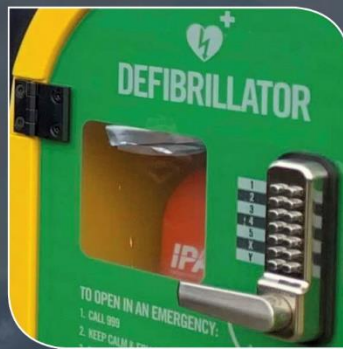


Tyne and Wear Fire and Rescue Service

Creating the Safest Community



Procurement Policy 2021 - 2024

Contents

| | Page |
|---------------------------------|------|
| 1 Foreword | 1 |
| 2 Introduction | 2 |
| 3 Background | 3 |
| 4 Procurement in TWFRS | 5 |
| 5 Our Objectives | 6 |
| 6 Our Priorities | 8 |
| 7 Our Commitments | 9 |
| 8 Procurement in Practice | 11 |
| 9 Summary | 13 |
| 10 Appendix A – Priorities Plan | 14 |

1. Foreword

Welcome to Tyne and Wear Fire and Rescue Service's Procurement Policy

We recognise that effective procurement is key to delivering our priorities and that this Procurement Policy provides a mechanism to maximise the economic, social and environmental benefit of our external spending to support a fair and sustainable future. In order to deliver our ambitious agenda to save life, reduce risk, provide humanitarian services and protect the environment in the current economic climate we need to ensure we are achieving the best possible value for money, and we must continually improve our services in terms of quality, effectiveness and efficiency.



Christopher Lowther
Chief Fire Officer and Chief
Executive
Tyne and Wear Fire
& Rescue Service

2. Introduction

- 2.1 The purpose of this policy is to define the role of procurement in the delivery of the Service's strategic objectives. The aim of the policy is to set a clear framework for procurement throughout the Service. The policy will also document clear links between our procurement activity, regional and national guidance, professional standards, and best practice.
- 2.2 Effective and efficient procurement is vital to the cost effective delivery of our organisation's core services. It is integral to delivering commercially advantageous and innovative solutions essential for meeting our objectives and driving continuous improvement. Procurement supports the Service's strategic goal "To deliver a modern, effective service, ensuring value for money with staff who reflect the communities we serve".
- 2.3 We recognise the importance of procurement to our core business and the strategic impact of procurement decisions. Furthermore good procurement is essential to achieving the actions and objectives set out within our Integrated Risk Management Plan (IRMP). Good procurement delivers fit for purpose solutions that meet stakeholder requirements whilst achieving value for money.
- 2.4 The term "procurement" has a far broader meaning than that of buying or purchasing in that it includes the basic "make or buy" decision (i.e. whether to make, or employ direct staff to provide services, or to buy from an external provider) and spans the whole life of an asset or contract including end of life management.
- 2.5 The policy sets out our vision for procurement from 2021 to 2024, the direction we intend to take in this period and the principles we will follow. It will be subject to an annual review process undertaken by the Procurement Team in the Financial Services Department which will ensure the content remains appropriate for our organisation and the environment in which we operate.

3. Background

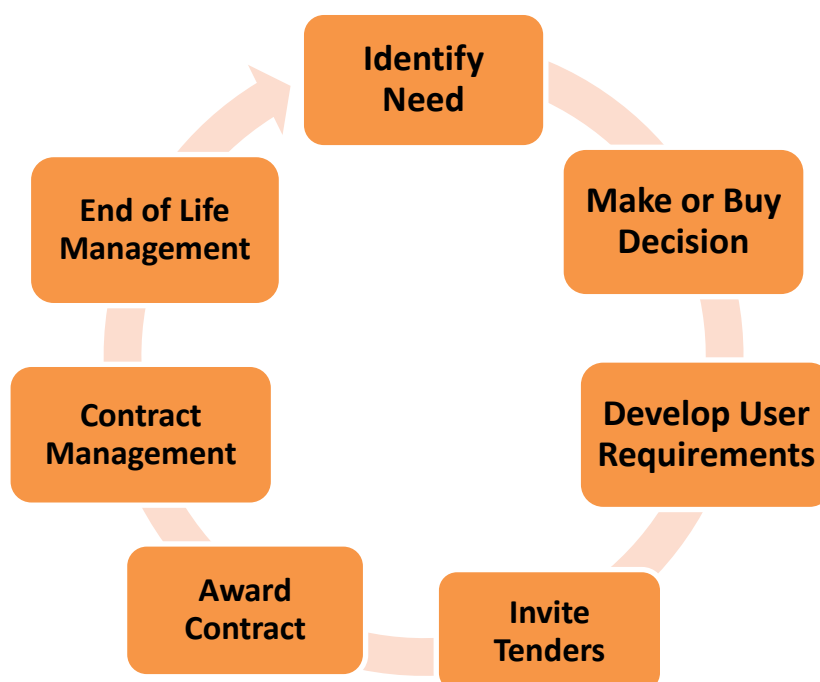
- 3.1 In recent years we have achieved fantastic success in our prevention activities, reducing the number of fires. We have modernised our capability with the introduction of new staffing models and the adoption of innovative technology to improve our service. We need to continue to maintain our capacity to respond to local risks and underpin national resilience when tragedies occur. Driving value for money in our procurement activities is essential to achieve this.
- 3.2 From 2010/11 to 2019/20 TWFRS suffered significant cuts to its budget from national government. Although the Chancellor has indicated that the period of Austerity is now over, this was before the coronavirus pandemic struck, we will continue to deliver an important service to the people of Tyne and Wear in an efficient and professional manner whilst managing our ongoing budgetary pressures which will become clearer once we know the impact on our resources of the Comprehensive Spending Review 2020 in the autumn.
- 3.3 Achieving best value for public services and driving economic growth are both fundamental objectives set by the Government in tackling the current economic climate. Public sector procurement is uniquely placed to contribute to both objectives. The Government has identified improved procurement as having an important role to play in delivering its economic policy. As such the current economic climate introduces an opportunity for the role of procurement to operate at a strategic level delivering an important contribution to our Service.
- 3.4 As a public sector body we are subject to Regulations on Public Sector Procurement. These regulations are introduced into law by the UK Public Contract Regulations (PCRs). We are bound by this legislation of which the founding principles are fairness, non-bias, and transparency. We are also required, as commissioners of public services, to consider how our services benefit people living in the local community under the Public Services (Social Value) Act.
- 3.5 We set out our standards for contracts and purchasing arrangements in our own internal Standing Orders and Financial Regulations. These provide the framework for the financial administration of the Service, with a view to ensuring that the Authority's financial affairs are conducted in a sound and proper manner, constitute value for money, and minimise the risk of legal challenge to the Service. All of our activities must be carried out in accordance with this framework.
- 3.6 Procurement within the Fire and Rescue Service is structured with both national and regional groups. These groups facilitate collaborative procurement, share best practice and embark on procurement related projects. Our Service works

with the support of the National Fire Chiefs Council (NFCC), National Procurement Groups and the North East Procurement Organisation (NEPO). We have strong links which support effective communication and information sharing. FRS specific procurement in the main is at its most effective when undertaken nationally. Tyne and Wear Fire and Rescue Service (TWFRS) support the use of a national fire service specific purchasing body working in collaboration with FRS's.

- 3.7 Collaboration and partnerships with other emergency services has been an increasing focus of Government policy in recent years and we are making procurement collaboration a fundamental aspect of this policy. In particular we work to explore the business case for further shared procurement where these present value for money. We will be an active participant in initiatives flowing from the NFCC. We will also support a joint approach to evaluating products procured to reduce duplication, facilitate the sharing of knowledge, and make procurement more efficient.
- 3.8 The Service is an Associate Member of the North East Purchasing Organisation (NEPO) and works in partnership with NEPO and other purchasing bodies to meet their procurement requirements.

4. Procurement in Tyne and Wear Fire and Rescue Service

- 4.1 We procure a wide range of goods, services and works from third parties required for the delivery of our services. This can range from provision of stationery and cleaning materials to specialist operational equipment and fire appliances. The nature of our business makes it vital that we ensure the right products are in the right place at the right time.
- 4.2 We work closely with our internal colleagues, partner organisations and suppliers to deliver a strategic and professional service that meets the needs of all our stakeholders. This enables us to control our third party spend and provides us with important management information critical to making informed procurement decisions. We develop an annual procurement project plan, in conjunction with our stakeholders, to schedule our procurement activity throughout the year. This enables us to plan our resources whilst retaining capacity to deal with emerging issues.
- 4.3 We approach our relationships with our suppliers as a partnership. Our suppliers, and our own procurement decisions and processes, are critical in supporting us to undertake our role as an emergency service. Therefore our procurement processes include the following main steps:-



5. Our Objectives

- 5.1 We define and measure good procurement against delivery of the five main objectives detailed below. These objectives are at the forefront of our processes and decisions and provide direction to procurement within our organisation.

Objective 1 - Achieve Value for Money

Central to our procurement is securing value for money. This involves securing the optimum balance between all factors important to the commodity we are procuring, including cost, quality and delivery. We participate in both regional and national procurement exercises to identify any opportunities to enhance our practices. We also enter into collaboration agreements wherever practicable and beneficial. We will continue to explore the business case for greater shared procurement with other emergency services.

Objective 2 – Procure Fit for Purpose Solutions.

The success of our centralised procurement section relies on strong and effective communication channels. Undertaking procurement within a framework which supports robust scoping and consultation with stakeholders, in particular commodity end users form a strong basis for procuring fit for purpose solutions. Our procurement processes are designed to allow a high degree of stakeholder consultation.

Objective 3 – Ensure Legislative Compliance.

Public sector procurement is governed by Directives on procurement brought into UK law by the Public Contract Regulations. The main principle of this legislation is to ensure procurement is undertaken in a fair, open and transparent manner. Ensuring that we undertake our procurement processes in accordance with this legislation is mandatory.

Objective 4 – Work in support of the wider agenda.

Intelligent procurement is about more than achieving the best deal for our organisation. The Public Services (Social Value) Act requires commissioners of public services to consider how their services benefit people living in the local community. We use our position as a procurer to positively contribute to various government and organisational agendas and secure wider social, economic and environmental benefits. We invest resources in structuring our procurement processes at the outset in a

manner to deliver optimum direct and indirect benefits for our area or stakeholders.

Objective 5 – Promote Professional Standards.

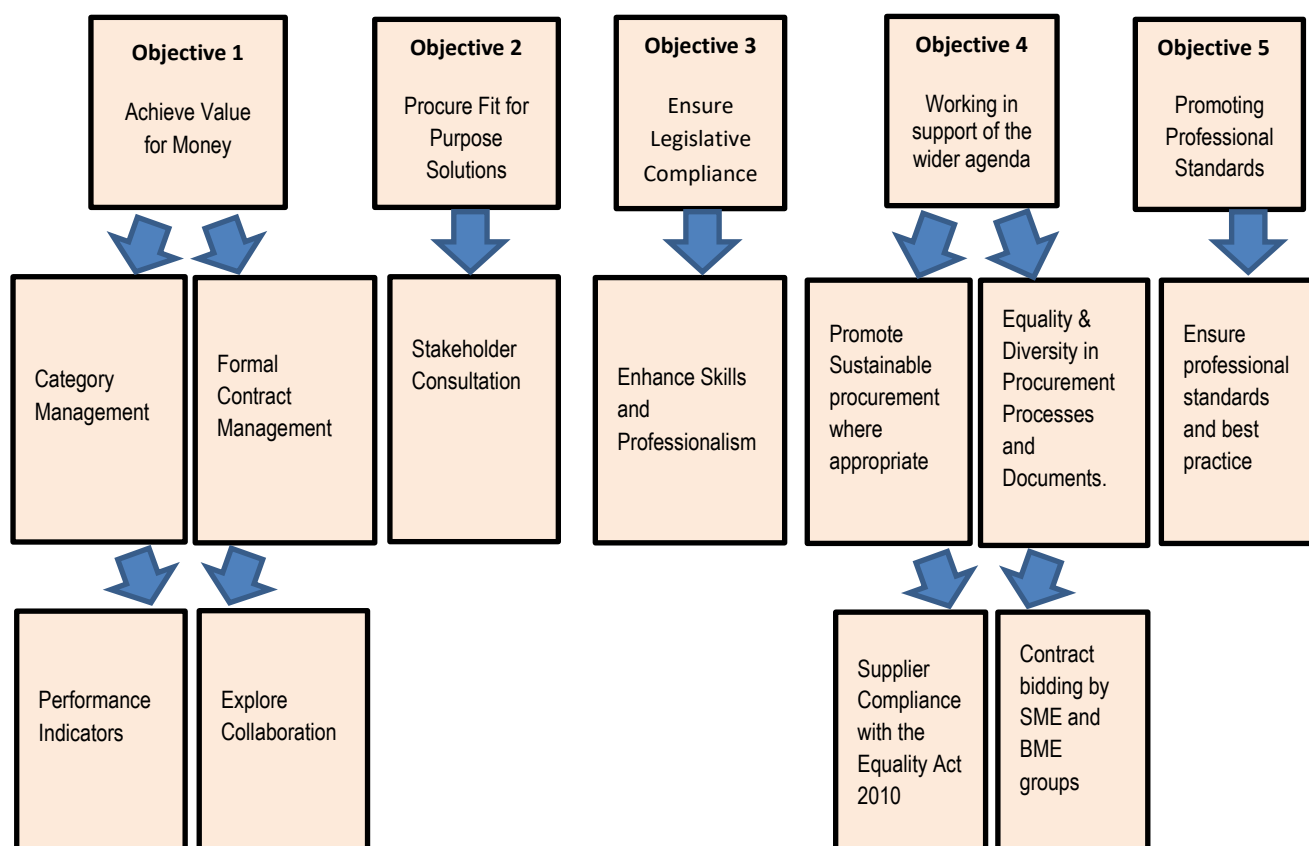
Our procurement activity is founded on professional standards. The principle of integrity, fairness, and transparency is central to everything we do. Our organisation's procurement processes and decisions support and follow the Chartered Institute of Purchasing and Supply (CIPS) code of ethics. We invest significant resource in continuous professional development of our procurement professionals. This ensures we have competent individuals with strong commercial awareness undertaking our procurement processes. To further promote and evidence our standards in July 2020 we achieved corporate ethical procurement and supply status and appear on the CIPS corporate register.

- 5.2 Appendix A documents our Priorities Plan which is based around achieving and improving within these five main objectives.

6. Our Priorities

6.1 Our priorities are key in ensuring we can achieve our objectives within finite resources. The factors considered in determining our priorities include the benefit in terms of achieving organisational objectives, identified gaps in delivery, and stakeholder consultation.

6.2 The diagram below details the current priority development areas which will allow us to ensure we provide an effective and efficient centralised procurement service.



6.3 Measurement of performance against the objectives in this policy will be undertaken as part of an annual review process. This review process will challenge our current priorities, identify any emerging priorities and review our progress in achieving our objectives.

6.4 Appendix A documents our Priorities.

7. Our Commitments

- 7.1 As a public sector procurer we recognise the wider role we have in achieving positive outcomes for communities. We have an equally important responsibility to drive improvements in standards. When spending public sector resources with third parties we have the ability to champion improvement in standards and performance from those in our supply chain.

Sustainability

Procurement plays a vital role in furthering sustainable development. Sustainable procurement involves procuring goods, services and works while giving consideration to environmental, economic and social factors and implications. Our approach to sustainable procurement ensures that we identify these factors and their implications, and take action accordingly. Procurement contributes to the Service's Environment Strategy. Appendix A – Priorities Plan, details further work the Service is undertaking in this area.

Equality and Diversity

This policy and our Equality activities work together to support the objectives of one another. TWFRS recognise good procurement compliments and supports our commitment to equality. Our equality principles are embedded within our procurement processes. We further this commitment through careful consideration of our user requirements, educated supplier selection and proactively delivering training and guidance to our suppliers. The Service has published a policy on equality within procurement titled "Embedding Equality and Diversity Principles within our Procurement Processes and Decisions". Furthermore, the Equality Policy contains a number of procurement related objectives which are also detailed within Appendix A – Priorities Plan.

Economic Growth

Our spending with suppliers affords us an opportunity to support economic growth, particularly local economic growth. We do this by removing any barriers facing local Small and Medium Enterprises (SMEs) and the Third Sector in working with us. Procurement documentation ensures any interested parties are able to complete ensuring a level playing field. We have published a guide on how to do business with our Service and hold/attend events to meet with local SMEs and the Third Sector.

Transparency

We publish any expenditure with third parties above the value of £500 on a monthly basis to support the Government's transparency agenda. This information can be found in our internet pages. The Service publishes future contracting opportunities to prepare potential tenderers for future contracting opportunities. Where possible we advertise our procurement processes widely to encourage supplier participation and increase competition.

Social Value

The Public Services (Social Value) Act 2012 was enacted early 2013. The Act places a requirement on procurers to consider the economic, environmental and social benefits of their approaches to procurement before the process starts. Our approach to sustainable procurement supports us in meeting this legislation and where appropriate our procurement process will seek to drive social value.

Business Continuity

We are reliant upon a range of critical goods, services, equipment etc. provided by the market place, via selected suppliers, without which the Service would be unable to deliver its core activities. This reliance upon our suppliers introduces the Service to supply chain vulnerability. Our Business Continuity processes are aligned to ISO 22301. This requires us to have robust plans in place to address any risks associated with our critical suppliers which includes testing of our business continuity plans. Further information is included within our policy "Business Continuity Management Critical Suppliers".

Collaboration and Value for Money

With an increasing demand for some of our services, coupled with the current and expected restrictions on funding, collaboration may provide opportunities to truly innovate and save money.

We are continually striving to work in partnership with other Emergency Services regionally and nationally to obtain value for money by purchasing goods commonly used by each service to obtain cost reductions using economies of scale as a lever.

8. Procurement in Practice

- 8.1 We award contracts based on the most economically advantageous tender (MEAT) principle. This aids us in procuring fit for purpose solutions that meet the requirements of our stakeholders.
- 8.2 Collaboration is one of the most effective tools available to the public sector procurer. Harnessing the Government's spending power to influence the market place and achieve economies of scale is central to public sector procurement. As a relatively small organisation, particularly in terms of third party spend, we seek to achieve economies of scale by supporting agreements awarded by other Purchasing Bodies e.g. Regional and National Frameworks. Other areas of collaboration include sharing services and resources with partners, use of national procurements e.g. PPE contract. Collaboration is one of a number of tools available to a public sector procurer. It is important to know when it is appropriate to collaborate. We approach this decision by looking at the commodity we wish to procure and researching the market place. The objective of achieving value for money is at the forefront of determining the most appropriate route to the market.
- 8.3 Over recent years many Local Authorities have introduced a category management approach to their procurement activities. Category management is the process of managing your spend on a commodity or area basis (such as Fleet, Property, ICT and Telecoms etc.) and aligning it to the supply market. This process allows competition and commercial intelligence to be applied to secure value for money by developing strategies for each category of spend. The Service continues to apply a proportionate approach to category management within our procurement. This commitment is also supported within our Priorities Plan (Appendix A).
- 8.4 All procurement processes of a significant value or risk will be managed using proven risk management and project management principles.
- 8.5 In order to assist procurement professionals to secure value for money it is important that an effective infrastructure of systems is in place to provide management information, intelligence and a means to communicate with the market place. The Service has advanced e-procurement systems in place to achieve this. All procurement processes are facilitated electronically through the Bluelight e-tendering system and any tender or request for quotation above £20,000 is also advertised on Contracts Finder. This makes the opportunity accessible to a larger market and will help in our drive to achieve value for money in all procurements undertaken by the Service. All purchase orders are generated and released electronically through our financial management system SAP.

- 8.6 The Service appreciates the benefits that effective contract management can achieve. The Service recognises this as an area for improvement and as such has included an action to support this improvement within Appendix A. In addition, Supplier Relationship Management is an effective tool in securing optimum benefits from agreements and contracts. Furthermore, effective Supplier Relationship Management can instigate technical and commercial innovations. The Service therefore has plans in place to review their commodity portfolio using category management techniques / methodology and develop appropriate relationship strategies with their suppliers. This will enable the adoption of a longer term partnership approach to managing our strategic suppliers.
- 8.7 Stakeholder consultation is critical to ensuring we meet our objective of procuring fit for purpose solutions. The Service recognises that the expert knowledge of the goods, services and works we procure lies with both the suppliers in the market place and our own commissioners and end users. We endeavour to consult with the market place and our own commissioners and end users throughout our procurement processes.
- 8.8 Our purchasing activities are carried out in compliance with our standing orders and financial regulations. These form the foundations of proper financial controls and ensure that we not only comply with legislation, but also that our financial affairs are carried out in a proper manner and provide value for money.
- 8.9 The Service operates within a formal purchase to pay business process used to raise purchase orders to suppliers, goods receipt purchase orders and pay suppliers invoices. The process ensures we comply with our standing orders and financial regulations, meet our audit obligations and protect against fraud. The process incorporates SAP, our financial management system. The Service has also introduced Government Procurement Cards to reduce transactional business process costs.

9. Summary

- 9.1 The Procurement Policy 2021-24 documents the values and principles we adopt when undertaking our procurement activity. These values are cascaded down through the organisation from the strong leadership provided by our Senior Officers and Elected Members. Our organisation recognises the important contribution procurement can make in securing value for money and meeting the ongoing financial challenges faced by Public Sector organisations.
- 9.2 This document promotes some of the excellent work we have completed in developing a professional procurement function. It also recognises and identifies the additional work yet to be done. Specific actions to achieve this work are included within Appendix A.
- 9.3 The Procurement Policy has been informed by the Organisational Development, Community Safety and Medium Term Financial Strategies published by Tyne and Wear Fire and Rescue Service.
- 9.4 The ethos behind this document is continuous improvement. We intend to refine our procurement processes and adopt innovative ways to procure our solutions in the future to best serve our organisation.

Appendix A – Priorities Plan

| Priorities | Success Criteria |
|--|--|
| Provide training to ensure our procurement professionals maintain a detailed knowledge of procurement regulations. Invest in the development of staff to ensure professional standards are upheld and best practice adopted | Deliver appropriate training to procurement professionals. Professional standards are upheld and best practice adopted in all procurement activity. |
| Undertake a spend analysis and implement a category management approach. | Implement category management principles into our approach to procurement. |
| Explore the most appropriate procurement vehicle (including collaboration) to achieve value for money | Reduction in spend across a range of procurement aspects |
| Explore the potential to share procurement activities across Emergency Services | Increase in shared working, knowledge and outcomes |
| Monitor and adjust as required a range of procurement related performance indicators | Maintain or better targets set in procurement performance indicators |
| Ensure consideration is given to stakeholder consultation early within a procurement process and specifications reflect the stakeholders needs without eliminating competition in the market | Improve the specifications sent to tender. |
| Include Sustainable Procurement where ever applicable. | All tenders to include sustainability if applicable. |
| Incorporate social value criteria into procurement processes and documentation | Ensure appropriate social value considerations are included in procurement exercises |
| Provide suppliers with guidance on completing tender documentation to encourage competition and remove barriers. | Provide guidance and support to increase competition. |
| Minimise and remove any potential barriers to Small and Medium Enterprises (SMEs) and Black and Minority Ethnic (BME) groups in bidding for our contracts. Breakdown large contracts into lots to encourage SMEs and BMEs to bid for work. | Continue to refine our approach to supporting SMEs and BMEs. Evidence the breakdown of large contracts into Lots so as to encourage bids from SMEs and BMEs. |
| Continue to review/share/incorporate ethical standards | CIPS Corporate Ethical register and individual assessments and awards. |