



Finance Sub-Committee - 22 October 2014

Procurement Strategy

Purpose of report

To consider the revised procurement strategy.

Attachment(s)

Appendix 1: Procurement Strategy

1. Background

1.1. The council has had a procurement strategy in place for many years. The strategy was last updated in 2011. It is best practice to review the strategy on a regular basis.

2. Procurement Strategy

2.1. The purpose of the procurement strategy attached at Appendix 1 is to set out how the council aims to procure goods and services in the most efficient, effective and economic ways to deliver value for money for customers, and provide transparency and accountability throughout the process.

2.2. The strategy is aligned to the Council's Corporate Plan to support effective service delivery.

2.3. The procurement strategy sets out:

- How ENC is supporting the local economy
- How we can make it easier for business to work with the Council
- How procurement supports our community
- How we deliver Value for Money

2.4. This updated strategy will enable the Council to continue the good procurement work it undertakes and allow it to develop the guidance and tools to further embed the procurement process within the organisation.

2.5. Work is currently being undertaken to update the Contract Procedure Rules (part 4.6 of the Constitution) to ensure these remain up to date. Any updates to this will follow the committee process in due course.

3. Equality and Diversity Implications

3.1. There are no equality and diversity implications arising from this report.

4. Legal Implications

4.1. There are no legal implications arising from this report.

5. Risk Management

5.1. Failure to have an effective strategy will place the Council at risk of not complying with procurement and contract regulations, which could lead to the Council not being able to deliver the most effective services.

6. Financial Implications

6.1. There are no financial implications arising from this report.

7. Constitutional Implications

7.1. The Contract Procedure Rules, which form Part 4.6 of the constitution, are currently being reviewed by Welland Procurement Unit and officers to incorporate the most up to date information and ensure that it remains fit for purpose. There are new procurement regulations currently out for consultation which are anticipated to be implemented early 2015. This indicative timescale may change. There are going to be some amendments (such as the inclusion of the Social Value Act and advertising of all contracts above £25k) following this review, these changes will be presented to Members for review and approval at future Committees and Council.

8. Corporate Outcomes

8.1. This report links to the following Corporate Outcomes:

- Value for Money
- Effective Management
Ensuring robust procurement arrangements are in place to manage the Council's contracts and procurement process.

9. Recommendation

1.2. The Sub-Committee is recommended to:

- Resolve to recommend to Policy & Resources Committee approval of the Procurement Strategy

(Reason – to ensure the Council has an up to date and effective Procurement Strategy)

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|--|-----------------------|-----------|--|-----------|--|
| Legal | Power: | | | | |
| | Other considerations: | | | | |
| Background Papers: | | | | | |
| Person Originating Report: Kelly Watson, Finance Manager ☎ 01832 742267 ✉ kwatson@east-northamptonshire.gov.uk | | | | | |
| Date: 28/08/14 | | | | | |
| CFO | | MO | | CX | |

(Committee Report Normal Rev. 22)



East
Northamptonshire
Council

Procurement Strategy



Supporting Small Businesses in our High Streets

2014

Introduction

In the UK, councils spend about £60 billion each year procuring goods and services. In East Northamptonshire, the Council (ENC) spends around £11.4 million. There is significant benefit in ensuring this money is well spent.

We recognize the need to maximise the opportunities that good procuring provides, to ensure value for money; improved services and choice for customers; and to support the local economy.

It has always been the case that recessions encourage innovation and this means that as a council we must look at new and innovative ways to provide better services to our residents with less money. We want the way we procure to encourage suppliers to improve the services they provide and give employment prospects to the community

We are committed to building on the excellent examples of contract management within the council and move towards supplier relationship management so that our efficiencies deliver more for less through innovation. We will continue to take opportunities to collaborate with other councils to pool our resources and increase our buying power and to get better deals from suppliers.

We will listen to feedback from current suppliers, local businesses and, in particular, local small and medium enterprises (SMEs) and we want to make it easier for you to work with us and win our contracts. We want a vibrant local economy and want our customers to have more choice too.

You will know that we have been successful in our new approach if we meet the success measures in this strategy and the aspirations set out below:

- Suppliers tell us that our processes are straightforward, less bureaucratic and that we have reduced red tape.
- Suppliers tell us they find it easier to spot opportunities to bid for work.
- The people who use council services, residents, community organisations and partners tell us that the goods and/or services meet their needs.
- Our suppliers engage in pre-procurement dialogue; provide feedback; tell us they are aware of trading opportunities with us; and, if appropriate, we secure their input and expertise to develop our services.
- Local chambers of commerce, the Federation of Small Businesses, other local business associations, other representative trade and industry bodies and voluntary sector representative groups engage with us in developing our procurement approach.
- We deliver efficient, effective and economic procurement of services to deliver value for money.

We are working collaboratively using professional buying organisations including the Government Procurement Service and others, to make best use of existing expertise and resources, and to share best practice.



Councillor Steven North
Leader and Chair of Finance Sub Committee

Supporting our local economy

Focusing public money on local businesses and employment for local people

We are keen to make the public money we spend go further. East Northamptonshire has an estimated 2,400 businesses. We have always supported local businesses and want a vibrant local economy.

We know that 67 per cent of ENC businesses are SMEs so we will ensure that it is just as likely that an SME wins our business as a large supplier.

Payment of suppliers will be managed promptly in accordance with the council's payment policy. This includes effort to pay all suppliers within 30 days, and to pay local* suppliers within 10 days of invoice receipt. Performance measures are in place to monitor prompt payment.

ENC advertises contracts on a single portal to improve communication to suppliers of potential work available. Businesses will also be provided with a single point of contact to register what services they offer, although this will not form any type of approved list.

<http://www.sourcenorthamptonshire.co.uk/>

The council will consider the impact upon the market of packaging and presenting the council's requirements in a way that attracts competitive quotes. Where appropriate, the council will make use of competitive dialogue to meet the needs of the users in the most economically advantageous way.

The Social Value Act provides the council with the ability to ensure that the organisations we work with demonstrate corporate social responsibility that contributes to the prosperity of East Northamptonshire.

MEASURE OF SUCCESS:

1. 90% of local suppliers paid within 10 days. In 2013/14 we paid 97.1%
2. Contracting with local SMEs promotes growth and wealth in East Northants
3. Suppliers tell us they find it easier to spot opportunities to bid for work



* The council defines local as being within ENC Boundary

Making Business Easier

Making competition for public contracts fair and possible for all businesses

Public procurement is highly regulated in order to ensure fair and open competition, and over the years the rules have become more complicated.

We want to make it easier for businesses to find tender opportunities. We also want to make the time taken to submit bids shorter. We will advertise opportunities to contract with the council on the Source Northamptonshire Portal as well as our website and ensure that successful contractors advertise their sub-contracting opportunities on that portal too.

<http://www.sourcenorthamptonshire.co.uk/>

Red tape often springs from a need to demonstrate control - control of risk. However, sometimes this need to control risk can lead to policies and procedures that are unnecessarily burdensome particularly on SMEs and voluntary sector organisations.

The council has invested in an approach to procurement that allows greater flexibility and creativity whilst appropriately managing risk.

The council is committed to ensuring that when developing a commercial strategy for procurement, we will ensure that the requirements for managing risk do not stifle competition or innovation.

MEASURE OF SUCCESS:

1. The council will aim to reduce the average timescale of procurements.
2. Suppliers tell us that our processes are straightforward, less bureaucratic and that we have reduced red tape



Benefiting the Community

Spending public money in the right way for the benefit of the district.

Procurement is an opportunity for us to improve and develop our services through innovation. Every time the council renews a contract, it will consider the following:

1. Does the service provide the outcomes required by our customers?
2. If not, should we consult customers, providers and other interested parties and consider re-designing the service?
3. Is the service cost-effective?

By asking these questions, the council will find opportunities to improve services and deliver better outcomes.

The council will continue to share best practice procurement with the voluntary and community sector to improve accessibility and enable community groups to benefit from economies of scale wherever possible

All major procurement shall consider the sustainable development goals of the council and ensure that decisions consider how to promote sustainability and biodiversity.

MEASURES OF SUCCESS:

1. For procurements over £50,000, we will aim to include pre-tender dialogue with suppliers where possible.
2. The people who use council services, residents, community organisations and partners tell us that the goods and services being procured meet their needs



Sensible spending

Efficient, effective and economic procurement of goods and services to deliver value for money

A number of external and national reviews of procurement activity concluded that fragmented spending inhibits the achievement of procurement efficiencies, and suggest that collaboration is an effective solution.

Sensible spending is achieved by:

engaging with the market to inform and test out service redesigns;

identifying opportunities to improve supply chain management;

improving supplier relationship management so that innovation is at the heart of contract management discussions;

reducing the time spent identifying a supplier and increasing the time spent developing the contractual relationship.

By working through the programme of actions listed above, it will enable officers to improve its understanding of the sectors that it is engaged with. This improved understanding will enable strategic decisions to be made about how we purchase and who we purchase from.

The council will explore the benefits of electronic invoicing, e-auctions and e-tendering in line with the latest guidance and best practice.

The Welland Procurement Unit is a shared resource and ENC was a founding member in 2006. A number of major contracts have been negotiated with the assistance of the Welland Procurement Unit, which have delivered, or will deliver, significant savings to the council. £4.1m has been saved since 2006.

ENC has entered into shared services with neighbouring councils for a variety of functions; it will continue to explore possibilities of shared working and shared purchasing wherever it is advantageous to do so.

Measures of success

1. We are working collaboratively using professional buying organisations including the Government Procurement Service and others to make best use of existing expertise, resources, and to share best practice
2. We will demonstrate commitment to this strategy by being transparent and publishing spending of over £500 by supplier on our website



£3.2 million invested in our leisure facilities across the district through procurement in 2013/14 and 2014/15.



For more information, please contact:
Email : finance@east-northamptonshire.gov.uk
Telephone : **01832 742000**