



Policy and Resources Committee – 9 October 2017

Procurement Strategy (Revised)

Purpose of report

To consider the revised Procurement Strategy.

Attachment(s)

Appendix 1: Procurement Strategy (with tracked changes)

1. Background

- 1.1. The council has had a procurement strategy in place for many years. The strategy was last updated in 2014. 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 as well as improved services 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
 - How we can improve services
 - How governance arrangements for procurement work within the Council
- 2.4. The key changes in the strategy are as follows:
- New Section setting out the Purpose of the Strategy (page 5)
 - New Section setting out Aims and Objectives (page 5)
 - Additional statements of support to local suppliers (various)
 - Updated measures of success to reflect latest information (various)
 - Strengthening the information on sensible spending (page 9)
 - New section setting out governance and accountability arrangements (page 10)
- 2.5. This updated strategy will enable the Council to continue the good procurement work it undertakes. It will also help to support and allow further development of guidance and tools thereby further embedding good procurement practice and processes within the organisation.
- 2.6. A related review of the Contract Procedure Rules (part 4.6 of the Constitution) will be undertaken shortly to ensure these remain up to date. Any updates will be reported back in accordance with the committee process.

3. Equality and Diversity Implications

- 3.1 There are no equality and diversity implications arising directly from the changes in this report. However, it is recognised that equality and diversification are promoted by having a procurement strategy in place which ensures that equality issues are given consideration throughout procurement process and are addressed where appropriate in any contracting arrangement.

4. Legal Implications

- 4.1. By regular review and update of the strategy, the council ensures it is incorporating the latest changes in legislation and best practice. This ensures that engagement with contractors throughout the procurement process is compliant and that the council is following the required routes for its contracting arrangements.

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. It could also open the council to risk of challenge if found to be non compliant.

6. Resource and Financial Implications

- 6.1. By having a procurement strategy in place, the council is ensuring that value for money is considered appropriately throughout the procurement process. There are inevitably financial implications that the council is exposed to if found to be non compliant with procurement regulations which the strategy helps to prevent.

7. Constitutional Implications

- 7.1. The Contract Procedure Rules, which form Part 4.6 of the constitution, will be reviewed to include the most up to date information and ensure that it remains fit for purpose. Any changes will be presented to Members for review and approval at future committees and council.

8. Implications for our Customers

- 8.1. The strategy sets out how we will deliver value for money which will be an indirect benefit to our customers.

9. Corporate Outcomes

- 9.1. 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.

10. Recommendation

- 10.1 Policy and Resources Committee is recommended to:

- Approve the revised Procurement Strategy

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

Legal	Power: Local Authorities (Goods and Services) Act 1970, Local Government Acts 2000 and 2003				
	Other considerations: Public Contract Regulation 2015				
Background Papers:					
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Date: 20/09/17					
CFO		MO		CX	

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Change History

<u>Issue</u>	<u>Date</u>	<u>Comments</u>
1.0	October 2014	New Policy approved by Policy & Resources Committee on 10.11.2014 (following recommendation by Finance Sub Committee on 22.10.2014)
1.1	June 2017	Revised to include updates from change in legislation and audit recommendations
1.2	September 2017	Revised to include additional performance indicators/information

NB: Draft versions 0.1 - final published versions 1.0

Consultees

<u>Internal</u>	<u>External</u>
All staff and managers	Members

Distribution List

<u>Internal</u>	<u>External</u>
All staff and managers	Members, Published on Councils website

Links to other documents

<u>Document</u>	<u>Link</u>
Contract Procedure Rules	http://www.east-northamptonshire.gov.uk/downloads/file/8815/constitution_part_46_-_contract_procedure_rules
Enterprising East Northants Business Charter	https://www.east-northamptonshire.gov.uk/enterpriseEN

Additional Comments to note

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1 Introduction

In the UK, councils spend about £60 billion each year procuring goods and services. In East Northamptonshire, (ENC), 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.

WeAs part of Enterprising East Northants and our Business Charter, 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 whothat 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 Crown Commercial 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

2 Purpose of the Strategy

Supporting delivery of the Corporate Plan through the procurement framework

The purpose of this strategy is to set out a strategic procurement framework which is designed to assist the Council in delivering against the key outcomes set out in the Corporate Plan. The procurement framework will help deliver our strategic priorities and deliver best value, whilst maintaining excellent services for our residents. The key outcomes are:

- Good quality of life
- Good value for money
- High quality service delivery
- Effective partnership working
- Effective management
- Knowledge of customers and communities
- Councillors and staff with the right knowledge, skills and behaviours

The strategy recognises the Council's objectives and advocates the importance of procurement activities in contributing to efforts to provide efficient, effective and economic procurement of services which deliver value for money and genuine budgetary savings. This strategy identifies the actions that we will take and the principles we will follow to maximise value from our procurement spend.

3 Aims and Objectives

Ensuring public money is spent appropriately on procuring goods and services

The strategy aims to demonstrate a well-structured approach to the Council's procurement activities outlining the following principles which will underpin the procurement strategy:

- Mandatory compliance with UK and European Procurement Legislation including compliance and procedures to support Modern Slavery Act 2015 and Criminal Finances Act 2017
- Development of a proactive approach to customers, stakeholders and partners so that future requirements are anticipated and alternative options for delivery can be considered as part of continuous business improvement
- Early engagement of all key stakeholders to ensure planning, collaboration, risks, benefits, budget, sustainability are all considered in advance of the procurement process
- Demand is managed more proactively, only procuring goods and services that are needed
- The decision making processes will be fair, equal and transparent
- Consistent approach to supplier and contract management to maximise efficiencies and enhance improved service delivery
- Standardisation and rationalisation of procurement process and procedures
- Improved communication, advice and guidance to support local businesses
- Our people are provided with the skills, knowledge, training and resources to embed the aims and objectives of the procurement strategy

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4 Supporting our local economy

Focusing public money on local businesses and employment for local people



Enterprising East Northants, the Council's Economic Development, Tourism and Regeneration Strategy adopted in April 2017, is driving forward the delivery of a new Business Charter which details how the Council supports and promotes local business through all its activity including the procurement of goods and services.

We are keen to make the public money we spend go further. According to the Office for National Statistics there were 3815 businesses recorded in East Northamptonshire has an estimated 2,400 businesses in 2016 of which 99.6% are SMEs. Of these around 2460 businesses (78% SME's are known to the council through the collection of business rates. We have always supported local businesses and want a vibrant local economy.

We know that 6778 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.

Where procurement is up to £50k in value, the council's contract procedure rules state that at least one quote should be from local suppliers (council area or sub-region).

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. 95% of local suppliers paid within 10 days. In 2016/17 we achieved 98.7%
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

5 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 publish the procurement timetable with its tender documents where possible.
2. The council will periodically undertake procurement case studies to determine their success at delivering the priorities of this Strategy. This will take the form of seeking the views of the key stakeholders and review the procurement process, contract and subsequent contract management activities periodic risk based Internal Audits to enable procurement policy and practice to develop and improve as required.



6 **Benefitting 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. Through regular monitoring and reviewing of contracts and their delivery, the council will also identify further opportunities for delivery or improvement and will look at ways of implementing appropriate measures to address these.

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 procurements 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 that use council services, residents, community organisations and partners tell us that the goods and services being procured meet their needs



7 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. E-tendering is specifically being led by the Welland Procurement Unit and will be implemented by October 2018.

The Welland Procurement Unit is a shared resource procurement service provided by Melton Borough Council to East Northamptonshire Council, Blaby District Council, Borough Council Wellingborough, Corby Borough Council and ENC was a founding member in 2006 Rutland County Council. 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. £4.4m A total of £5.9m has been saved since 2006-2011.

The Council also works with Welland Procurement Unit to deliver relevant training and guidance to officers so that their knowledge and skills reflect the latest in procurement legislation, best practice, contract management and other relevant issues. Officers work with the Welland Procurement Unit to ensure that training is provided in a timely and effective manner. The next training events are scheduled to be delivered in September 2017.

In addition to formal training, articles will, from time to time, be published internally reminding officers about their responsibilities under this Strategy and the Contract Procedure Rules.

The council is currently developing options for consideration on the delivery of the waste contract which is due for renewal in Summer 2018.

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 where benefits can be delivered. ENC will also explore the use of existing contracts and framework agreements where possible and it is economically advantageous to do so.

Measures of success

1. We are working collaboratively using professional buying organisations including Crown Commercial 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

8 Governance and Accountability

Members have a key role to play in aligning procurement decisions with the council's corporate objectives and in monitoring procurement performance.

Members have specific formal roles to play in Procurement, in addition to their role in setting strategy and policy for the council. Members are informed of forthcoming key tenders.

The Council's Procedure Rules (Standing Orders) are approved by members at **Full Council**. This includes approval of Part 4.6 of the Constitution which is Procurement Procedures.

The **Scrutiny Committee's** function is to oversee the performance and efficiency of the council. They receive regular reports on the council's performance framework which includes key performance targets on procurement activity. They may also review and scrutinise particular procurement decisions where there are financial or significant risks to consider.

The **Governance and Audit Committee's** purpose is to oversee and provide independent assurance on the council's arrangements in relation to audit, governance, ethics, probity, risk management and internal control. This means the effectiveness of internal processes for procurement is regularly reviewed as part of the audit plan where issues requiring attention are addressed in a timely manner. The Committee also consider the council's compliance with its own and other published standards and controls to ensure it follows the latest guidance and best practice. The Committee supports the development of robust systems for identifying and evaluating significant risks and putting in place risk management systems including those relating to procurement fraud.

The **Chief Finance Officer (Section 151 Officer)** is required to ensure the lawfulness and financial prudence of decision-making. These responsibilities include the administration of the Council's financial affairs as well as procurement and risk management.

The **Executive Director** is responsible for corporate strategy and policy development across the Council and is designated as the Council's Monitoring Officer and is required to ensure the lawfulness and fairness of the Council's decision-making processes.



£3.2 million has been invested in our leisure facilities across the district through procurement during 2013/14 and 2014/15. Following the successful procurement of our new leisure provider, a further £2m is currently being invested by Freedom Leisure who commenced delivering leisure services on our behalf in April 2017.



East
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