



Procuring and Commissioning for a Fair and Sustainable City

2012/13 – 2015/16

Foreword

As Cabinet Members with responsibility for procurement, we recognise that effective procurement is key to delivering our priorities. We have clear priorities to ensure that our efforts and resources are directed where they need to be, these are:

Working City	creating good quality jobs and helping local people develop the skills to do them
Decent Neighbourhoods	working with local communities to look after each other and the environment
Tackling Inequalities	tackling discrimination and inequalities which prevent people fulfilling their true potential
Fit for Purpose Organisation	a council which leads our city by enabling and empowering others to achieve

This Commissioning and Procurement Plan sets out our direction of travel and provides guidance so that the benefits of the Council's external spending is maximised and so that procurement decisions are considered from a social, economic and environmental perspective, to ensure fairness and a sustainable future for the City.

We aspire to be a Cooperative Council, with a commitment to co produce services with our communities. We are committed to ensuring fairness in every decision we take and we recognise that our procurement decisions have fundamental implications for people who live, work or visit our City and for potential suppliers to the City. This may change what is important to us and the way we do business – this includes what we procure, when we procure it, how we procure and who we procure from.

When reviewing service provision, we will consider alternative delivery models to provide Council services. Over the next 3 years, the Council will become a different kind of local authority. The Council will move to more cooperative models of service delivery, outward rather than inward focused, working more actively with communities to shape services according to different needs. The Council is also committed to finding new ways of delivering services through community led commissioning, with and alongside residents and with a shift in control from Council managers to the people they serve. New models will promote community ownership and control, alongside opportunities for front line staff to lead the delivery of services.

The development of this new Commissioning and Procurement Plan has been progressed in line with the findings from the Newcastle Fairness Commission. The Commission distinguishes four dimensions of fairness: Fair Outcomes (Fair Share); Fair Process (Fair Play); Fair Opportunity (Fair Go); Fair Participation (Fair Say). These principles of fairness and the recommendations made by the Commission have been used in considering whether fairness underpins our procurement approach.

We have a duty to provide value for money and we must continually improve our services in terms of quality, effectiveness and efficiency. Under the duty of best value, we will consider overall value, including economic, environmental and social value when reviewing service provision. We will seek to maximise the additional benefit that can be created by procuring or commissioning goods and services, above and beyond the benefit of merely the goods and services themselves.

This Commissioning and Procurement Plan aims to make clear the differences between procurement, commissioning and grant aid and sets out the approaches to underpin the delivery of our political priorities. It makes clear the commitments we have made which will direct and govern the way we do business.

Through our procurement activities, we will take an active approach to creating the best conditions for a Working City and we will reshape services and use our influence to engage in shaping markets and ensure that procurement opportunities are accessible to all. We will proactively engage suppliers at an early stage and consider the unintended consequences of any procurement decisions before they are made.

We will encourage suppliers to demonstrate their social outcomes, as an integral part of our value for money assessments and we are committed to ensuring fairness is considered in relation to every significant procurement decision made. We will use contract management to ensure that maximum outcomes can be achieved from our contractual relationships and the opportunities for improved outcomes and value for money are not lost.

Newcastle became the first Metropolitan Authority to acquire Fairtrade status in 2003. We remain committed to the principles of Fairtrade which seeks to ensure fairer terms of trade for disadvantaged farmers and workers in developing countries.

We are confident that this Commissioning and Procurement Plan will maximise the benefit of our external spending to support a fair and sustainable future.



**Councillor Hazel Stephenson
Chair of Procurement Committee
Cabinet Member
Customer and Corporate Services**



**Councillor Joyce McCarty
Vice Chair of Procurement
Committee
Deputy Leader of the Council**

1. Purpose of the Commissioning and Procurement Plan

The purpose of the Commissioning and Procurement Plan is to set out the context for procurement in Newcastle City Council, it explains how our procurement activities will underpin the delivery our priorities and makes clear the commitments we have made which will direct and govern the way in which we do business. The Commissioning and Procurement Plan has been developed to ensure that a high quality, effective and consistent approach to procurement is taken across the Council in line with the Newcastle Charter, procurement law and regulation.

The Commissioning and Procurement Plan is for:

Council Members – so they can lead, challenge and monitor the way procurement is carried out in the Council to ensure that procurement decisions are fair and in line with Council priorities;

Corporate Management Team and Senior Managers across the Council – so they can support Council Members in leading, challenging and monitoring the way procurement is carried out in the Council, ensuring that procurement decisions are fair, in line with the Council's priorities and procurement regulation and process;

Corporate Procurement Team – so that they are clear about the Council's overall direction of travel and the procurement policies, processes and toolkits to enable this to happen;

Customers – so through our programme of community involvement they can share their views about how we can best create growth and opportunity in tough times, on our direction of travel for procurement and their desired outcomes from significant procurement opportunities we undertake;

Suppliers – so they are aware of procurement priorities and approach, what is important to us, how we do business and where we advertise our opportunities.

The Corporate Commissioning and Procurement Plan is a key part of our commitment to ensure that we provide accessible and responsive services which are high quality and cost effective. We will ensure that each service obtains the goods and services it needs to operate effectively from the most appropriate and economically advantageous source.

We will deliver against the Corporate Commissioning and Procurement Plan by using and developing the policies, processes and toolkits set out in an Appendix to this document.

We will achieve our procurement priorities, in part, by progressing the activities set out in the Action Plan in Section 11 of this document. The Head of Efficiency & Procurement will review progress against the targets and timescales set out in the Action Plan on a continual basis.

A detailed report is presented to Procurement Committee each year providing an update on progress and outcomes achieved in the previous financial year and setting out the action plan and targets for the year ahead.

2. Procurement Priorities

We have identified what we can do through our procurement activities to support the delivery of our priorities. These are set out below.

Working City

- We will have a straightforward and transparent procurement process
- We will ensure that locally based organisations are 'procurement ready' and have the skills and knowledge to benefit from public sector procurement opportunities
- We will promote the creation of apprenticeships and traineeships through the Council's procurement processes, ensuring that companies awarded large public sector contracts support the development of new skills
- We will proactively engage suppliers wherever we can to consider what might be the unintended consequences of commissioning and / or procurement options before plans are put in place or decisions are made
- We will package our contracts to maximise the local economic and employment benefits for our Working City
- We will support the North East Business Generator, the Council's Enterprising Newcastle Initiative and other Economic Development activity
- We will value and develop our Partnerships with other organisations within in the City and recognise the inward investment they bring
- We will undertake collaborative procurement with the other public sector organisations within the City for the benefit of the City and to achieve improved outcomes as well as value for money

Decent Neighbourhoods

- We will recognise (within the confines of public procurement law) how social value and economic, social and environmental improvements can be made for local communities through our procurement activities
- We will use our influence to engage in market shaping that creates a space for both community and worker cooperatives to be considered and to grow, we will aim to raise awareness of the cooperative model, both outside and inside the organisation
- We are committed to sustainable procurement to achieve value for money on a whole life basis in terms of generating benefits not only to the Council but also to society and the economy, whilst minimising damage to the environment
- We will seek to ensure that decision makers consider the environmental impact of commissioning proposals and cease wherever possible to procure solutions that are environmentally damaging.
- We will apply a simple environmental test to all procurement requests, where appropriate
- We will conduct our procurement processes, so that wherever possible, we can secure community improvements relating to the subject matter of our contracts
- We will work with local communities to look after each other and the environment
- We will work with local suppliers and the voluntary community sector to consider the scope for further improvements to our procurement and commissioning processes
- We are committed to devolving decision making and empowering individuals and communities to contribute and influence services at a level and in a way that suits them. We will support the activities of the Neighbourhood Board with a fair and transparent process to consider any Community Right to Challenge

Tackling Inequalities

- We recognise the '4 principles of fairness' as identified by the Newcastle Fairness Commission Fair Share, Fair Play, Fair Go, Fair Say and we will consider any potential unintended consequences of our procurement activities so that decision makers can ensure that choices are fair and do not further disadvantage the most vulnerable in society
- We are committed to ensuring fairness is considered in relation to every significant procurement decision made and this will be incorporated into the role of Procurement Committee
- We strongly support equal opportunity, equal access and positive outcomes for all sections of the community when procuring goods, works and services
- We will aim to ensure that organisations which provide services on our behalf comply with equality legislation and promote equality, to ensure that people and communities fulfilling their true potential
- We are committed to a Local Living Wage and we will seek to procure goods and services from businesses that have sound and responsible pay policies
- As a Fairtrade City we will use the procurement process to encourage our suppliers to consider Fairtrade products in the knowledge that this can improve the lives of farmers and workers and their communities in developing countries.

Fit for Purpose Organisation

- We will continuously improve the way in which we procure to improve our services in terms of value for money, quality, effectiveness and efficiency
- We will find better, more effective ways to do business within the law
- We will work with large public sector organisations in the City to explore opportunities for potential savings and efficiencies across a wide variety of market places

- We will use information and communications technology to improve accessibility
- We will pursue savings in all of our procurement activities
- We will work in collaboration with other public sector organisations
- We will encourage our suppliers to be innovative and to do more for less
- We will only use external professional services where we are sure a procurement will provide value for money and is the most efficient and effective means of achieving our objectives
- We will ensure that contract management and monitoring is proportionate and relevant to a contract and the outcomes actively inform future decision making

3. Procurement Policy

Commissioning is the process of understanding need, evaluating and review, developing proposed solutions and carrying out consultation, procuring the required services, building and maintaining relationships with providers and monitoring and managing the delivery of commissioned services to ensure quality and safety. This includes contract monitoring and management, comparing service delivery to contractual requirements, and challenging where standards are not met. Commissioning is a cyclical and iterative process where service users, carers and providers can be involved in assessing need, highlighting gaps and designing future services as a step towards coproduction.

Procurement is the commercial and technical process of buying goods, works and services covering acquisition from both third parties and in house providers, within the law. Procurement activity is based on a commercial and holistic approach and through category management considers the what, why and how of procurement, not just from whom you are purchasing and takes a strong 'cross council view' of related spend areas so that a category sourcing strategy can be developed based on a good understanding of the market and suppliers. Procurement is one of the options that commissioners can use.

Procurement and Commissioning are different to **Grant Funding**. The Newcastle Fund is an important part of the Council's relationship between the Council and the Voluntary and Community Sector (VCS). Grant Aid is where a proposal for a service or community capacity comes from the VCS itself; it provides the opportunity for local innovation and support for organisations whose objective is to support the needs of a community. Grant aid is a flexible form of funding that Commissioners may use, as an alternative to formal procurement, and where appropriate is considered as part of the commissioning cycle.

Commissioning and procurement activity is important because the approach we undertake can help to deliver Council priorities and the procurement process we use should be able to meet our needs for goods, services and works in a way that achieves value for money, on a whole life basis, in terms of not only generating benefits for the Council, but also for society and the economy, whilst minimising the damage to the environment.

This Policy sets out the approach that we take to delivering our priorities and achieving value for money across our services. This may be through indirect competition (benchmarking) or direct competition (a procurement exercise) or alternative delivery models and it sets out the conditions under which the Council is committed to using in house services or works.

The Council's Corporate Plan and Budget for 2016 will challenge the way in which services are currently provided and find new ways to do things better in line with the Council's priorities, to improve outcomes and to do things more cost effectively:

The challenge will influence commissioning decisions and may require procurement activities which will then be undertaken in line with the approaches set out in this Commissioning and Procurement Plan and supporting guidance.

Best Value and Social Value

The Council has a duty to deliver best value and is expected to take all reasonable steps to ensure that the quality and cost of services properly reflect what local people want; that the efficiency and quality of services continually improve over time; and that in setting targets for service improvement they aspire to reach the standards of the best.

Under the Duty of Best Value, we will consider overall value, including economic, environmental and social value, when reviewing service provision. Social value is about seeking to maximise the additional benefit that can be created by procuring or commissioning goods and services, above and beyond the benefit of merely the goods and services themselves.

To achieve the right balance, we have a Duty to Consult those who use or are likely to use the services we provide and anyone who has an interest in the way in which we carry out our functions; this includes local voluntary and community organisations and small businesses. We are committed to consulting wherever appropriate and possible throughout the commissioning and procurement cycle, including when considering the decommissioning of services.

We recognise within the confines of public procurement law how economic, social and environmental improvements can be made for local communities through our procurement activities and how in conducting our procurement processes we can secure improvements related to the subject matter of our contracts.

We are committed to planning our procurement activities in such a way that social value is recognised and that this is considered in relation to the scope, specification, evaluation criteria, performance measures and essentially the opportunity being offered through our contracts.

In undertaking our procurement activities, we will ensure that all potential suppliers are treated equally and fairly and that any contract award decision is made based on whichever organisation best delivers our requirements.

The performance and competitiveness of our services will be assessed in a number of ways.

Benchmarking – we will use Benchmarking to support the assessment of different functions by reference to other bodies including acknowledged ‘best practice’ and beacon authorities and private and voluntary sector providers. Where services are provided in-house and the difference between their performance and national best practice is such that best practice can be achieved within a reasonable timescale, the services will, with support and encouragement, develop a Service Improvement Plan (SIP) to achieve equivalent levels of performance, or better.

Through Direct Competition (Procurement Exercise) - where a SIP is not appropriate or where a service has developed a SIP but this has not been implemented so as to achieve the required standards of performance and service delivery, we will, having regard to current performance and suitability, undertake a procurement exercise seeking the best possible service provision. Such a procurement exercise may or may not involve an in-house bid.

Contracts will be awarded to the provider offering the most economically advantageous balance of quality and cost within the context of the Council's policy objectives.

Alternative Delivery Models - when reviewing service provision, we will consider alternative delivery models to provide Council services. Over the next 3 years, the Council will become a different kind of local authority. The Council will move to more cooperative models of service delivery, outward rather than inward focused, working more actively with communities to shape services according to different needs. The Council is also committed to finding new ways of delivering services through community led commissioning, with and alongside residents and with a shift in control from Council managers to the people they serve. New models will promote community ownership and control, alongside opportunities for front line staff to lead the delivery of services.

A Cooperative Council

We aspire to be a Cooperative Council where some services are delivered in cooperation with communities, as close as possible to their needs and aspirations, and with the maximum degree of community ownership. Our commitment to be a Co-operative Council will help to inform our choices about priorities and how services can be delivered into the future. We want to encourage a wider range of delivery models which we can tailor to the specific needs of our communities; this includes new ways of passing ownership and control to residents, to employees and to service-users.

We will use our influence to engage in 'market shaping' that creates a space for both community and worker co-operatives to be considered and to grow. We are committed to mutual models of service delivery, where the ownership moves from the Council itself, to ownership with roots in the community. This will involve challenging assumptions and the ways in which we provide services when new developments and procurement options are being considered. Where possible, we will include an emphasis on non-financial factors alongside value for money assessment and we will aim to raise awareness of the co-operative model, both outside and inside the organisation.

Values and principles drawn from co-operative experience will provide guidance for staff development and working relationships with the public, and develop a positive organisational culture.

Where services continue to be directly managed by the Council, we aim to a greater differentiation of services between different communities, based on their different needs and aspirations, greater involvement of democratic representatives at ward level, and a much greater opportunity for individuals and communities to influence service delivery.

We are committed to promoting and supporting the co-operative sector and cooperative enterprises.

Living Wage

From November 2012 the Council will start to pay a local Living Wage of £7.20 to its lowest paid employees (this does not include Apprentices). A Living Wage is an hourly rate, set independently every year and is calculated according to the cost of living to give the minimum pay rate required for a worker to provide their family with the essentials of life. The local Living Wage however is not just about Council staff; the Council is committed to encouraging employers to at least explore what a Living Wage could mean for them.

We are also committed to embedding a local Living Wage across our supply chain. We will promote a voluntary approach through our commissioning and procurement opportunities and ensure that potential suppliers are clear what our priorities are. We will request information in relation to our local Living Wage as part of our procurement process. Where appropriate we will seek to change our future contract requirements, this will be done with the aim of widening social outcomes and making the payment of a Living Wage genuinely achievable.

Localism and Community Right to Challenge

We are committed to devolving decision making and empowering individuals and communities to contribute and influence services at a level and in a way that suits them. We will use our influence to engage in market shaping that creates space for both community and worker cooperatives to be considered and to grow. We are committed to mutual models of service delivery, where the ownership moves from the Council itself to ownership with roots in the community. This will involve challenging assumptions and the ways in which we provide services when new developments and procurement options are being considered. Where possible, we will include emphasis on non financial factors alongside value for money assessment and we will aim to raise awareness of the cooperative model, both outside and inside the organisation.

The Neighbourhood Committee and Project Board work on an ongoing basis to enhance community engagement activity in Council decision making - we will support ongoing neighbourhood activities with a fair and transparent process to consider any Community Right to Challenge.

We recognise the importance of the Community Right to Challenge. The Localism Act 2011 gives our communities the right to 'challenge' the way we run local authority services. Relevant bodies (as defined in the Localism Act 2011) such as parish councils and local authority employees have the right to express an interest in taking over the running of a local authority service. The Localism Act allows a relevant authority to specify the period during which it will consider expressions of interest.

Our Policy is that we will only accept an 'expression of interest' within the designated window we have published - this is the 3 month period commencing on 1st April and ending on 30th June each year.

An 'Expression of Interest' under the Localism Act must be made in writing and submitted to the Council's Chief Executive.

Guidance on how to do this is contained within the Appendices to the Corporate Commissioning and Procurement Plan.

Equality and Diversity

We recognise the '4 principles of fairness' as identified by the Newcastle Fairness Commission and we will consider any potential unintended consequences of our procurement decisions. We are committed to ensuring that all of our procurement practices support our Equality Policy and enable us to meet our duties under equality and anti discrimination legislation. All contracts we award will be non discriminatory and promote equality. As part of our commitment we will continually review and improve our procurement processes to ensure there is a consistent approach to equality within all contracts and procurement activity across the Council.

We require all of our contractors to share our commitment to equality. We will ensure that we include an equality clause in standard documentation on all major contracts for services and works to ensure that our contractors comply with the relevant equality legislation and codes of practice and to provide evidence that they are working to promote equality. We will include an equality clause in the terms and conditions used for goods and related contracts. We will ask questions in all pre qualification assessments which will enable us to assess the arrangements of all potential contractors to ensure they comply with relevant equality and anti discrimination legislation. We will clearly outline our commitment to equality of opportunity and our expectations of tenderers in the requirements for our contracts and we will include specific equality requirements in our evaluation criteria and contracts.

We will provide advice, guidance, support and training to our contractors and potential contractors so that they can improve their performance and the performance of those they work with in relation to equality.

Guidance on Equality and Diversity in procurement is contained within the Appendices to the Corporate Commissioning and Procurement Plan.

Safeguarding Children and Vulnerable Adults

We are committed to safeguarding children and vulnerable adults and preventing any abuse in line with legislative and local policy requirements. We will take every step possible to ensure that our contractual activity is consistent with these requirements and we have legal duty to safeguard children and vulnerable adults when carrying out our functions. These duties still apply to us when we ask someone else to carry out a function on our behalf.

Our aim is to ensure that that public money is not spent on practices that lead to abuse or unsafe situations, but instead our activities are used to promote the health, welfare and development of children, vulnerable adults and the wider public.

For every procurement we undertake, we will consider safeguarding at each stage of the process in a proportionate and relevant manner.

Guidance on Safeguarding Children and Vulnerable Adults is contained within the Appendices to the Corporate Commissioning and Procurement Plan.

Collaborative Procurement and Innovation

Category Management is being embedded into the Council's procurement activity and is a commercial technique to address areas of external expenditure at the appropriate level, to maximise buying power and ensure that all related procurement activity is addressed by a common plan. Fundamental to this is the ongoing analysis of the Council's external third party supplier spend and identification of contract opportunities.

We are using this information to work with large public sector organisations in the City to explore opportunities for potential savings and efficiencies across a wide variety of market places. We recognise the importance of collaborative working as a way of delivering more efficient ways of working; more cost effective ways of working; and new and better models of service delivery. A number of partnerships already exist within the Council and we are committed to challenging and improving these whilst also exploring new opportunities with other local authorities, public sector bodies, private and voluntary sector organisations and with central government. We are part of a purchasing consortium, the North East Procurement Organisation (NEPO) which sets contracts for collaborative purchases on behalf of the 12 local authorities in the North East. We operate in collaboration as part of the 'Hub and Spoke' arrangement.

Guidance on Collaborative Procurement and Category Management is contained within the Appendices to the Corporate Commissioning and Procurement Plan.

In House Services and Works

Our Procurement Policy is that where **Services** are provided in house and where Services of that type are required for a particular project or purpose, then provided that there is capability, competence and capacity to provide those services in-house; they represent good value for money and there is no other project specific reason why those services should be provided externally or through alternative delivery models, we are committed to providing those services with in-house resources.

For all **Works** with a value up to £4.3 million the in house provider must be invited to negotiate for all works. The in house provider is expected to deliver high quality outcomes that represent value for money and this will be managed as part of the corporate procurement process. Value for money will be tested by comparing rates with other similar works contracts such as the Your Homes Newcastle (YHN) Repairs and Maintenance and DDA Contracts.

Any works valued over £4.3 million or works that cannot be undertaken by the in house organisation will be procured following the Council's Procurement Procedure Rules.

Guidance on In House Services and Works is contained within the Appendices to the Corporate Procurement Commissioning and Plan.

Use of External Professional Services (Consultants and Professional Hired Services)

We are clear that external professional services will only be used when necessary and in accordance with our Financial Regulations. Specific approval is required by Portfolio Members or Procurement Committee where the value of spend requires this.

Our procurement approvals and reporting arrangements incorporate both consultants and the providers of hired professional services, in effect the procurement of all external professional services.

We are committed to ensuring that where external professional services have to be procured, this will only happen if we are sure the procurement will provide value for money and is the most efficient and effective means of achieving the Council's objectives.

Guidance on use of External Professional Services is contained within the Appendix.

Negotiated Procurement

We are clear that negotiated procurement should only happen in exceptional circumstances and where negotiation is felt to be in the best interests of the Council. It means that competitive quotations or tenders are not sought therefore all negotiated procurement over £5,000 must be supported by the Corporate Procurement Team. Our Procurement Procedure Rules require that a report is presented to each meeting of Procurement Committee detailing every contract over £5,000 which has been awarded via the negotiated route.

Guidance on using the Negotiated Procurement route should be obtained from the Head of Efficiency & Procurement or the Chief Legal Officer.

4. Fairness

We are committed to providing value for money services for the people of Newcastle and where there are no alternative proposals which might secure greater community ownership and involvement; we recognise that a skilled and competitive workforce is a vital component of our ability to respond to the rapidly changing public sector environment.

We recognise that some of our procurement activity may result in a change in the way services are supplied and that this could result in staff transferring to another employer in line with Government policy. In these instances, we are committed to ensuring that staff are treated fairly and that any negative impact is minimised at all stages of a procurement process by proper and systematic consultation and applying all aspects of the Code of Practice on Workforce Matters in Local Authority Service Contracts.

4a. Employment

We recognise fair employment as an integral part of any procurement, at appropriate points in any process a full range of options from use of council staff through secondment to full-scale transfer will be fully explored. We also recognise that procurement may result in the transfer of staff or impact on terms and conditions of employment and have the potential to become a source of uncertainty and anxiety for staff. Although this can not be eliminated entirely we will seek to minimise the negative impact of the procurement process by proper and systematic consultation, which should minimise unexpected decisions.

We will consider applying all aspects of the government's Code of Practice on Workforce Matters in Local Authority Service Contracts, the Code sets out policies for workforce matters and a framework for the treatment of staff involved in transfers. We are committed to an improved framework which comprises of:

- Direct involvement of appropriate elected members in the procurement process.
- Transparent and timely discussions with all staff potentially affected by procurement proposals and decisions; trade union representatives will be made aware of such proposals at an early date.
- Evaluation criteria including employment issues, staff management issues, equalities and health & safety relevant to the delivery of the contract. The equalities criteria will cover equality in service delivery as well as employment practices. This will apply to the pre-qualification process as well as to short listed bidders.
- Any external service providers will be expected to participate in the training of the unemployed and school leavers to assist in meeting the Council's social policy obligations.
- Involvement of staff group representatives in discussions with short listed bidders and reasonable access to appropriate documentation related to the bid subject to necessary restrictions for commercial confidentiality.
- Trade union representatives having the opportunity to put forward written comments for evaluation, which will be taken into account in the evaluation process.
- We will retain full and final responsibility for the final selection of the preferred bidder, which will take into account all the evaluation criteria for assessing quality and best value.

- Evidence-based reasons for the final selection will be presented to trade union representatives.

Detailed arrangements for each of the above principles will differ for individual procurements however will be made clear to staff during the procurement process.

We will where appropriate, seek commitment from potential partners to terms in addition to the protection offered by TUPE. These are:

- A commitment that the service provider will not operate a two-tier workforce.
- A commitment to annual local government pay awards.
- A commitment to seek admitted body status to the Local Government Pension Scheme.
- A commitment to equalities, health and safety, work-life balance and whistle blowing policies.
- A commitment to staff training and development.
- A commitment to maintaining trade union recognition for transferred and new staff who must have equal opportunity to join a recognised trade union.
- No restrictions on staff promotion.
- A commitment to trade union facility time.
- A requirement to provide a facility for the deduction of trade union subscriptions.

The level and commitment will be assessed for impact on value for money and core outcomes. The evaluation of bids and proposals will include:

- an assessment of the contractors' ability to recruit and retain an adequately skilled and experienced staff; and
- proposed implementation of equalities and diversity policies and practices for service users and staff;
- the contractor's commitment and ability to implement the Code of Practice on Workforce Matters which will be a condition of contract.

During the procurement process we will provide appropriate information to staff and trade unions at all stages of the procurement process and establish an agreed consultation process.

We will ensure that contract management includes arrangements to monitor how the contractor implements the human resource and TUPE requirements after transfer.

4b. Staff Engagement

We are committed to consulting with staff and trade union representatives in considering procurement options at an early stage. Discussions will be transparent and timely with all staff potentially affected by any procurement.

A comprehensive risk assessment will be a key feature of the formulation of any procurement proposal. As part of this process, any procurement where there is the potential that staff may be transferred may consider the exclusion of the workforce from the services to be procured. This consideration will depend to some extent on the nature of the service in question. It will depend on the business case and the materiality of the workforce in the overall service.

Staff group representatives will be included in discussions with short listed bidders and have reasonable access to appropriate documentation. Trade Union representatives will be given the opportunity to put forward written comments for evaluation which will be taken into account in terms of moderation by the evaluation and decision making body.

Guidelines will govern these processes to ensure that the Council, staff and external organisations have their interests protected.

4c. User and Community Engagement

Many decisions taken by the Council are influenced by our Lets Talk Newcastle programme of community involvement and consultation – this includes some significant procurement decisions. We are committed to ensuring fairness in every decision we take and we consider the impact of our procurement decisions on equality and service provision as part of the procurement process.

We are committed to ensuring that user and community engagement is undertaken so that the purpose and process is clear and that communities are involved, where this is appropriate and at the earliest opportunity. Commissioning is a cyclical and iterative process where service users, carers and providers can be involved in assessing need, highlighting gaps and designing future services as a step towards coproduction. Depending on the nature of a procurement exercise, there may be an opportunity for users and / or community representatives to be engaged in a community panel, this may include giving views on:

- the performance of an existing contract;
- the future service need for a new contract;
- the required performance standards, targets and other key aspects of service delivery;
- the equalities and social, economic and environmental sustainability requirements to be included in a contract;
- the contract monitoring arrangements;
- the evaluation criteria and methodology.
- supplier presentations and submissions

We aspire to be a Cooperative Council, with a commitment to co produce services with our communities.

4d. Supplier Engagement

We recognise our role in driving local economic growth and prosperity and that through our procurement arrangements; we can open up opportunities for smaller organisations, including social enterprise and voluntary and community sector organisations, and how opportunities for jobs and skills training and business opportunities can be generated through larger contracts.

When awarding contracts for works, supplies or services, we must comply with the requirements of public procurement law (as set out in EU directives and in the Public Contracts Regulations 2006). In very broad terms, this means that as a public authority we must act fairly and transparently when awarding contract, we recognise the importance of doing this and we are committed to ensuring fairness is embedded within our procurement policy and processes.

All potential suppliers are important to us and we will always ensure that:

- the process of tendering for work is fair and transparent
- suppliers are clear where and when we will advertise our procurement opportunities
- lead in times are as long as possible
- we give clear and concise instructions
- we respond to questions in a timely manner
- we use standardised and simplified procurement documentation
- we structure our procurement opportunities appropriately
- we aggregate contracts only where the economic benefit can be shown
- we give clear specifications, evaluation criteria and weightings
- the requirements for risk assessment are proportional and relevant to the value and nature of a contract
- we give timely and constructive feedback to those that bid who are unsuccessful
- we support suppliers so that they can improve
- we proactively engage suppliers wherever we can to consider what might be the unintended consequences of commissioning and / or procurement options before plans are put in place or decisions are made
- we analyse our spending by business size to understand what is spent in the City and in the North East region

Voluntary and Community Sector - we recognise we have a strong Voluntary and Community Sector within the City and that VCS organisations have an important role in helping the Council achieve its objectives, also that the Council can fulfil a positive role in supporting the work of VCS organisations. VCS organisations, as independent, not-for-profit organisations, bring distinctive value to Newcastle and fulfil a role distinct from that of statutory agencies and the private sector. We are committed to working with the VCS and ensuring that relationships work well. Where appropriate we will engage the VCS at the earliest possible opportunity to seek their views in relation to our Commissioning decisions, we will support the sector to become 'procurement ready' and we will develop in partnership a 'Model for Engagement'.

Risk Assessment

For any procured contract, risk assessment is important because it ensures that the Council's minimum standards in relation to a number of competencies are met. The requirements for a risk assessment depend on whether we are procuring goods, works or services, the financial value of the contract and the views of our lead technical expert.

We recognise the work required by potential suppliers to complete a Pre Qualification Questionnaire (PQQ) or Contractor Evaluation Questionnaire (CEQ) so where possible risk requirements have been reduced and will be regularly reviewed.

Risk Assessment requirements are set out in the Appendix.

Quick Quotes

We have a 'Quick Quotes' module, as part of our Electronic Tendering Portal and we are using this to create more opportunities for local suppliers. For Goods and now Works between £5,000 and £50,000, we will seek a minimum of 3 quotations through this route, 2 of which are being sought from a Newcastle or North East based supplier.

5. Sustainable Procurement

We are committed to sustainable procurement by ensuring that social, economic and environmental issues are considered during all stages of a procurement process and as part of the whole life cost of a contract. We will achieve this by ensuring that sustainability considerations are embedded within our procurement processes and by promoting good practices with those with whom we do business.

We are committed to improving community well-being, in both the local and regional economies by encouraging local purchasing of goods and services, increasing opportunities for black and minority ethnic enterprises and creating local employment and training opportunities.

We are committed to planning our procurement activities in such a way that social value is recognised and that this is considered in relation to the scope, specification, evaluation criteria, performance measures and essentially the opportunity being offered through our contracts.

We will seek to make the embodied CO₂ emissions and Ecological Footprint of our procurement activities and those of our suppliers a key consideration when making procurement decisions through the use of the Government's Sustainable Procurement Taskforce 'Flexible Framework' which sets out expectations of an organisation on 5 levels. As part of this, we will benchmark our spend and use the results to produce targeted procurement policies to reduce the impacts of our emissions and footprint in key areas. This underlines the Council's leadership role in environmental improvement by increasing market demand for improvements in the wider supplier chain. We will work with suppliers where appropriate, to ensure they understand our aspirations and ensure they have a similar commitment.

Our Animal Cruelty Free Food Procurement policy outlines our commitment to ensure that the Council's current food contracts positively adhere to the Five Freedoms Assessment. The Corporate Procurement Team will ensure that appropriate assurance schemes are incorporated into future food contracts as a workable way of ensuring animal welfare throughout the supply chain.

The Council already has a Sustainable Timber Procurement Policy, it is our policy that all timber and wood-derived products should be purchased from independently verifiable legal and sustainable sources and consideration is given to each relevant procurement exercise. We have made a pledge to further improve our timber purchasing by signing up to the WWF 'Gold' Timber Pledge and the Forest Stewardship Council (FSC) Certification.

6. Leadership and Governance

We have established governance arrangements to provide leadership and clear direction to all of our procurement activities.

Corporate Plan and Budget

The Corporate Plan sets out the Council's priorities and the action the Council will take to work towards the priorities. The Corporate Plan for 2013/14 to 2015/16 is currently being developed by Cabinet and Corporate Management Team. In December we will publish our budget proposals for consultation together with a full Equality Impact and Needs Assessment on every proposal. Commissioning decisions and procurement activities resulting from budget proposals will be undertaken in line with this Commissioning and Procurement Plan.

Procurement Committee

The Procurement Committee is a committee of Cabinet and therefore subject to the same rules and procedures as Cabinet itself, this includes the Forward Plan, access to information, scrutiny and audit. Procurement Committee has full delegated power for the development and implementation of this plan and governance of major procurement projects. The responsibilities of Procurement Committee are set out in the Appendix to this document. They are also set out within the Newcastle Charter which includes the Financial Regulations.

Elected Members

There are 78 councillors on Newcastle City Council. Three councillors are elected to represent each of the 26 wards. Councillors decide the Council's overall policies and set the budget each year. The Council appoints a Leader and Executive. A code of practice governs Member/Officer relations.

Council Business Model

The Council's business model sets out the way in which business is governed, decisions are made and day to day delivery of services is undertaken. The Council is split into a number of directorates and led by a Chief Executive. Certain officers have power to make decisions on behalf of the Council. A business model sets out the way in which Corporate Management Team (CMT) led by the Chief Executive manages the business of the Council.

Programme Board

The delivery of procurement projects and action plans are monitored through programme board arrangements, including the Corporate Management Team Programme Board.

Head of Efficiency & Procurement

Is responsible for ensuring the effective delivery of the Corporate Procurement function, leading and delivering the Council's procurement and efficiency programmes to meet the Council's future objectives and priorities, developing and maintaining regional approaches to maximise procurement opportunities, realising potential efficiency savings and supporting the local economy.

Corporate Procurement Team

The Head of Efficiency & Procurement has responsibility for the Corporate Procurement Team who fulfils the important procurement 'gatekeeping' role.

Head of Major Programmes and Projects

The Head of Programmes & Major Projects is responsible for providing commercial guidance and support to directorates, through the various stages of major project delivery, from inception, scoping, structure and development through to delivery of the Council's major projects.

Category Management and Spend Analysis

The Council uses Category management as a commercial approach to procurement that delivers improved value by challenging what the Council buys (demand) and how it is bought (supply). Spend is analysed on a regular basis together with the Council's corporate contract register and directorate procurement programmes, items are grouped into categories to reflect organisational needs based on how the goods, services or works are purchased or consumed and strategic approach to procurement is planned based market conditions.

7. Procurement Regulation and Process

Procurement activity is governed by a number of legislative and regulatory sources and these are set out in detail in the Appendix to this document.

Procurement Committee, through the Council's Chief Legal Officer will seek assurance that any commissioning decision and procurement process is legally sound prior to any significant decision being taken.

The Council's Financial Regulations are subject to an annual review to ensure they are fit for purpose and appropriate to the Council's business requirements. The Rules apply and should be followed for:

- the purchase of goods, materials and related services (that is, services which are integral to the provision of those goods or materials, such as installation, servicing, maintenance etc);
- the execution of works;
- or the provision of other services (including External Professional Services).

The Procurement Procedure Rules are part of the Council's Financial Regulation 8 and failure to comply with them amounts to a breach of financial regulations.

Officers of the Council in undertaking any procurement of goods, materials, works or services must always have regard to and seek to implement the following general principles:

- the need to ensure the Council and its citizens obtain good value for money and are properly protected as consumers of the goods, works or services;

- the need to ensure and demonstrate true and fair competition, without unlawful discrimination;
- the need to ensure the procurement process is transparent and accountable and susceptible to full audit;
- the need to ensure the elimination of any opportunities for fraud or corruption.

8. Delivery and Performance

Our overarching actions are reviewed and delivered as part of the Council's Corporate Plan and Budget, our Service Plan and the Corporate Procurement Action Plan.

We recognise that effective procurement is key to delivering our priorities and that this Commissioning and Procurement Plan provides a mechanism to maximise the economic, social and environmental benefit of our external spending to support a fair and sustainable future. We recognise that we have a duty to provide value for money and we must continually improve our services in terms of quality, effectiveness and efficiency.

Through our process of benefits management we will ensure that the potential benefits anticipated from procurement activities are actually achieved (or realised). This can be cashable benefits which are quantifiable and measurable or non-cashable and value added benefits which are delivered but cannot easily be expressed in monetary or resource terms. Our focus will not just be on financial benefits, one of our priorities is to recognise how economic, social and environmental improvements can be made for local communities and to support our commitment to this we will ensure that the positive impact of our procurement activity is understood and valued.

Integral to benefits realisation is Category Management, a commercial approach that is being embedded into the Council's procurement activity so that our Procurement Programme is iteratively informed by a planned cycle of spend analysis and opportunity identification to inform collaborative working between procurers and commissioners.

Benefits management is being embedded into our procurement activities and is considered before procurement begins, throughout the procurement process and during contract implementation and contract management.

A summary of achievements is reported to the Council's Procurement Committee on an annual basis. The Corporate Procurement Action Plan is set out in Section 11.

9. Toolkits

We have developed a range of toolkits to support the delivery of a high quality, effective and consistent approach to procurement across the Council, which is in line with the Newcastle Charter, procurement law and regulation.

Toolkits set out in the Appendices to this document.

10. Contacting Us

Please contact us if you have any questions or comments about our Corporate Commissioning and Procurement Plan:

Members

Councillor Hazel Stephenson Cabinet Member for Customer and Corporate Services and
Chair of Procurement Committee

Councillor Joyce McCarty Deputy Leader and
Vice Chair of Procurement Committee

Officers

Christine Herriot Head of Efficiency & Procurement

Write to:

Corporate Procurement Team, Corporate Services, Room 308, Civic Centre, Newcastle upon Tyne, NE99 2BN

Telephone: 0191 232 8520

Email to: christine.herriot@newcastle.gov.uk
corporate.procurement.team@newcastle.gov.uk

Website: www.newcastle.gov.uk

A guide to how to do business with the Council can be found at:

<http://www.newcastle.gov.uk/business/tenders-and-contracts/how-do-business-council>

Contracts can be viewed by visiting our electronic tendering web site:

<http://www.nepoportal.org>.

This link will take you directly to the North East Procurement Organisation Portal where all 12 local authorities in the North East advertise procurement opportunities.

11. Action Plan

Corporate Priority	Required Outcome	Actions	Anticipated Completion Date
A Working City	Ensure that locally based organisations are 'procurement ready'	Develop a partnership model of working for Commissioning and Procurement in collaboration with the Voluntary and Community Sector	March 2013
		Development of the Council's Corporate Contract Register to produce a Contract Programme of potential procurement opportunities and ensure this is made visible to smaller organisations within the City	March 2013
		Provide a programme of procurement support for local suppliers, providers and the VCS in relation to one off activities and through Enterprising Newcastle	March 2013
	Straightforward and transparent processes	Development of 'Quick Quotes' to incorporate low risk works and services procurements where risk assessments are minimised or not required	December 2012
Decent Neighbourhoods	Improved Sustainability	Raise awareness of the cooperative model, both inside and outside the organisation, we will use our influence to engage in market shaping that creates a space for both community and worker cooperatives to be considered and to grow.	March 2013
		Increase our understanding of the carbon and ecological footprints associated with our procurement activity (as a precursor to developing policies to reduce them) through a comprehensive spend analysis known as Triple Bottom Line 2 (TBL2).	December 2012
		Develop a simple environmental test and where appropriate apply this to procurement requests. Where significant procurement decisions are being made, this will be reported to Procurement Committee through a revised report template.	December 2012
		Develop performance Indicators, where appropriate for contract monitoring the sustainability impact of high priority contract.	December 2012
		Rewrite the Sustainable Procurement Task Force Flexible Framework in collaboration with our regional partners; create supporting toolkits containing examples of best practice and carry out staff training for procurement staff.	March 2013
		Commission a Peer Review of our sustainable procurement activity, to be undertaken by another local authority and accredited by a national government representative from the Sustainable Procurement Task Force.	January 2013
		Develop a sustainable procurement e-Learning package and launch this through the Council's electronic Active Learning Programme for managers.	May 2013
		Support ongoing Neighbourhood Board activities by developing a fair and transparent process to facilitate consideration of any Community Right to Challenge under the Localism Act.	March 2013

Corporate Priority	Required Outcome	Actions	Anticipated Completion Date
Tackling Inequalities	Test of Fairness	Introduce new template for Procurement Committee to include a test of fairness for every significant procurement decision made.	March 2013
		Embed equality considerations into contracts so that our services are procured to ensure they are focused on customer needs. Services should be accessible to all and have no detrimental impact.	March 2013
	Implementation of a Living Wage	Encourage suppliers to implement a Living Wage; we will incorporate relevant questions in relation to the Living Wage as part of our Pre Qualification Questionnaire (PQQ) or Contractor Evaluation Questionnaire (CEQ).	March 2013
		Undertake a survey of our existing suppliers to establish our baseline position in relation to our supply chain and the Living Wage.	March 2013
	Safeguarding	Embedding of a prioritisation methodology for safeguarding of vulnerable adults and children through pre procurement checks so that safeguarding issues are considered for relevant contracts	December 2012
Fit for Purpose Council	Delivery of Efficiency and Value for Money	Deliver £1,509 million pounds of cashable efficiency savings, £800,000 of value added benefits and £90,000 of additional income, to support the Council's budget position by introducing strategic category management and strategic supplier relationship management across all major areas of spend.	March 2013
		Scope out opportunities for potential cashable procurement savings for 2013/14 to 2015/16.	December 2012
	Improved Business Electronically	Mobilise business cases and projects that have been agreed, to take forward e-procurement: Procurement Cards, POPS and XML.	March 2013
		Explore the potential opportunity for accelerated payments to suppliers and resulting benefits for the Council. To initiate a procurement exercise if this is suitable, feasible and acceptable.	March 2013
		Lead the procurement of a new Strategic Analysis Tool for NE regional council's on behalf of the North East Procurement Organisation (NEPO)	January 2013
		Deliver training on new Pro Contract modules to support regional development and carry out Corporate Contract Management Training.	March 2013
	Effective Governance and Democratic Accountability	Report to Procurement Committee the status of progress and achievements against the Procurement Action Plan for 2012/13.	March 2013
	Effective Standards & Controls	Revise Financial Regulation 8 and the Procurement Procedure Rules to strengthen the contract management process. Carry out adhoc training and develop on line training tools for staff.	March 2013
		Flag business critical contracts on the Contract Register identified by service areas and ensure that adequate business continuity arrangements are established in conjunction with client officers.	March 2013

Corporate Priority	Required Outcome	Actions	Anticipated Completion Date
		Launch a refreshed process for contract management across the Council. Identify and prioritise contract management requirements and display the frequency of engagement on the Contract Register.	March 2013
	Improved Performance Management	Undertake annual benchmarking with regional and national procurement organisations. Demonstrate the improvements to satisfaction levels in relation to the Corporate Procurement Team.	March 2013
		Ensure key performance indicators, Equality and Sustainability considerations for each contract are recorded within the contract management step on the NEPO Portal.	March 2013