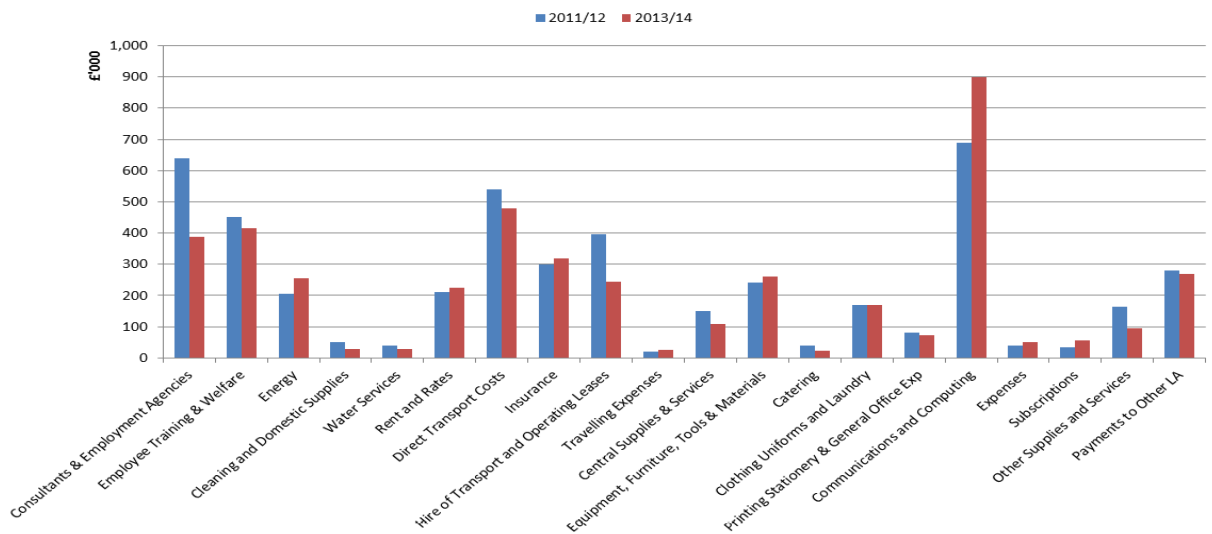
It sets out a five year plan for procurement to achieve the following objectives:

- To provide a clear, corporate vision for the overall direction of procurement across the Authority.
- To promote the benefits of strategic procurement including collaborative working
- To outline the current arrangements for procurement within the Authority.
- To ensure that all procurement carried out by the Authority continues to be based upon the principles of transparency, accountability, continuous improvement, fair competition and in line with current EU Procurement Directives.
- To ensure that where practically possible sustainable procurement issues are considered when making procurement decisions.
- To outline the actions to be taken over the next five years in order to continue to develop the Authority's strategic approach to procurement.
- To ensure that procurement team strategy supports Authority

- priorities as set out in both the Corporate Plan and Public Safety Plan.
- To be cognisant of the current financial position and to contribute to financial objectives as set out in the Authority's Financial Plans.

## 2. What is procurement?

2.1 Procurement is a high value activity within the Authority that has a critical impact on its performance and success. The Authority spent circa £6.9 million in 2013-2014 on goods, works and services and this strategy seeks to raise awareness of procurement as a **strategic** function.



2.2 It is important to define what is meant by procurement so that we understand the scope of the strategy:

*"Procurement is the process of acquiring goods, works or services from a third party. It includes all processes from identifying a need, through contract award, to delivery of a service or disposal of an asset. It should explore the opportunities to collaborate. Good procurement means getting value for money – that is, buying a product that is fit for purpose, taking into account the whole-life cost. A good procurement process should also be delivered efficiently, to limit the time and expense for the parties involved."*

2.3 In the context of a procurement process, "getting value for money" means choosing the bid that offers: *"the optimum combination of whole-life cost and quality (or fitness for purpose) to meet the user's requirement. This should be achieved for each piece of procurement."*

2.4 This is not the lowest initial price option and requires assessing the ongoing revenue/resource costs as well as initial capital investment. The Authority's requirements can include social, environmental, economic and other strategic objectives and is defined at the earliest stages of the

procurement cycle. The criterion of value for money is used at the award stage to select the bid that best meets the requirement.

### **3. Role and responsibility of the Authority**

3.1 The role of the Authority shall be to oversee the development and direction of a procurement strategy in accordance with the following general procurement principles:

- To meet the needs of users
- To provide value for money
- Seek collaborative opportunities with other FRS's where possible
- To be socially and environmentally aware
- To secure continuous improvement
- To comply with procurement law and local regulations.

3.2 In fulfilling this role the Authority shall have the following key responsibilities:

- To determine the Authority's Standing Orders in relation to contracts and financial regulations/instructions
- To scrutinise both procurement processes and outcomes through best value reviews and the design and conduct of large and significant contracting exercises
- To approve a policy led budget
- To approve an annual procurement prospectus
- To monitor the Service's performance in relation to the achievement of the Authority's procurement strategy.

### **4. Role and responsibility of the Procurement function**

4.1 The role of the Procurement function shall be to develop and maintain a coordinated strategic approach to procurement activity across all areas of the Service. There should be no prescriptive policy about where the procurement function for the Authority should lie, what is important is what works best for the Authority at any given time. For the present and foreseeable future it should lie within the Finance and Assets Directorate. The function shall have the following key responsibilities:

- To ensure that strategic procurement objectives and targets are incorporated into devolved buying decisions
- To encourage collaborative working between BMKFRS and RBFRS to reduce cost and introduce standardisation of products and services
- To collate procurement management information across both BMKFRS

and RBFRS

- To identify organisational procurement competencies and training needs and to incorporate these within the strategic planning process
- To act as an internal source of expertise, identifying and disseminating best practice throughout both FRS's and to provide support to internal customers and project stakeholders
- To review and revise the Fire Authority's procurement strategy, standing orders' and policies in light of changed legislative requirements and best practice
- To produce quarterly Procurement Key Performance Indicators (KPI's)
- To publish annually the Fire Authority's procurement prospectus
- To establish the most efficient, streamlined, procurement processes including the use of the In-Tend E-Tendering Procurement System.

## **5. Spend categories**

5.1 The Authority's spend falls mainly into two categories:

1. **Expenditure on capital projects** – one off items or projects which are generally considered by Members on an individual basis. The procedures to follow for this type of expenditure are detailed in the Authority's Standing Orders relating to Contracts.
2. **Purchases funded from revenue** – These goods or services are necessary for the day to day operations of the authority but are not approved by Members on an individual basis. The procedures to follow for these types of purchases are detailed in the Authority's Standing Orders relating to Contracts.

5.2 The Standing Orders relating to Contracts set out the rules by which the Authority makes contracts for the goods, works and services it needs in order to carry out its functions. They are made for the purpose of securing competition and regulating the awarding of contracts in accordance with all relevant European and UK legislation.

5.3 The Standing Orders relating to Contracts are intended to give practical effect to the Authority's Corporate Procurement Strategy.

## **6. Proposed CFOA National Procurement Strategy for the Fire and Rescue Services in 2015-18**

6.1 CFOA have proposed a new National Procurement Strategy for the period 2015-2018 with the proposed strategy currently being discussed with CFO's of all 46 FRS's across the country

6.2 The key aims of that strategy are:

- To create a National Fire Back Office which would serve the needs of all 46 FRS's nationally, creating policy and the ability to make savings for the Fire Sector
- To provide a collaborative approach to the purchase of equipment, training and other key but generic goods and services across all FRS's nationally to drive out savings
- Early identification of requirements for all the sharing of specifications between FRS's to ensure consistency and the removal of duplication of work
- Procurement needs to have a bigger influence at Senior Level within FRS's to assist in the delivery of wider commercial consideration within FRS's
- To encourage and support the Chief Fire Officers' Association (CFOA) National Procurement Board in continuing to promote collaborative procurement, whether through the FRS national procurement body or other routes, with the aim of providing collaborative means for the provision of all fire-sector specific equipment
- To facilitate the development of a better understanding and analysis of expenditure in the FRS to support more effective procurement, and to develop better systems for the regular reporting of the benefits and opportunities presented by collaborative procurement
- To set the conditions that will enable the FRS to respond to and promote the key policy drivers shaping public procurement.

## **7. Current arrangements**

7.1 The procurement of the Authority's goods, works and services is regulated by a number of internal policies and rules which require compliance by all Authority employees. These include:

- Strategic Asset Management Plan
- Standing Orders relating to Contracts
- Financial Regulations and Instructions.

The Strategic Asset Management Plan is a high level document part of which sets out the Authority's equipment objectives as follows:

- All equipment purchases shall be in accordance with the prevailing Procurement Strategy, Financial Regulations, Financial Instructions and contract Standing Order's
- Each fire appliance will at all times carry with it the minimum acceptable level of equipment, fully functional and safe to use
- Safe use of equipment is considered critical and each piece of equipment will be serviced, tested and maintained in accordance with the manufacturer's instructions
- Stores of equipment will be maintained at optimum levels only (*ie by applying "just in time" principles*)
- Immediate replacement will take place in the event of theft, loss, damage or at end of life (fair wear and tear)
- All statutory obligations in respect of issue, testing, servicing, use and maintenance will be upheld
- A record of equipment, including stock, will be maintained to include purchases, issues, losses, serial numbers (or other agreed identification), location and value, in line with prevailing accounting policies
- All equipment shall be stored in a secure environment when on Fire Authority premises
- All equipment shall be kept as secure as is reasonably practical when off Fire Authority premises and accounted for upon return
- All aspects of equipment management will be in accordance with Financial Regulations.

These documents will continue to provide the framework for managing the Authority's procurement activity given that they outline in detail the process for entering and managing contracts. Copies of each of these documents are available on the Authority's intranet/"I Drive".

- 7.2 The BMKFA has introduced a Procurement Shared Service which has been in place since January 2014. It is led by the Head of Procurement and forms part of the Finance & Assets Directorate. The lead Member with responsibility for procurement falls within the purview of the Resources brief.
- 7.3 Whilst the Authority has Procurement Shared Service, procurement for the most part is decentralised, which means that individual service areas are responsible for procuring their own goods, works and services.



The role of the procurement function is to:

- Achieve / contribute to the savings requirement set out in the Medium Term Financial Plan
- Drive the implementation of the Authority's Procurement Strategy at a strategic and operational level
- Provide advice and support to ensure compliance of the Contract Procedure Rules and UK and EU legislation
- Support service areas in the letting of contracts – this may involve giving advice, to drafting documentation to undertaking the complete procurement
- Develop, organise and deliver training to the relevant officers to ensure compliance with the required procedures and processes
- Conduct centralised procurements for specific Authority wide goods and services eg stationery, utilities, telecoms etc
- Monitor the Authority's spend on goods, works and services to identify where corporate arrangements can be developed to improve quality or reduce costs
- Review the Authority's sourcing arrangements for defined goods and services and make recommendations in order to secure good quality, to meet customer needs and achieve value for money
- Develop and maintain guidance for businesses wishing to work with the Authority
- Maintain the Authority's contracts register
- Liaise with other authorities and public bodies through a regular procurement group to maximise opportunities for collaboration
- Work with vendors and suppliers
- Work with internal customers
- Provide efficient and streamlined procurement processes
- Drive down unit cost

7.4 It is important to understand the strategic role of procurement compared with the role of the individual service areas. The following table illustrates the main differences:

| <b>Roles and responsibilities</b>   |   |
|---|---|
| <b>Strategic procurement</b>  | <b>Service area procurement</b>                           |
| Corporate procurement policy and strategy                                   | Establish and manage local contracts                      |
| Tendering for specific requirements   | Requisitioning and ordering                               |
| Provide support and advice  | Goods receipting  |
| Provide training to affected officers to ensure compliance with procedures. | Feedback to corporate procurement function                |
| Establish centralised corporate contracts eg stationery                     | Contract management and performance monitoring            |
| Seek/investigate collaborative opportunities                                | Use of In-Tendering system for quotations and E-Tendering |
| Maintenance of the central contracts register via In-Tend system            | Increased customer engagement                             |

## **8. Procurement principles and policies**

8.1 It is important that the following principles are incorporated into all procurement activity within the Authority:

- **Transparency** - All decisions need to be open and justifiable on clear and relevant criteria. There must be a clear audit trail of how every decision has been reached
- **Accountability** - All those who make procurement decisions will be held accountable for them. This Procurement Strategy together with the Standing Orders relating to Contracts are intended to ensure that those responsible for procurement decisions take them on a clear and consistent basis
- **Affordability** - Where appropriate, decisions will be evaluated using a whole life costing approach to ensure expenditure is forecast for the duration of the contract (see section 8.2.7)
- **Sustainability** -All decisions should meet the needs of the present without compromising the ability of future generations to meet their own needs (see section 9)

- **Continuous improvement** - Where appropriate, contracts other than one off purchases should incorporate specific provisions for improving service performance over the life of the contract, or life of the asset, against both quality and cost criteria which have been established prior to the procurement and used as part of the evaluation
- **Fair competition** - Providing best value means making best use of both internal and external resources where there is more than one supply, therefore by demonstrating that policy and procedures are in place and are followed will produce fair competition, a healthy market and encourage potential providers.

8.2 Procurement within the Authority is to be based upon a number of key policies that influence the way in which procurement must be conducted. These include:

#### 8.2.1 Compliance with the general law and legislation

The Authority must comply with the legal requirements set out in EU and UK law. There are three main principles of European law which must be applied in the course of all procurements conducted by the Authority. These are as follows:

- Equality of treatment – This principle requires that all persons who express an interest in providing the supplies, services or works sought by the Authority, or who are invited to submit a quotation or tender, or who do so, are to be treated in the same manner
- Transparency – This principle requires that candidates invited to provide supplies, services or works sought by the Authority should know in advance what rules are applicable to each stage of the procurement process
- Proportionality – This principle requires that any measures chosen by the Authority should be both necessary and appropriate in the light of the objectives sought.

The Authority must also comply with the requirements of the EU Procurement Directive when procuring goods, works and services where the prospective contract value exceeds a specified financial threshold. The directive specifies mandatory procedural requirements in such cases.

In addition and subject to the above the Authority is obliged to follow the requirements of relevant UK legislation which seeks to ensure that authorities obtain best value through their purchasing practices and procedures.

Finally Authority officers must comply with the Authority's own Standing Orders relating to Contracts and Financial Regulations, which seek to ensure

that its practices and procedures are compliant with the law and recognised good practice and that purchases are not made incorrectly, illegally or fraudulently, and to establish a clear audit trail for all such actions.

#### 8.2.2 *Working with small/local businesses*

Whilst the Authority is prohibited by law from discriminating in favour of local suppliers, it is committed to supporting and encouraging local firms to compete for contracts.

In order to encourage such organisations to compete for contracts, the Authority will:

- Publicise contracting opportunities on its web site
- Give guidance as to its contracting processes
- Keep tender documents as simple to understand as possible
- Set realistic tendering timescales
- Encourage suppliers to adopt "e-procurement systems" (see section 10) that streamline processes, reduce administration time and enable the Authority to make payment to suppliers more speedily.

#### 8.2.3 *Partnering and collaboration*

The Authority will seek to maximise opportunities by working with other Authorities and public bodies where appropriate, through consortia and in joint procurement exercises, in order to widen the scope of its experience, to maximise purchasing power and harness economies of scale.

The Authority has access to and participates in various procurement forums, South East Region Procurement (Fire Service) and CFOA National Procurement Group (Fire Service)

#### 8.2.4 *Key aims and outcomes*

Procurement must be seen in the context of the Authority's key aims and outcomes. This strategy attempts to support a vision of how procurement can help deliver the Authority's aims and values.

The Authority's vision is:

***"To make Buckinghamshire and Milton Keynes the safest areas in England in which to live, work and travel."***

The Authority's key values are:

**Service to the community** – we will serve the community  
by: Working with all groups to reduce risk  
Treating everyone fairly and with respect  
Striving for excellence in all we do  
Being answerable to those we serve.

**People** – by everyone practising and  
promoting: Fairness and respect  
Recognising commitment and the achievement of excellent  
service Honesty and trust  
Opportunities to develop and learn  
Cooperation and inclusive working.

**Diversity** – we value diversity in our service and in the community  
by: Treating everyone fairly and with respect  
Challenging prejudice and discrimination  
Creating opportunities to meet the different needs of people and the  
communities  
Promoting equal opportunities in terms of recruitment, promotion  
and retention.

**Improvement** – we value improvement at all levels of the service by:  
Accepting responsibility for our performance and actions  
Being open-minded and receptive to alternative approaches  
Learning from our experiences  
Supporting others to enable them to achieve their  
goals Encourage innovation and creativity.

#### 8.2.5 *Best value*

In the past, the Authority's approach to *best value* was based upon Government guidance and, in particular, the reviews undertaken by the Audit Commission.

The primary aim of those *best value* reviews was to ensure: "delivery of high quality services that met the needs and aspirations of local people, within the constraints of available resources". Whilst the inspection regime has now gone, those same principles continue to apply.

Achievement of *best value* is now integral to all the Authority's activity and underpins many key strategies such as this one.

It is important that the connection between *best value* and procurement remains interlocked and that the procurement service ensures as far as possible and working with the commissioning service, that *best value* is obtained.

The Authority's approach to *best value* now seeks to challenge the need for existing service provision and to ensure that services meet the needs of users having regard to efficiency, economy and effectiveness. This may involve the merger/reconfiguration of services. The procurement of services is likely to vary from service to service, but may include:

- Termination of service.
- In-house provision.
- Re-negotiation of existing contracts, with improvements.
- Market test all or part of the service.
- Transfer service to another provider
- Commission the service jointly with another provider
- Joint delivery of the service.

#### 8.2.6 *Performance Monitoring*

The extent to which the Authority's Procurement Strategy is successful will be measured by:

- Regular reviews of the progress made against the Capital Programme, Revenue Budgets and the Directorate Plan
- Spend analysis and reporting from the Authority's financial system
- Feedback from stakeholders
- Agreed key performance indicators to be regularly assessed using the Authority's performance management system.

#### 8.2.7 *Whole life costing*

Where appropriate the Authority will invoke whole life costing principles in procurement considerations.

Whole life costing, or life-cycle cost as it is sometimes referred to, is the total cost of ownership over the life of an asset. Costs considered in applying this principle include the financial cost, which is relatively simple to calculate and also typically the environmental and social costs which are of course more difficult to quantify and assign numerical values. Typical areas of expenditure which are included in calculating the whole-life cost include planning, design, construction and acquisition, operations, maintenance, renewal and rehabilitation, depreciation and cost of finance and replacement or disposal.

By incorporating and applying all those factors in any procurement consideration, the resultant whole life cost outcomes should be compared before arriving at a purchase decision.

The application of the principles must, of course, be relevant to the size of purchase and would normally apply to procurement items of major value such as vehicles, property, major refurbishments, major systems etc.

## **9 Sustainability**

9.1 Sustainable procurement has been defined as:

*"Development which meets the needs of the present without compromising the ability of future generations to meet their own needs".*

9.2 The UK Government Sustainable Development Strategy: "Securing the Future" (published in March 2005) has committed the public sector to lead by example in delivering these objectives. Securing the Future established the business led Sustainable Procurement Task Force to bring about a change in public sector procurement practice. The aim is for the UK to be recognised as a leader in sustainable procurement across Europe and the World.

9.3 For this Authority sustainability issues such as fuel efficiency, packaging and carbon footprint will be considered when assessing the whole cost and benefit of any goods or service.

9.4 In relation to consumable goods the corporate procurement function shall regularly identify usage and regularly set and review targets to reduce unnecessary demand and waste.

9.5 All procurement shall be cognisant of the prevailing carbon reduction strategy in place for the Authority.

## **10 E-procurement**

10.1 E-procurement is a collective term for a range of technologies that can be used to automate the internal and external processes associated with strategic sourcing and purchasing.

10.2 The Authority will fully embrace the In-Tend E-Tendering system from 2015 with the system being used to complete quotations and tenders on-line to reduce cost for both the Authority and suppliers.

10.3 The In-Tend system will also allow us to performance manage our contracted suppliers to improve performance and also capture improved actual spend

## **11 Social, environmental and equalities awareness**

11.1 The Authority shall make a judgement about the enquiry and use of social considerations in procurement including the Social Value Act and seek to work with local social enterprises and suppliers where possible (see below) consistent with domestic law, including the duty of best value and the EC legal framework:

- Workforce issues where they relate to the achievement of best value and the delivery of the contract. Here, affected staff and unions are to be involved in the procurement process
- Equal opportunity practices of potential service providers, where it is relevant to the delivery of the service under contract
- The use of local labour clauses in contracts particularly in the interest of wider regeneration objectives; having regard to EU procurement law
- To source locally, where this achieves best value and the delivery of the contract.

### *11.2 Equalities*

The Authority has procedures in place to ensure all contracts are awarded fairly and are consistent with all legal and best practice requirements for public sector procurement.



This page is left intentionally blank