

Procurement strategy 2025–2028

1. Introduction and aims

1.1 All public procurement is governed by a legal and regulatory regime of responsibilities promoting economic competition, transparency, equal treatment, and non-discrimination. It should, where relevant, have regard for the national procurement priority outcomes currently under review by the Cabinet Office and due to inform procurement statute. All procurements should seek to remove barriers to participation encountered by Small and Medium Sized Enterprises and consider the benefits of lotting.

1.2 This Procurement Strategy aims to deliver these responsibilities by continuing to provide a clear framework for procurement across the organisation whilst also promoting and supporting the council's own Strategic Plan priorities to help realise its vision for the islands. There is also alignment between our strategic priorities and national procurement priority outcomes.

1.3 This strategy applies to all council expenditure on goods, services, works and utilities or the award of a concession. It will meet the necessary National Procurement Strategy aims to:

- Show leadership in procurement,
- Behave commercially and;
- Achieve community benefits.

Compliance with this strategy will support our duty to deliver best value for money; particularly where new service delivery models and efficiencies are required.

1.4 All procurement activity must comply with council Financial Regulations, Standing Orders, and relevant and applicable legislation including the Public Contract Regulations 2015 and Procurement Act 2023 and the Procurement Regulations 2024.

1.5 The impact of procurement is far greater than a simple definition of a process. The principles set out in this strategy illustrate the positive effect that compliant and efficient procurement makes to the community we serve, considering the socio-economic issues such as equality and diversity, local economy, community benefit and reducing environmental impacts.

2. Stakeholders – who is this strategy for?

- **Elected Members** To understand the priorities and arrangements for procuring goods, services and works. In performing their roles effectively councillors benefit from good procurement and commercial knowledge.
- **Chief Executive, s151 Officer** Sponsor for maintaining good governance, and sound risk and project management routines in procurement.
- **Management Team** To ensure procurement and commercial decisions are aligned to corporate and service strategies.
- **Heads of Service and Officers** (*the 'buyers'*) Implementing the strategy; particularly when delivering major procurement exercises. Complying with regulations and procurement policy guidance (i.e. relating to community benefit, sustainability etc.).
- **Council Partners** Providing guidance and support when procuring on behalf of the Council.
- **The public and external organisations** To understand how the council spends public money.

2.1 We recognise the strategic importance of procurement and will effectively promote and engage with all stakeholders on procurement and commercial issues and priorities, working collaboratively across the organisation, and with stakeholders inc. external partners, on procurement decisions and projects.

3. Background

3.1 We use a variety of contracts, from simple purchase orders to long term partnership agreements, and call off contracts from purchasing frameworks.

3.2 This strategy builds on previous procurement strategies and plans that have established best practice principles into the organisation through the introduction of:

- Central procurement capacity supporting service delivery teams
- Efficient and cost-effective procurement using framework agreements
- Developing appropriate tender specification and evaluation models to procure responsibly (sustainability, social value etc)
- Maintenance of standardised tender and contract documentation, terms and conditions, procedures and guidance

3.3 Proportional actions to address sustainability and social value should be considered and acted upon relative to the requirement and scope of individual procurement or tender exercises.

4. The focus and aim of council procurement

4.1 Our focus and aims are to use procurement to deliver consistently good quality, cost effective services that meet customer and organisational needs.

4.2 We will do this using a matrix approach to service delivery across the Council; complying with all appropriate legislation and best practices, and by strengthening organisational procurement skills and capacity.

5. Contribution to strategic objectives and policy

5.1 This strategy has a key role in helping deliver the council's vision and strategic objectives around:

- **PEOPLE** creating flourishing, healthy and confident communities
- **PLACES** making the Islands a place of choice
- **PROSPERITY** promoting transformational economic change

- **PERFORMANCE** ensuring a continuous focus on improvement in all aspects of council performance

5.2 Compliance with strategy actions set out here will help contribute. They will also demonstrate application of the National Procurement Strategy 2025 (NPS) aims:

- **Leadership** recognise and promote procurement, work collaboratively, engage with suppliers and marketplace, simplify procedures and access, remain updated on policy and legislation, and ensure compliance
- **Behaving commercially** using e-procurement and project and risk management routines, maintain contracts register, publish transparency data, apply cost effective controls, engage proactively with the marketplace and stakeholders
- **Achieving community benefits** Remove barriers for SMEs and voluntary sectors, minimise environmental impacts, champion innovation, balance and maximise delivery of social and environmental factors and benefits

5.3 Compliance will also help support the NPS priority outcomes of:

- **Tackling climate change and reducing waste**
- **Helping create new businesses, new jobs, and new skills**
- **Improving supplier diversity, innovation, and resilience**

5.4 And finally demonstrate compliance where required with:

- **Procurement Act 2023, Procurement Regulations 2024**
- **Subsidy Control Act 2022**
- **Public Contract Regulations 2015**
- **Public Services (Social Value) Act 2012**
- **Equality Act 2010**
- **Fraud Act 2006**

6. Delivering value for money (VFM)

6.1 Procurement activity should focus on enabling the achievement of VFM in terms of both quality and cost. Whole life costing methodologies should be used when appropriate i.e., the consideration of the life cycle cost associated with any purchase. VFM is not about simply minimising upfront prices, it is getting the maximum value for every pound spent. Under the Procurement Act 2023 commissioning decisions will be based upon the Most Advantageous Tender (MAT) rather than the Most Economically Advantageous Tender. Thus allowing purchasing decisions to be made on social value principles rather than letting price become the key determinate.

This is how:

Core Principles for VFM and efficiency – fundamental to how we procure

- Ensure procurement opportunities align with council strategic objectives and vision – think how procurement will best achieve that.
- Maintain consistent approaches and processes to how we procure.
- Undertake early market engagement where appropriate and commensurate with the identified requirement.
- Use collaboration and economies of scale to secure favourable pricing/ fees
- Develop outcome based tender specifications – specify the outcome NOT the solution.
- Seek out innovation (new ways of doing things) in how outcomes are delivered – challenge suppliers to be innovative.
- Consider contract performance standards and penalties where appropriate – hold suppliers to account.
- Consider open book accounting/ profit share in larger contracts i.e. service outsourcing or strategic delivery partnerships.

- Take suppliers previous performance into account and use selection questionnaires (where able) – see PPN 04/15 and 08/16. Evaluate references.
- Use model terms and conditions of contract.
- Maintain good contract management/ dialogue/ feedback with suppliers to bring about flexibilities in service delivery and budget reductions.
- Monitor contract expenditure and volumes etc. and identify savings and efficiency opportunities.
- Engage proactively with strategic partners to improve performance, reduce costs, manage, and mitigate risks, create innovation, and exploit commercial opportunities including income generation.

7. Governance and ethics statement

7.1 In all aspects of procurement, we will act with integrity. Our procurement activity must comply with The Procurement Act 2023 and their Regulations 2024. These 'rules' are incorporated into the Contract Procedure Rules and Financial Regulations.

7.2 We ensure that no one individual can authorise all stages of a purchase order or procurement exercise. The authority to raise orders and to tender for contracts is governed by Financial Regulations. Purchasing parameters are implemented through controls in the Oracle purchasing system. Audit records are kept of all transactions.

7.3 Officer probity and code of conduct requirements are set out in Financial Regulations. The Contract Procedure Rules and Procurement Act 2023 set out the appropriate contract value 'thresholds' above which specific steps and tasks are mandated. For example; all tender opportunities valued equal to or greater than £30,000 (inclusive of VAT) must be advertised on the Governments' Central Digital Platform (CDP) with the appropriate statutory notices.

7.4 The Central Digital Platform, must be used to advertise contracts valued above the public procurement thresholds for supplies, services and works. When calculating the estimated contract value, to determine whether the regulations apply,

the estimate should be inclusive of VAT and take into account the total cost of the procurement.

7.5 Typically, the greater the procurement complexity, cost and risk, and the more important a project/ programme will be, then the more robust and rigorous a process is required to successfully plan, tender for and manage it.

7.6 The Council's procurement processes promote fair and transparent competition, minimise exposure to fraud and collusion by effectively managing commercial risk. It must also consider the UK Subsidy Control rules where appropriate to ensure economic advantage is not conferred on one or more enterprises.

7.7 Good procurement governance is also supported by building and maintaining capacity. It is essential that officers involved in purchasing and procurement have the skills required to deliver their responsibilities effectively.

7.8 Ethical procurement is about promoting activities that result in economic, social, and environmental benefits for our communities and society as a whole (see sections 9, 10, 11). We also require the highest standards of professional behaviour from all employees in their dealings with colleagues, customers, and suppliers.

7.9 We will act with integrity and, wherever possible, openness when we undertake procurement; and our decisions will be communicated clearly. In all of our dealings with our suppliers we will act fairly. We will pay our suppliers promptly, and in accordance with agreed terms.

7.10 Modern slavery is a criminal offence under the Modern Slavery Act 2015 and can occur in various forms, including servitude, forced or compulsory labour and human trafficking. It involves the deprivation of a person's liberty by another in order to exploit them for personal or commercial gain. The council must act ethically and with integrity with a zero- tolerance approach to these issues.

8. Plan and do procurement – delivery of (or living) the strategy

8.1 Our procurement activity must be efficient, effective and deliver value for money whilst contributing to the council's vision and strategic priorities. **This is how:**

General tasks and principles – to apply when planning a procurement

- Minimise administrative processes and unnecessary bureaucracy
- Ensure routine purchasing transactions are efficient and timely
- Consider all options to obtain the most appropriate outcomes
- Challenge the status quo, identify and develop new service delivery models in response to our needs
- Ensure that the procurement route chosen is on the basis of the degree to which it fulfils the Council's strategic objectives and service needs
- Seek to optimise service delivery to customers with additional benefits
- Require innovation from suppliers through creativity in tender specification and evaluation models
- Follow project and risk management routines and complete community impact assessments as appropriate to deliver effective tender/ contract management, risk mitigation, manage delivery of priority outcomes, competitiveness and cost effective cost controls during the full contract life
- Use competition to drive and obtain VFM and seek innovation
- Pragmatically evaluate contract/ tender cost versus community benefit
- Require and task suppliers to work with us to reduce costs over the contract life cycle
- Develop competitive markets where they do not exist
- Call off from established framework agreements and use collaborative opportunities where they offer best value, efficiencies, reduced timescales and minimise duplication

9. Sustainable procurement

9.1 Sustainable procurement is not simply about purchasing environmentally friendly products. It is an approach whereby organisations routinely meet their needs for goods, services, works and utilities in a way that achieves VFM on a whole life basis – in terms of generating societal and economic benefits, whilst removing or minimising damage to the environment.

9.2 In 2019 the council declared a climate emergency. Through its Climate Change Strategy, it recognises and seeks to urgently address sustainability and climate change issues in its plans and strategies (in its operations) by ensuring it is doing everything practically possible to limit its contribution to global climate change and adapt to its effects. This Procurement Strategy has a vital role to play in the council's commitment.

9.3 The principles of innovation, waste reduction, re-cycling and the use of environmentally acceptable alternatives must be at the forefront of our thinking when specifying new goods, service, works or utilities or when re-procuring existing arrangements.

9.4 We will also ensure that procurement activities comply with sustainable development principles and promote practices that will contribute to positively addressing climate change, **this is how:**

Communicate – raise organisational awareness on sustainability.

- Communicate this Procurement Strategy to all staff and councillors.
- Educate and encourage council 'buyers' to review procurement practices (particularly consumable products) aiming to reduced unnecessary use and adopt alternative and more sustainable products.
- Minimise wastage by encouraging staff to consider whether a product or service is required before its purchased or renewed.

Policy and strategy principles – general principles to apply when procuring.

- Specify, wherever possible, practicable and beneficial the use of sustainable products and alternatives.
- Seek to increase the proportion of renewable energy procured.
- Where possible incorporate new energy technologies into projects..
- Seek to replace the council fleet with electric vehicles and machinery with electric alternatives where possible, or use net zero-carbon Hydrogenated Vegetable Oil alternatives to DERV.
- Utilise more renewable, recycled and low embodied energy products and materials and limit waste going to incineration.
- Use the least environmentally damaging goods and services
- Use circular economy products or companies where possible, to reduce waste completely i.e., companies that collect old products to reuse materials for new products or to recycle, any companies that you can return packaging to for reuse/ recycling, etc.
- Using whole life cost approaches when specifying and managing contracts

Procurement process – how we procure in a sustainable way

- Use environmental selection criteria in the evaluation and award of contracts – challenge suppliers to be innovative
- Evaluate whole life costs inc. maintenance, re-use and disposal etc.
- As appropriate (practical and legally) require and evaluate suppliers' environmental credentials
- Require suppliers to submit offers for sustainable products or utilise renewable or recycled materials in their production.
- Consider evaluating reduction of CO₂ and greenhouse gases emissions in products and the supply chain (production operations, transport etc.)
- Address barriers to entry in order that SME, local suppliers and the third sector are encouraged to bid for opportunities

- Require a carbon reduction statement from suppliers in all tenders for works above £5,000 value
- Consider including a condition of lease for retail outlets on council sites for use of biodegradable containers and cutlery etc.

Engaging suppliers and marketplace – collaborating to improve sustainability

- Educate suppliers on our sustainability and climate change strategy and objectives
- Actively encourage local suppliers, SMEs, and the voluntary sector to bid for appropriate contracts
- Influence suppliers to adopt and embed practices that minimise their environmental impact and deliver community benefits in relation to supply of products, their own operations and supply chains

10. Creating social value and the local economy

10.1 There is a mandatory requirement for all councils to comply with the Public Services (Social Value Act) 2012. Social Value (SV) is about improving economic, social and environmental wellbeing from public sector contracts over and above the delivery of the services directly required with no or little extra cost.

10.2 Public procurement should be leveraged to support both local and national (SV) priorities for the benefit of the local community and wider public. The council must have regard through its procurement activity, where it is relevant to the subject matter of a contract and it is proportionate to do so, to national priority outcomes alongside local strategic priorities.

10.3 In a local context SV can be delivered as an example through the following activities:

- **Social** – community volunteering opportunities, supporting disadvantaged individuals and minority groups, hosting events

- **Economic** – creating new jobs employing local people, creating apprenticeships, work placements, purchasing from local suppliers/ marketplace, providing mentoring and career advice
- **Environmental** – reducing energy and utility use and reducing carbon emissions, using sustainable or recycled materials and products, supporting or delivering improvements to public spaces

10.4 As a starting point when planning a procurement exercise we should consider the points in 10.3 above and ask ourselves the questions below; building into our tender specification and evaluation such requirements or actions that would deliver Social Value.

1. What is important to our local communities?
2. How can we deliver services differently in a way that will impact positively on the local community and the environment?
3. How can we support local businesses?
4. How can we work better together to engage hard to reach groups?
5. Are there local issues that could be better resolved by working together with our communities?

To provide social value, where appropriate we will:

- Apply the national themes, outputs and measures (TOMs) from the [National Social Value Portal](#), as the basis for creating social value through procurement
- Use criteria involving SV considerations as part of tender evaluation – challenge suppliers to be innovative in delivering added community benefits.
- Maximise local employment opportunities
- Help raise skills in the local workforce/ communities
- Influence suppliers to pay the Foundation Living Wage as a minimum

- Make tender opportunities accessible and attractive (without directly favouring them) to local SMEs and the voluntary sectors
- Remove barriers – engage with the local marketplace to promote understanding of our procurement processes, support and train them in how to comply with council tendering requirements
- Engage with local suppliers, partners and communities to access diverse groups or individuals, including those that are vulnerable and traditionally hard to reach to understand what benefits could be offered and what skills are available to us
- Develop and consult upon an annual/ bi-annual social value outcome update for councillors

11. Equality and diversity

11.1 We have a mandatory legal duty through the 2010 Equality Act to actively tackle discrimination and promote equality and diversity through equality of opportunity, good relations and positive attitudes; and eliminating harassment and unlawful discrimination. We will ensure that the promotion of equality of opportunity is incorporated into our evaluation and decision-making processes.

11.2 Continuing to promote equality and diversity throughout the procurement process and supply chain is an essential activity for us. Combined with all the actions set out above it will maintain and strengthen not only the council as a responsible procurer, but also maintain a positive reputation for the council through its actions. **This is how:**

By evidencing in all procurement decisions and tender exercises that we always have been:

- Fair
- Transparent
- Honest
- Impartial
- Objective
- Acting with integrity

By ensuring that we and our suppliers and supply chain consider, follow best practices, and adhere to the principles of no discrimination in regard to:

- Age
- Disability
- Gender reassignment
- Marriage and civil partnership
- Pregnancy and maternity
- Race
- Religion or belief
- Sex or sexual orientation

12. Review – impacts and benefits realisation

12.1 The successful delivery of this Procurement Strategy will be supported through the pragmatic application of the actions, programme and project management skills and tools across the Council as set out above.

12.2 Through evaluation of expected outcomes, we can learn the lessons on what we might need to do to improve; and what aspects we might wish to redeploy in future procurement exercises. It is important that we can identify clear impacts and the resulting procurement benefits. **This is how:**

REVIEW ACTIONS – learn from experience, continually monitor and implement new legislation and guidance, minimize any gaps between established and emerging best practices:

- Routinely carry out post tender award reviews ‘wash ups’ to capture lessons learnt – what went well, and what can be improved upon
- Further develop and maintain the council contracts register as a central repository to inform procurement plans and support transparency
- Undertake procurement and key contract spend analysis to inform contract management routines and future procurements
- Develop and monitor performance measures and benefits tracking
- Carry out benchmarking – ensure new there are no technology ‘lags’ in how we procure or where service or product offers, and cost models evolve

- Implement an annual procurement project plan – to ensure procurement is concurrent with contract end dates
- Undertake staff procurement skills assessments to inform training plans

References and guidance links

For further guidance relating to procurement contact the Head of Economy and Procurement.

Procurement legislation

- [Procurement Act 2023](#)
- Procurement Regulations 2024
- Public Contract Regulations 2015 (for contracts issued prior to enactment of the Procurement Act 2023)
- [Procurement Policy Notes](#). Statutory guidance relating to public sector procurement, regularly updated.
- [National Procurement Strategy 2024](#) (NPC)
- [National Procurement Strategy Toolkit](#). Support in setting procurement policy objectives and progress.
- [Utilities Contracts Regulations 2016](#)
- [Concession Contracts Regulations 2016](#)
- [HM Treasury Green Book 2022](#). Guidance on appraisal and evaluation.

Council guidance

Setting out our obligations, reflecting legislation and governance requirements.

- **Council Financial Regulations** (FRs). Setting out council financial governance procedures.
- **Contract Procedure Rules** Setting out council procurement procedures in line with the Procurement Act 2023 and consequent Regulations 2024.

Relevant supporting legislation

- [Subsidy Control Act 2022](#) [LINK](#). [Useful guidance](#)

- [Modern Slavery Act \(2015\) Section 54](#)
- [The Transparency Regulations 2015](#)
- [Public Services \(Social Value\) Act 2012](#)
- [Equality Act 2010](#) (General Equality Duty)
- [Transfer of Undertakings](#) (Protection of Employment) Regulation 2006 (TUPE). When staff transfer from one provider to another under a procurement exercise
- [Local Government Act 2003](#) Best Value Duty

Sustainability

- [Sustainable Procurement Guidance](#)
- [BREEAM Construction Standards](#)

[1] the responsible and efficient acquisition of appropriate goods, services, works and utilities providing the best possible value, taking into account quality factors (including environmental) and cost considerations spanning the whole life cycle from identification of the requirement through to the end of useful life.