



Procurement Strategy

April 2018 – March 2021

Spelthorne Borough Council
Procurement Services
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1. Introduction

- 1.1. In this strategy document, the term procurement has the widest possible meaning, covering all aspects of securing services, products or works, whether through external means, or internally through the Council's own resources, on a whole life basis. This is from the identification of needs through to the end of a service contract or the end of the useful life of an asset and its disposal. It is concerned with securing goods and services that best meet the needs of users and the local community whilst providing best value, in order to help achieve the Council's key priorities.
- 1.2. The principles will also apply where the Council is party to the provision of a service to the community but may not have initiated the process or be the main body recognised as accountable for the provision of the service or activity. It is crucial that the procured services, goods or works be appropriate in terms of quality, quantity, time delivered and delivery location. It should also be sourced at the best possible cost to meet the Council's needs
- 1.3. The procurement strategy is an overarching plan of action from which the direction of resources will be organised and utilised to implement the Contract Standing Orders and achieve the desired objectives set by the Organisation.
- 1.4. Johnson, Scholes and Whittington (Exploring Corporate Strategy) define strategy as *'the direction and scope of an organisation over the long term, which achieves advantage in a changing environment through its configuration of resources and competencies, with the aim of fulfilling stakeholder expectations'*
- 1.5. Kenichi Ohmae, in 'the mind of a strategist' wrote that strategy is about enabling the company achieve some competitive advantage over its competitors
- 1.6. This Procurement Strategy applies to the procurement of goods, services and works undertaken by Spelthorne Borough Council (SBC) and seeks to ensure that the best procurement management practice is applied consistently throughout the Council. The strategy sets out:
 - The procurement vision and aims
 - The strategic context
 - The procurement objectives
 - The principles that underpin the Council's procurement activity

2. Vision

The Procurement function needs to be seen as a strategic partner by all groups, capable of supporting all stakeholders to better deliver best value and curb all aspects of waste in the process of achieving the stated goals of the Organisation.

3. Context

The Spelthorne Borough Council Corporate Plan 2016 – 2019 outlines 4 sets of strategic priorities:

- **Housing** - To strive towards meeting the housing needs of our residents
- **Economic Development** - To stimulate more investment, jobs and visitors to Spelthorne
- **Clean & Safe Environment** – To provide a place where people want to live, work and enjoy their leisure time
- **Financial Sustainability** – To ensure that the council can become financially self-sufficient in the near future

The Procurement Strategy will aim to assist the delivery of these priorities.

The Procurement function has moved from being a tactical sourcing process to becoming a function capable of delivering strategic contributions supporting the achievement of Organisational goals. Procurement must therefore be seen in the context of all the Council's overall objectives and priorities.

3.1. The driving force in the recent past in determining the procurement strategy relative to the strategic objectives of the Council has solely been the vagaries of the economy and its effect on council funding. Whilst this consideration remains an essential one in achieving best value, it is also important, that procurement decisions are taken in the light of the broader objectives, which the Council is seeking to achieve, rather than concentrate on just one of them.

4. Objectives

4.1. The Council recognises that it has a vital role to play in furthering sustainable development and addressing the issue of climate change, through its procurement of buildings, goods, works and services. Procurement decisions have a major socio-economic and environmental implication, both locally and globally, now and for future generations.

4.2. To ensure that an effective procurement system makes a significant contribution to delivering efficient and effective services at an appropriate cost, a clear and agreed policy is required in relation to the way the Council goes about procuring works, goods and services which will:

- Produce better value (quality and costs)
- Provide a consistent and overall approach to commissioning and purchasing
- Enable more effective monitoring of procurement and outcomes
- Enable processes and activities to be more joined up
- Enable 'cross-cutting' issues to be better addressed / incorporated

- Make visible, measurable reduction in waste of resources
- Make a more effective contribution to the social, environmental and economic well-being of the Borough
- Promote and embed best practice for sustainable procurement

4.3. Ensure that the adoption and implementation of the strategy and the associated action plan for achieving it, will address the following for the Council:-

- being customer driven/focussed
- provide value for money and contributions to the Council's savings and efficiency targets
- equality and fairness
- Competition drivers and regulations (e.g. European Directives, Standing Orders, etc.)
- risk management
- Continue to support the council to further embrace community engagement
- sustainable and ethical purchasing issues, including climate change
- Communicate the sustainable procurement policy to all staff, suppliers and stakeholders
- Working in partnership with other South East Region councils to maximise sustainable procurement efficiency gains
- Educate, train and encourage internal purchasers to review their consumption of goods and services, reduce usage and adopt more environmentally friendly alternative products.

4.4. Ensure that the Public Services (Social Value) Act 2012 is adhered to in our procurement process

- The act requires Commissioning public sector organisations to consider how their procurements that fall within OJEU rules will improve the social, economic and environmental wellbeing of related areas

5. How we will achieve our objectives

- 5.1. Ensure that the council's Standing Orders relating to contracts are continually updated to ensure relevance and compliance to current related regulations and cascade updates to all stakeholders within and without the council.

Appendix 1

- 5.2. Introducing Strategic, Operational and Low value spend categories with different sourcing strategies to show an a – z roadmap on best practise procurement processes
- 5.3. Taking a long term strategic view of Procurement to enable clear forward planning.
 - Introducing strategic category/group planning into the procurement cycle with a view to identifying procurement opportunities well in advance and planning the best route to market that would deliver the goals of the procurement
 - Category Planning is a core element of Category Management. The purpose of Category Planning is to understand the demand to ensure that sourcing/contract strategies are effective and deliver the best requirements
 - Category Planning is a collaborative activity which relies on the best available information from the annual business planning and the budgeting process to create a category plan
 - Investigate, with neighbouring local authorities and other agencies, opportunities for joint working / initiatives / contracts to provide economies of scale and improved market responses.
 - Take a strategic view of long term contract and supplier relationship management



- 5.4. Developing and embedding the use of data analytics of procurement information such as category, product, supplier and contract analysis in the procurement process
- 5.5. Being a driver of sustainable savings, constantly looking to identify opportunities to aggregate supply and harness real cash savings by employing the benefits derivable from economies of scale within the procurement process
- 5.6. Ensuring that value is realised through contract management and supplier relationship management. Proactively ensuring contracts visibility and

following a procurement/contracts management plan that enables a seamless flow of the procurement/contract management cycle

- 5.7. Finding a midpoint between centralised and decentralised procurement systems that ensures an effective and efficient procurement process and procurement outcomes for service users.

6. Policy

In making decisions about procurement/commissioning of all activities and carrying out its procurement functions at all levels, the Council will:

6.1. Apply the principles of best value to all procurement

This will help the council achieve efficiency, effectiveness and value for money and continuously challenge the status quo arrangements, ensuring quality assurance in its procurement processes.

The following key actions will contribute to this policy objective and are expanded/clarified in the Action Plan:-

- Resource now in place to lead a cross-service procurement function, to provide on-going support, oversee and monitor procurement activities across the Council and link with programme / project and contract management.
- Work with neighbouring local authorities and in partnership with the private sector for the provision of specific procurement expertise, where appropriate.
- Regularly review procurement procedures to develop consistency with other local authorities and enhance opportunities for collaborative working e.g. through shared suppliers/ supplier rationalisation/optimisation as the case might be.
- Implement contract and supplier relationship management systems

6.2. Strive for continuous improvement

In quality, price and processes by researching and developing a detailed understanding of potential products and providers.

The following key actions will contribute to this policy objective and are expanded/clarified in the Action Plan:-

- Map all current and identified future procurement activities, indicating value and introduce a procurement/contract management plan aimed at identifying low/high risk (impact) and low/high value matrices with the corresponding procurement strategy. To identify where procurement resources should be directed and any skills gaps identified.

- Continue to develop e-procurement, by implementing electronic tendering ensuring that our contracts standing orders are complied with as regards requirements for value of spend to be advertised on e-sourcing website. Keep under review the business case for moving to an electronic marketplace.
- Identify and deliver improvement through work with relevant networks, e.g. Surrey Procurement Network, Improvement and Efficiency South East, Society of Procurement Officers, Office of Government Commerce (OGC), National e-procurement Project (NEPP), other networks / initiatives.

6.3. Operate legally and to the highest ethical standards

With respect to European Union and United Kingdom law and the Council's standing orders, financial regulations and professional codes of conduct.

The following key actions will contribute to this policy objective and are expanded/clarified in the Action Plan:-

- Seek appropriate external verification of Procurement Processes from relevant bodies. (E.g. IDEA procurement fitness check).
- Initiate a Statement of Ethical/Professional Standards required of officers to undertake procurement and incorporate into procurement element of the general skills framework.

6.4. Actively pursue and demonstrate fair and open competition

Conduct procurement in line with the public sector transparency code, particularly where goods or services are to be sourced externally. We will also develop intelligent and mutually beneficial long term relationships with providers, where this is appropriate.

The following key actions will contribute to this policy objective and are expanded/clarified in the Action Plan:-

- Provide guidance to officers involved in procurement, to set out standards for fair procurement processes.
- Review processes for advertising work opportunities and make comprehensive use of the Intend e-procurement Portal to advertise contract opportunities, to ensure maximum accessibility to all potential suppliers.
- Encourage mutually beneficial partnership arrangements in external tendering exercises, where both parties benefit from realisation of good outcomes.

6.5. Test our effectiveness

By monitoring 'whole life' outcomes of the procurement process and benchmarking performance against other authorities and private sector providers.

The following key actions will contribute to this policy objective and are expanded/clarified in the Action Plan:-

- Develop guidance/training regarding evaluation of whole life costs associated with procurement.
- Review approach to stakeholder consultation and engagement in procurement issues and develop a Supplier Engagement Plan.
- Benchmark procurement outcomes with other similar Local Authorities using the opportunities offered by such groups as the Surrey Procurement Group (SPG).

6.6. Achieve a reputation for fairness

Embedded in the decision making processes, commissioning and award of contracts and by honouring responsibilities to providers and suppliers.

The following key actions will contribute to this policy objective and are expanded/clarified in the Action Plan:-

- Review current tender evaluation methodology to align with procurement policy objectives.
- Evaluate the impact of the Council's procurement activity on equality/ equal opportunities and provide guidance on Spelthorne Borough Council equalities policies for organisations wishing to do business with the Council ensuring contractors support the Council in meeting our equality legal obligations
- To ensure contractors meet our commitment to equalities, contractors (depending upon the size of the contract or company) will be required to complete an equality checklist (new contractors only).
- Review and update 'Selling to the Council' web pages and ensure that suppliers understand that they have access to competing for the council's business by registering on the council's e-procurement Portal.
- Ensure all requests for quotations, tenders, etc. result from a sound business case through applying project management methodology.

6.7. Encourage environmentally advantageous products and services

Where appropriate, we would achieve this by working with providers to minimise the environmental and social impacts associated with products and services, with reference to the Council's environmental and sustainability objectives (e.g. the Sustainable Development and Climate Change Strategy).

The following key actions will contribute to this policy objective and are expanded/clarified in the Action Plan:-

- In all procurement decisions, ensure appropriate consideration is given to the costs and benefits of environmentally preferable goods, suppliers and services and wherever possible and practicable, requirements, in line with nationally or regionally agreed minimum specifications, are specified.

In construction procurement ensure targets are set for carbon management, Building Research Establishment Environmental Assessment Method (BREEAM) and sustainable construction, refurbishment and maintenance.

- Fulfil obligations under the Biodiversity duty as part of Sustainable Development plans.
- Ensure that where appropriate and allowable, Sustainability Criteria are part of the supplier evaluation process and are used in the award of contracts and encourage suppliers to adopt environmentally friendly processes and supply environmentally friendly goods and services as part of their Corporate Social Responsibility.
- Provision of training and guidance for officers regarding green purchasing.
- Continue to reduce the need for paper records and systems through the consistent application of e-procurement solutions.
- Work with principal suppliers to communicate the Council's climate change objectives and get 'buy-in'.

6.8. Support local business and economy

Whilst recognising that the Council needs to procure its goods and services in a clear and transparent manner and that for larger value contracts it needs to comply with European Union contract regulations, the Council will encourage a strong and diverse local economy to promote employment and lifelong learning opportunities

The following key actions will contribute to this policy objective and are expanded/clarified in the Action Plan:-

- Investigate partnership working with Surrey Chamber of Commerce, to develop relationships between the Council and local businesses to facilitate joint procurement and establish local suppliers/contracts.
- To promote awareness of the Council's procurement approach through the Spelthorne Business Forum
- Identify and address barriers to the Council doing business with Small Business & Voluntary sector organisations
- Complete the process to implement the good practice guidance for commissioning with the voluntary and community sector published by the Home Office and Office of Government Commerce 'think smart... think voluntary sector'
- Develop a means of easing the ability of local businesses to do business with the council while also growing the ability to efficiently measure and monitor the effectiveness of the initiative on a regular periodic basis.

6.9. Develop Effective Procedures

This will guide procurement; enable transparency of decision making and involve users in the process of identifying and realising their procurement needs.

The following key actions will contribute to this policy objective and are expanded/clarified in the Action Plan:-

- Develop and integrate procedures for project-based procurement and supplier sourcing arrangements within the Work-Together environment
- Continue to integrate procurement, project management, contract management and risk management procedures, systems and skills.
- Further develop guidance online to support all officers with involvement in Procurement Activity.
- Produce an 'easy to read' summary of the Procurement strategy for dissemination within the Council and with relevant external stakeholders.
- Create template procurement documents for use council wide
- Progressively work towards achieving a point where all procurement within the council pass through the central contracts register, helping us better comply with the transparency codes

6.10. Develop procurement competencies

By providing training and professional support to all people with responsibility for making procurement decisions and/or purchasing goods and services.

The following key actions will contribute to this policy objective and are expanded/clarified in the Action Plan:-

- Investigate opportunities (internal and external) to provide training and development programmes / opportunities to officers with involvement in procurement. Undertake skills audit and training needs analysis, to ensure that officers have the necessary knowledge.
- Provide an Intranet resource to enable Council Officers to ask questions and share experiences with regard to procurement, also to provide signposting to advice and information, and to include case studies of good practice in procurement from within the Council and from external organisations.
- Develop and maintain criteria for procurement competencies, ensuring individual job descriptions reflect procurement competency and skills requirements.

7. Guidance and Procedures

7.1. Procurement should be considered as a cyclical process and the following diagram illustrate the process application. Full details of each number on the procurement cycle enumerated below.

- ❖ 1. Understand need and develop a high level specification
- ❖ 2. Understand Market/ Commodity and options (including make or buy assessment)
- ❖ 3. Developing a strategy/plan
- ❖ 4. Pre-procurement/market test and market engagement
- ❖ 5. Develop documentation, pre-purchase questions,
- ❖ 6. Supplier selection to participate in ITT/RFQ
- ❖ 7. Issue ITT/RFQ
- ❖ 8. Bid/Tender Evaluation and validation
- ❖ 9. Contract award and implementation
- ❖ 10. Warehouse logistics and receipt
- ❖ 11. Contract Performance review and continuous improvement
- ❖ 12. Supplier Relationship Management (SRM) and Supply Chain (SC) management and development
- ❖ 13. Asset Management/end of life and lessons learnt

7.2. A Procurement/Project Board will continue to provide over-arching strategic direction and monitor the implementation of this Strategy.

The Procurement and Supply Cycle



- The above actions are common to all procurement/commissioning activities.

Appendices

Action Plan

Key References

- Contract Standing Orders
- Corporate Plan 2016 – 2019
- CIPFA code of practice - commissioning local authority work and services
- BYATT report
- appropriate section of ODPM circular 03/2003
- national procurement strategy for local government
- The Chartered Institute of Procurement & Supply text on Corporate and Business Strategy – 2012
- Ernst and Young publication on the 5 basics of procurement
- Several council's procurement strategies
- <https://www.cips.org/en-gb/knowledge/procurement-cycle/>