

Administration Committee



7 October 2021

Title	Corporate Procurement Strategy, Policy and Procedures
Purpose of the report	To make a decision
Report Author	Hilary Gillies Corporate Procurement Manager
Ward(s) Affected	All Wards
Exempt	No
Exemption Reason	N/A
Corporate Priority	Financial Sustainability / This item is not in the current list of Corporate Priorities but still requires a Committee decision
Recommendations	The Administration Committee is asked to: <ul style="list-style-type: none">• Review, and approve the proposed Corporate Procurement Strategy, Policies and Procedures and that these should now be implemented accordingly.
Reason for Recommendation	<p>The attached Corporate Procurement Strategy, Policy and Procedures provide strategic intentions and guidance for all of Spelthorne's procurement activity, linked to the revised Contract Standing Orders, approved by Council on 15 July.</p> <p>The documents will support the delivery of improved value for money, enable local economic recovery and provide enhanced contract compliance through our procured contracts, whilst also addressing actions recommended by the Internal Audit.</p>

1. Key issues

- 1.1 The Corporate Procurement Strategy, Policy and Procedures outline the Council's approach to procurement. They propose the measures we will take to ensure that:
- (a) we achieve value for money in all of our third party spend;
 - (b) we fully consider local suppliers and the wider local economy, to enable economic recovery within the Borough;
 - (c) we improve the environmental, social and economic impact of all our procurement activities;

- (d) we manage our contracts effectively and transparently, minimising risk, achieving maximum contract benefits and maintaining good contract data.
- 1.2 The Procurement documents appended to this report enhance the actions taken in response to the Internal Audit of Procurement carried out in May 2019. The Audit recommendations focused on improving contract compliance and maintaining a contracts' register; implementing procedures and monitoring compliance against these; and monitoring contract performance.
- 1.3 Council approved the revised CSOs on 15 July 2021. The new Procurement Strategy, Policy Procedures are based on these CSOs and support officers in achieving greater value for money and improved compliance, and delivering our Corporate Priorities.
- 1.4 A list of the current draft Procurement Procedures is included at Appendix A. Other Procedures will be added as the need arises. Several template documents (e.g. an outline Specification of Requirements) have also been developed to support the Procedures.
- 1.5 A number of key objectives will be met by the approval and implementation of the Procurement Procedures:
 - (a) At the most basic level, the Procedures provide clear and compliant support and guidance for our commercial and procurement activity, and address the actions recommended in the Internal Audit;
 - (b) They introduce an increased level of environmental, social and economic sustainability into the procurement of works, goods and services, with a focus on local and SME businesses, and reduced environmental impact;
 - (c) As services will be required to provide (as far as possible) their procurement intentions in advance of the start of a new financial year (02_Developing the Procurement Plan), there will be greater opportunity for a more efficient approach to market, achievement of procurement efficiencies, and for doing more with less, or the same, funds. Improved planning will also ensure more appropriate use of Corporate Procurement's resources with a focus on the larger, more complex projects;
 - (d) The introduction of the '06_Managing Contracts' procedure will compel the periodic review of our key contracts, ensuring that performance requirements are being met, liabilities accurately accounted for, and that business continuity is achieved through timely re-tendering.
- 1.6 The Administration Committee is asked to review and approve the Procurement Procedures.

2. Options analysis and proposal

2.1 Option 1 – Do nothing

This option assumes that there is no requirement for a Procurement Strategy, policies or procedures.

However, the Procurement Strategy is a response to the Corporate priorities. It is a declaration of our intention to ensure best value is achieved from all our procurement activities, to comply with internal financial regulations and with all current legislation, and to fully consider a wide range of environmental, economic and social value issues. The Procurement Procedures are a response to requests from officers for guidance in carrying out their own procurement activities.

There are several risks to this 'do nothing' approach:

- The Council's spend with third party providers represents a significant opportunity to achieve our Corporate Priorities. By not setting out our intentions in the Procurement Strategy, our procurement and commercial activity may fail to tap into this potential;
- A lack of clear procedures may result in non-compliance in our tendering, which may risk challenge from the market, delaying delivery of services;
- Failure to plan our procurement adequately reduces our ability for sounding out the market, and achieving optimal value for money
- Lack of formal contract management means that we are unable to demonstrate the effectiveness of our contracts to achieve the desired outcomes and value for money.

2.2 **Option 2 – Administration Committee approves the Procurement Strategy, Procurement Policy and attached suite of Procedures for the management of SBC's procured contracts, and supports the approach to their implementation.**

This option recognises the need to provide assurance of commercial and procurement best practice, to deliver value for money and to implement controls and governance arrangements for the effective management of our contracts.

The Strategy and Procedures fully acknowledge the new CSOs, with a particular focus on the delivery of our 'Recovery' priority: delivering social value, advertising and reserving procurements for local and small businesses, planning our procurements to ensure improved market engagement and tracking benefits proposed by suppliers when they bid.

The Strategy and Policy are drafted as a set of high level intentions and principles, easy to understand and follow. There has been consultation across the organisation with key stakeholders who have provided feedback on the content and design of the policies and procedures.

The risks of this option are considered relatively low:

- Procedures may become outdated: Corporate Procurement have planned for the regular review of the Procedures to ensure they are current and fit for purpose;
- Lack of awareness of the new Procedures: Corporate Procurement has a planned communication programme to take place after the Procedures are approved;

- Procedures not understood and therefore not used: Corporate Procurement has planned Training sessions to take place, targeting frequent users or those less familiar with the correct process. Training will be provided regularly, and officers' obligations emphasised.

2.3 **Option 3 - Administration Committee approves the proposed documents, with suggested amendments.**

2.4 **Option 2** is recommended.

3. Financial implications

3.1 There is some small investment required to enable the effective implementation of the Procurement Strategy and procedures:

- (a) There is a requirement to implement a new, fit-for-purpose e-tendering and contract management system to replace the current system (In-tend) which is not suitable for a devolved procurement environment (it is not an intuitive system and is difficult for officers across the organisation to use).

A soft market testing exercise indicates that we can replace the system for approx. £5k per annum. This would be cost neutral in the next financial year as the current system has the same cost.

- (b) A growth bid will be made for an additional resource for the team. This is planned to be a Procurement Apprentice, which will partly offset the Apprenticeship Levy payments, and work towards succession planning in the Procurement team.

3.2 These measures will:

- (a) allow improvements in tendering and contract management, ensuring that proposed financial and social value benefits are delivered;
- (b) enable the implementation of a database of contract information to help the Council fulfil its obligations under the Local Government Transparency Code.
- (c) provide contract continuity. The new e-tendering and contract management system alerts / prompts officers to re-tender their contracts in good time.

4. Other considerations

4.1 The Procurement Strategy, Policy and Procedures provide additional assurance of improved contract compliance and control of our third party spend.

4.2 The Corporate Procurement team – working closely with the Economic Development team - will enhance its communications with local economic providers, providing guidance on responding to bids, identifying opportunities

which may be of interest (enabled by our procurement planning), and increasing our understanding of the goods services and works providers throughout the borough.

- 4.3 Briefing and training sessions on the Strategy, Policies and Procedures will be offered to all Councillors

5. Equality and Diversity

The Procurement Strategy, Policy and procedures are designed to allow greater access to small & medium enterprises (SMEs) and local businesses to compete for the Council's commercial opportunities. The Social Value procedure will ensure that additional benefits, commensurate with the size and value of a project, are delivered. This value will be tracked.

6. Sustainability/Climate Change Implications

- 6.1 The Procurement Strategy, Policy and procedures have been designed to further consider of all aspects of sustainability. Stakeholder comments requiring enhanced climate change considerations have been incorporated into the documents.

7. Timetable for implementation & Measuring Success

- 7.1 The timetable below provides an outline for the implementation of the Procedures.
- 7.2 It is important that we monitor the success of the Procedures following their implementation, and Corporate Procurement will develop Key Performance Indicators (KPIs) to track performance. These will be presented to the Administration Committee for discussion prior to implementation.
- 7.3 It is proposed that performance against the KPIs will be reported to the Administration Committee every six months.

ACTION	2021/22									2022/23								
	A	M	J	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	A	M	J	J	A	S	O
Drafting of CSOs, Procurement Strategy, Policy & Procedures																		
Policies circulated for stakeholder review																		
Amendments and comments incorporated																		
Report to MAT																		
CSO training sessions																		
Report to Admin Committee																		
Actions from Admin Committee																		
Communication of Procedures across the organisation																		
Training sessions for Procedures																		
Develop Performance measures (impact of Procedures)																		
Approval of performance measures at Admin Cttee																		
Baselining of Local Spend / Control period																		
Start tracking Local Spend																		
Source new e-tendering and Contract Mgt system																		
Recruit apprentice (subject to approval to proceed)																		
Sample and check effectiveness of procedures																		
Actions to improve effectiveness of procedures																		
Review and update policy and procedures																		
Performance reporting (6 monthly)																		

01/04/2022 Commencement of performance monitoring

Background papers: None

Appendices:

Appendix A – List of SBC Procurement Policies and Procedures

Appendix B - Procurement Strategy

Appendix 01 - Procurement Policy

Appendix 02 - Developing the Procurement Plan

Appendix 03 - Delivering Social Value through Procurement

Appendix 04 - Advertising & Reserving Spelthorne Procurement Opportunities

Appendix 05 - Using SBC's framework agreements

Appendix 06 - Managing Contracts

Appendix 07 - Request for Quote and Tender Process

APPENDIX A – LIST OF SBC PROCUREMENT POLICIES AND PROCEDURES

Phase	Policy / Procedure	Development Status
1	01_Procurement Policy	COMPLETE
1	02_Developing the Procurement Plan	COMPLETE
1	03_Delivering Social Value through Procurement	COMPLETE
1	04_Advertising and Reserving Spelthorne Procurement Opportunities	COMPLETE
1	05_Using SBC's Framework Agreements	COMPLETE
1	06_Managing Contracts	COMPLETE
1	07_Request for Quote and Tender Process	COMPLETE
2	08_Procurement Due Diligence Checklist (Suppliers)	NOT STARTED
2	09_Managing Risk in Procurement projects	UNDERWAY
2	10_Drafting a Specification of Requirements	UNDERWAY
2	11_Exemption Reporting	NOT STARTED
1	Contract Standing Orders and Financial Regs	COMPLETE
1	Procurement Strategy	COMPLETE
1	Template: Specification of Requirements	COMPLETE
1	Template: RFQ (small value projects)	COMPLETE
2	Template: Exemption Report	UNDERWAY