

July 2024



Procurement Policy 2024-2027



1.0 Introduction

- 1.1 Eastleigh Borough Council (the Council) has a proud record of success as a community leader, delivering fantastic services and world class projects that residents and businesses value. In building on this success it must ensure it is focussed on staying ahead of the game, just as it has in the past. Local government is continuing to experience change. The Council is facing external pressures including loss of half of its income from central government.
- 1.2 The [Corporate Plan](#) is at the heart of its programme for the future. It provides clear direction enabling the Council to manage its resources to deliver excellent services for local people in the future. It will remain ambitious and lead the way for its communities. This will include reinforcing effective partnerships with other organisations to achieve our objectives set out in the plan. In doing all this it will ensure it meets the needs and aspirations of residents and customers and that Eastleigh continues to be a great place to live, work and visit. A Procurement Strategy has also been drafted where the overarching objective is to provide a procurement service which adds significant value in support of the Procurement Policy 2024-27 and Eastleigh Borough Council's Corporate Strategy 2023-26.
- 1.3 This Procurement Policy confirms the Council's commitment to ensure that public procurement is based on value for money, defined as "the best mix of quality and effectiveness for the least outlay over the period of use of the goods or service bought" alongside balancing our social responsibility and commitment to protecting the environment through procuring responsibly and ethically by building on our existing good practice. This should be achieved through competition unless there are compelling reasons to the contrary.
- 1.4 Public sector procurement is subject to a legal framework which encourages free and open competition and value for money, in line with internationally and nationally agreed obligation and regulations. This Procurement Policy is aligned with the legal framework and the [Public Procurement Policy](#).

2.0 What is procurement?

- 2.1 Procurement is the process of purchasing goods, works and services to enable the Council to fulfil its functions. The Council's suppliers are one of its key stakeholders and the Council seeks to work collaboratively for a mutually beneficial relationship with its supply chain.
- 2.2 Responsible procurement means considering the environmental, social, ethical and economic impacts when purchasing goods and services.
- 2.3 This is achieved through addressing issues such as inequality, poverty, working conditions in the supply chain, purchasing sustainable goods, products and services and embedding circular economy principles to reduce waste. This type of procurement can bring additional benefit to the community, above and beyond

traditional purchasing, known as Social Value. The Council has developed a [Social Value: Employment and Skills Toolkit](#) that helps to enable discussions between the Council and its partner organisations regarding support for local employment and skills initiatives. A trial of the toolkit is currently being conducted as part of One Horton Heath, with the project enabling the Council to explore and refine its approach to securing meaningful and successful employment and skills enrichment for local communities.

3.0 Purpose

- 3.1 The purpose of this policy is to introduce, standardise and inform all Council employees, procuring managers, suppliers and contractors of the Council's expectations in relation to procuring goods and services in a more responsible way.
- 3.2 This includes considering the wider environmental, social and economic benefits when procuring goods and services, and in particular the Council's suppliers' carbon emissions.
- 3.3 Responsible officers, procuring managers, suppliers and contractors should also refer to the full details of the policy within the accompanying Guidance and Implementation document and read this alongside Contract Standing Orders (Appendix K, part 4 of the Council's [Constitution](#)) which provides the procedures to follow and governance arrangements for procurement activity.

4.0 Policy Aims

- 4.1 At a time when it is more important than ever for local authorities to scrutinise the value they are getting from their third party spend, it is vital not just to ensure compliant, fair and transparent practices but also to maximise the value of these commercial opportunities to deliver best value for the residents of Eastleigh.
- 4.2 The Policy and Guidance (separate document) provides a clear governance framework to enable Council Officers to ensure:
 - Compliance with procurement law;
 - Contracts are formed with suitable suppliers;
 - Innovative contracting models and routes to market are utilised - ensuring that services are appropriate, effective, robust and deliver Value for Money;
 - Market engagement processes support effective two-way communication with potential suppliers;
 - Details are published of our forthcoming and current contracting opportunities, contracts awarded, and third party spend to ensure we are open and transparent;
 - Formal contracts and frameworks are used where appropriate for goods, services and works;
 - Appropriate spend approvals are in place for external spend;
 - Conflicts of interest are managed effectively; and
 - A Corporate Social Responsibility ethos is promoted and embedded.

- 4.3 The Council's Constitution (Contract Standing Orders) provides the procedure rules and provisions that must be applied to all types of contract where the Council either incurs expenditure or receives monies or some other form of consideration. They apply to the purchase of works, supplies (goods) and services by or on behalf of the Council.
- 4.4 The Council recognises that it has a vital role in furthering sustainable development, through its procurement of buildings, goods, works, labour and services.
- 4.5 The Council will aim to procure all goods and services in a way that balances value for money over the long term and gives value to the wider society and economy, whilst minimising its impact on the environment.
- 4.6 The Council also aims to ensure that all its suppliers above the thresholds below consider and actively reduce their greenhouse gas emissions and carbon footprint and will assess and evaluate this through the tendering process. For procurement exercises below these thresholds, the Council will encourage suppliers to reduce their greenhouse gas emissions and carbon footprint. The aim of this Policy is to over time reduce the threshold limit through actively working with suppliers.

Contract Type	Exclusive of VAT	Inclusive of VAT
Supply of goods and services	£1,000,000	£1,200,000
Execution of works <i>(no change)</i>	£4,447,448	£5,336,937
Light Touch Contracts	£1,000,000	£1,200,000

5.0 Our Procurement policy

- 5.1 Through our procurement process, we will particularly welcome suppliers that actively:
- a) Reduce their environmental footprint through:
- Reducing the lifecycle carbon impact of their goods and services;
 - Aligning their aims with the Council's Climate and Environmental Emergency Strategy;
 - Conserving resources, including the use of energy, water and materials; and
 - Reducing waste and increasing reuse within their goods, services and operations.
- b) Deliver benefits to society through:
- Complying with International Labour Organization (ILO) principles in respect to human rights and conditions of employment;

- Ensuring that slavery and human trafficking is not taking place in any of their supply chains and in any part of their business;
- Ensuring appropriate and positive workplace behaviour;
- Ensuring compliance with equalities legislation; and
- Aligning their aims and ambitions with the Council's Equalities Strategy.

c) Drive economic growth through:

- Supporting local job creation and facilitating opportunities for small-and-medium-sized enterprises (SMEs) and social businesses with local spend and employment where possible;
- Actively reducing the life-cycle cost of products;
- Providing the living wage (at a minimum) to employees and contractors.

5.2 Through our procurement process, we will:

- Ensure that our procured goods and services, and the supply chains that our suppliers' use are ethically sourced (therefore in a morally good and correct manner);
- Ensure that our procured goods and services are equitable and accessible to service users;
- Ensure procuring staff receive appropriate support and training in procuring goods and service that in line with this Policy and the constitution.
- Ensure that minimum buying standards are agreed and consistently applied;
- Aim to pay 90% of undisputed and valid invoices from small and medium sized enterprises (SMEs) within 10 days and additionally, 100% of all undisputed and valid invoices should be paid within 30 days;
- Assess the effectiveness of payment systems and reliability of the supply chain of major contracts valued above £5m based on the average payment days. Under current requirements (as per [Procurement Policy Note 10/23](#)), bidders are required to demonstrate that they are paying 95% of invoices within 60 days and also paying all their invoices within an average of 55 days. The Council already exceeds this with some contracts as actively seeks to support SME through contract terms and employers requirements (ERs) where 30 day payment terms are agreed.

5.3 In particular, to reduce the lifecycle carbon impact of the Council's suppliers' goods and services, the Council's new requirements for suppliers of contracts for goods and services and light touch contracts over £1,000,000 (exclusive of VAT) and supplier of work contracts over £4,447,448 (current public procurement threshold -exclusive of VAT) are outlined below:

New requirements for suppliers of contracts over the following thresholds :

Contract Type	Exclusive of VAT	Inclusive of VAT
Supply of goods and services	£1,000,000	£1,200,000
Execution of works (no change)	£4,447,448	£5,336,937
Light Touch Contracts	£1,000,000	£1,200,000

From 28 October 2024

- Suppliers must report their 'Scope 1 and 2'* greenhouse gas emissions on an annual basis

From 1 April 2025

- Suppliers must report their 'Scope 1, 2 and 3'* greenhouse gas emissions on an annual basis

From 1 April 2026

- Suppliers must report their 'Scope 1, 2 and 3**' greenhouse gas emissions on an annual basis and demonstrate the adoption of a carbon reduction plan for their business

*refer to Procurement Policy Guidance and Implementation for clarification

Suppliers will be given a 6-month grace period to adopt the new requirements from contract award. Advice on how to measure greenhouse gas emissions is provided in the accompanying Guidance and Implementation document.

6.0 Buying Standards

- 6.1 Procuring Officers and Heads of Service/Service Directors who are procuring goods, services and works should set specific standards for the products they purchase. The Council should be striving to achieve the best practice standards (as a minimum) identified within the [Government Buying Standards \(GBS\)](#).
- 6.2 Procuring Officers and Heads of Service/Services Directors should also consider the longer-term best value lifecycle of the products that they purchase, the principle of 'buy once, buy right', economies of scale (buying in bulk, where relevant) and the reparability of the products that they purchase.
- 6.3 Further to the GBS, the Council also reaffirms its long-standing policy recognising the critical role of peatlands by not knowingly using compost that contains peat in the Borough and it seeks to ban the use of unsustainably sourced materials or

consumables such as palm oil and other virgin products where deforestation or natural habitat destruction has taken place for its production.

- 6.4 Procuring Officers and Heads of Service/Service Directors should ensure that where they are looking to procure or import products or services from outside the UK which would pose an increased risk of slavery or human trafficking, an assessment of potential supply chain risks will be considered. Furthermore, a risk assessment should also incorporate risks around data security and protection and other ethical and moral considerations with overseas contract arrangements.

7.0 Monitoring

- 7.1 The Procurement Executive Group will monitor the implementation of this Policy and consider its effectiveness.
- 7.2 Procuring officers and Heads of Service/Service Directors must establish a meaningful and proportionate method of measuring the wider social value criteria adopted as part of the contract throughout the lifetime of a contract, to complement their usual reporting practises. The adopted indicators should be reported to the Climate Change Manager and Procurement and Insurance Officer on a quarterly basis from contract award.
- 7.3 Supplier greenhouse gas emission reports obtained from contractors should be reported annually to the Council's respective contract manager, Climate Change Manager and Procurement and Insurance Officer on the phased in basis outlined in paragraph 4.2.