



Extracts from Draft Procurement Strategy

(Basis of report to Budget and Performance Panel, 11 November 2014. Ultimately may be re-titled Commissioning and Procurement Strategy)

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Introduction

Getting procurement right is important not only because it helps improve the delivery and cost effectiveness of quality public services to our customers across the district, but also because the choices we make on a contract or partnering agreement signify the type of authority the Council wants to be and how we are perceived by residents, businesses and other stakeholders.

With significantly reduced resources and fewer people to support the work of the Council, procurement plays a key role in supporting its ethos of being an Ensuring Council and securing value for money. This means maximising the investment in the 'local pound', enabling contracts that are fit for purpose and meet Council priorities, adding real value to the residents of the district and ensuring continuous improvement throughout the contract lifecycle.

In order to achieve this, five high level objectives have been identified:

1. **Getting the right product at the right price, through the best means:** supporting strategic and collaborative procurement across the Council.
2. **Being fair and open:** meeting the Council's legislative and regulatory requirements.
3. **Making savings:** driving cost reductions and efficiencies out of procurement through the competitive bid process and supplier relationship management.
4. **Delivering sustainable procurement:** balancing local needs, environmental factors and social equality and inclusion with delivering value for money.
5. **Managing procurement well:** enabling those with procurement responsibilities to undertake them fully, competently and with confidence.

As a Council we have developed our strategy to support these areas.

The procurement strategy will be reviewed each year and this may lead to a formal review to Cabinet. It should be recognised that any targets, recommendations and outcomes linked to this strategy will be delivered as resources allow and many will be ongoing.

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The Council's Procurement Objectives

In order to further the Council's ambitions the following five objectives have been identified. Of the supporting actions, many are continuing rather than being new initiatives:

Objective 1

Getting the right product at the right price, through the best means: supporting strategic and collaborative procurement across the Council

Whilst the projects needing dedicated procurement support will be driven by service requirements, there are a number of actions that will be undertaken to ensure the effectiveness of the procurement function is maximised:

- a. provide professional support, advice and commercial knowledge to procurement projects to deliver wider Council plans;
- b. increase awareness of the procurement function and engage with Services early within the project lifecycle to maximise the outcomes;
- c. challenge, where appropriate, the need or demand for procuring goods and services;
- d. identify and promote collaborative opportunities that could lead to greater quality provision whilst benefiting from economies of scale;
- e. raise procurement standards within the Council and across partners throughout the contract lifecycle, with specific emphasis on contract management, to ensure the full benefits of procurement are realised.

Objective 2

Being fair and open: meeting the Council's legislative and regulatory requirements

Our customers and suppliers need clear information on controls and standards, allowing a flexible approach to procurement that delivers on outcomes. In the current environment, challenges to tenders are increasing, in part due to the current economic climate and part due to increased awareness. As a Council, we need to make sure we keep up to date with relevant changes and regularly review documentation in order to meet our statutory requirements and make our processes and requirements as fair, open and transparent as possible. The introduction of a supplier portal provides a full audit trail for all tenders and will lessen the risk of challenge.

Procurement will work in collaboration across the Council and with partners, to help improve the supplier experience, and to minimise risks to the Council. All procurement documents will be reviewed at least annually or in a more timely fashion as required by any legislative changes.

To further this objective, officers will:

- a. continue to develop the use of the Council's preferred supplier portal, as updated to meet new procurement legislation;
- b. publish all spend and contract data in accordance with the Local Government Transparency Code 2014;
- c. work to meet the requirements of the Payment Services Directives (and any other payment requirements emerging).

Objective 3

Making savings: driving cost reductions and efficiencies out of procurement through the competitive bid process and supplier relationship management

Deliver cash and efficiency savings through procurement and support service-led efficiencies:

- a. re-let existing contracts, seeking to collaborate where best value can be achieved and the opportunity exists, and where a collaborative opportunity is not available or suitable, enabling others to join the City Council's contracts;
- b. consolidate 'best deals' where services and/or other authorities buy from the same suppliers but via separate contracts;
- c. consolidate fragmented spend across common categories, where services buy the same categories but via multiple/different suppliers;
- d. support new procurement projects to deliver wider Council efficiencies;
- e. utilise Procurement Networks to share and learn from best practice, in support of the above.

Objective 4

Delivering sustainable procurement; balancing local needs, environmental factors and social equality and inclusion with delivering value for money

Procurement will promote opportunities to small and medium size enterprises (SMEs) and local businesses via the Council's preferred on-line supplier portal, and pursue the achievement of other social value benefits as appropriate through the supply chain. This includes:

- a. reviewing the impact of Council's spend within our local communities, to improve economic, environmental and social opportunities for our district, with the aims of stimulating markets and achieving community benefits;
- b. reducing any negative environmental impact of the Council's procured goods and services, through improving specifications and supporting the Council's commitment to carbon reduction;
- c. helping officers to recognise and pursue opportunities, on a case by case basis, to encourage and promote the payment of the Living Wage and the adoption of its principles through procurement, whilst working within the law;
- d. introducing clauses into large service contracts for local job creation, apprenticeships and training opportunities in collaboration with The Construction Industry Training Board.

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The Value of the Local Pound – Supporting Economic Prosperity

Defining 'local' generates a high degree of debate but ultimately, the term 'local supplier' refers to any whose presence in the District provides tangible benefits to the local community, particularly through employment and training opportunities and job creation.

Objective 5

Managing procurement well: enabling those with procurement responsibilities to undertake them fully, competently and with confidence.

One key objective of this strategy is to improve relations across the internal network to ensure a greater level of consistency in the quality and outcomes from commissioning and procurement activity. Providing those who have procurement responsibilities with the skills to undertake this activity allows for the development of a long term, sustainable procurement function for the Council. Focus is given to:

- a. maximising the potential of our staff by providing leadership, development and by building capacity;
- b. understanding legislative requirements;
- c. delivering ongoing training and awareness sessions to help ensure all staff involved have relevant knowledge, skills and competencies;
- d. establishing well maintained e-Procurement systems and development of new functionality, the preferred regional/corporate online supplier portal and procurement cards;
- e. allowing time for all of the above.

Contact Us

Officers welcome feedback and input at all levels and have created a single point of contact for any procurement related communications. We can be contacted at: procurement@lancaster.gov.uk

Regulatory Documents

EU Procurement Directives 2006/14
Remedies Directives 2009
Payment Services Directives 2009
Local government Transparency Code 2014
Local Government Act 1999
Localism Act 2011
Public Services (Social Value) Act 2012

Background Papers

Growing your Business – Lord Young
No Stone Unturned – Lord Heseltine

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