



Procurement Strategy

2017/18-2020/21

Adopted by Cabinet 17 April 2018

Contents

Introduction – page 2

Making Savings – page 3

Supporting the Local Economy – page 6

Demonstrating Leadership – page 7

Modernisation – page 9

How Procurement supports some of the Council's Priorities – page 10

Policy Statement

The purpose of this policy is to provide a framework for the Council as to how procurement activity is taking place currently and a strategy to improve the service, to both our internal and external stakeholders.

Scope

This Procurement Strategy is for the Borough Council of King's Lynn and West Norfolk (including wholly owned Local Authority Companies) and covers the period 2017/18-2020/21. The central Procurement Team has the main responsibility for the implementation of the strategy but, the co-operation and assistance of all departments is required.

Introduction

The central Procurement Team is a resource that supports Council departments in achieving the authority's aims and objectives. The aim is to help Service Managers to fulfil their roles in a way that complies with internal and external rules and regulations, while ensuring that our contracts gain Value for Money.

The intention is for the Council to align this Strategy with the Local Government Association (LGA) National Procurement Strategy (NPS) – 2014. To do this the same four main headings, and relevant sub-headings, are used. The main headings are:

- Making Savings
- Supporting the Local Economy
- Demonstrating Leadership
- Modernisation

Strategy Specific Headings

1. Making Savings

The first theme of the NPS is 'making savings' and refers to the significant financial pressures that Councils are facing from reductions in government funding and rising demand. It recommends using spending power wisely and strategically, and setting targets for procurement and contract management.

1.1 Spend Analysis

The Procurement Team undertakes a yearly spend analysis with the aim of improving efficiency, ensuring that all Council procurement complies with Public

Contracts Regulations 2015 and the Council's Contract Standing Orders, identifying maverick spending and consolidating spend, where possible.

The 2016/17 Spend Analysis shows the following information: -

- Total Council supplier spend – over £27m
- Capital spend – £13,653,722 (almost all formally contracted)
- Revenue spend – £13,669,840

Of the revenue spend 86% went to the top 200 suppliers, of which 78% was formally contracted or consisted of non-influencable expenditure such as statutory fees or grants. The remainder will be monitored for potential savings.

1.2 Spend Classification

- Pro-Class Classification is a supplier classification matrix that is recommended for use in local authorities.
- Currently, we have our own classification system and have included this on our Financial System, in the supplier records. It has been identified that the Financial System may be able to accommodate Pro-Class and we will aim to change over to this in the next 12 months. A recent decision has been made to change the financial ledger and this may have an impact on timescales for implementing Pro-Class.
- Using Pro-Class will give us the option to aggregate procurement spend with other Local Authorities that have the same needs as ours and that we may not have previously been aware of.
- Classification means that we can group together suppliers by their category and see if there is any scope for consolidation or any reason as to why we are using a certain supplier when we have a contract with another.

1.3 Use of Public Buying Organisations / Frameworks

- The Council saves time and resources, where possible, by using Public Buying Organisations (PBOs) such as Eastern Shires Purchasing Organisation (ESPO), Crown Commercial Services (CCS) and Yorkshire Purchasing Organisation (YPO).
- This saves us money as a large part of the procurement process has already been done by these PBOs.
- Where we feel it is beneficial to use a PBO Framework, we will continue to do so. We have regular contact with both ESPO and CCS and we try to respond to surveys regarding their performance and areas for possible improvement.

1.4 Sharing Procurement Services / Expertise

- Income is generated by providing procurement services to Boston Borough Council. We have provided these services to them since 2014 and we now have an agreement with them to continue up until 2021. Where an opportunity arises,

and we have the resources, we will consider providing our services to other Local Authorities.

- The Council's procurement staff participate in LGA projects where they investigate large areas of Council spend (Energy, Construction and ICT), and are contributing to the development of the next NPS.
- Procurement Team members attend East of England LGA (EELGA) procurement events to keep up to date and share best practice.

1.5 Contract / Supplier Relationship Management

In most contracts the Procurement Team hand the process over to the client department after the award of the contract. Although we believe that contract management could be improved, we do not currently have the resources in the Council to do this.

One option could be to have a dedicated Contracts Manager. The role would be to work with, and to support, Operational Managers and the Procurement Team to ensure that:

- Regular review meetings take place with suppliers,
- Contract outputs and Key Performance Indicators (KPIs) are monitored,
- Remedies are implemented when KPIs fall below target,
- Supplier relationships are managed

Savings could also be achieved by ensuring that payments are correctly made in line with agreed terms and services or goods provided.

The Contracts Manager would also aim to deal with problems at an early stage to prevent escalation. Currently, the Procurement Team are only called for assistance when problems have developed into a major, and frequently expensive, issue.

For some time, all Council contracts have included a requirement for contractors to pay their sub-contractors within 30 days. This was introduced to assist SMEs but we do not currently monitor compliance. During the life of this strategy document, we will aim to introduce an audit of larger contracts to measure compliance with this requirement, with the aim of improving relationships with the supply chain as a whole.

This may be an area where the Council could share resources with another authority.

1.6 Risk Management

Procurement staff always exercise due diligence, prior to formally accepting a tender, to minimise risk. These checks include whether the successful supplier: -

- is financially stable
- has satisfactory references

- has satisfactory Health and Safety arrangements
- has acceptable insurance cover

When weaknesses are found, the Council will provide advice to assist the supplier where possible or take steps, such as staging payments, to mitigate risk.

A link to The Council's Whistleblowing Policy will be included in all of the Council's contracts for their information. Sending this policy to contractors allows them to know what procedures are in place if they have any concerns with anything related to their relationships with the Council and its officers or members.

The recently updated Safeguarding Policy requires risk assessments of all contracts for services or works. The Procurement Team will conduct these assessments for each relevant procurement and take the actions specified in the policy when needed.

1.7 Financial Controls and Procedures

- An Accounts Payable audit has recently been undertaken by an external specialist, with the objective of checking for duplicate payments or overpayments. This has resulted in less than £5,000 in errors being found over a 6 year period, which demonstrated that financial controls in the Council are strong.
- All new starters who use the Financial System require adequate training, particularly around the use of new suppliers and the creating of purchase orders. The Procurement Team will aim to strengthen controls in this area and ensure that new starters at the Council, Alive Management and any other Local Authority Companies are made aware of our Contract Standing Orders to limit maverick spending.
- The Procurement Team will work with Personnel to develop an improved procurement e-learning module for all members of staff to complete. This will be kept up to date and inform staff of our Contract Standing Orders and Financial Regulations, including the procedure for dealing with new suppliers.

2. Supporting the Local Economy

The second theme of the NPS considers how councils can, through good procurement, support local economies. It refers to the need for councils to provide the maximum benefit into their communities from every taxpayer pound that is spent. And, with their economic development role, councils can take responsibility for generating economic, environmental and social growth in local communities.

2.1 Social Value

In larger contracts, the Council include social value issues such as 'use of local apprenticeships' and 'use of local sub-contractors' as award criteria. We will continue

this practice and look for ways of increasing the social value obtained from our contracts.

2.2 Market Engagement with Local Suppliers and Voluntary, Community and Social Enterprises (VCSEs)

- As an authority we engage regularly with the VCSE sector but this is usually through the route of grants or other financial support. We have relatively few contracts that would be suitable for VCSE providers but we will continue to look for opportunities for this sector and actively encourage local organisations and groups to compete when appropriate. Currently, we have Information and Advice Services contracted out to two VCSEs that has been successful thus far.
- The Council try to keep tender documentation as brief and as simple as possible in order to encourage smaller local businesses to compete for our contracts. For contracts under £50,000 in value we will continue to avoid the use of Standard Selection Questionnaires whenever possible, and confine our due diligence to checking the finances, insurance and health and safety of the winning bidder only.
- There is a “Selling to us” page on the Council’s website that provides information on our procurement processes. The Procurement Team will keep this information up to date as it can be of value to small local businesses.
- To encourage greater participation in tender processes from local suppliers the Procurement Team will ask client departments if they are aware of any local businesses that could fulfil the contract and online searches will be made for local suppliers. Contact will then be made with these businesses to draw their attention to the tender.
- In the past, seminars have been run for local suppliers to help them better understand how to submit both tenders and selection questionnaires although we received a limited take up for these. The Procurement Team will consider running these seminars again in the future if the need is seen to be there. The Procurement Team are also happy to offer 1-to-1 sessions, where local businesses contact us.
- The Procurement Team regularly encouraged suppliers to register on Contracts Finder. This is free of charge, and will provide automatic alerts to tender opportunities. All Local Authorities are legally obliged to advertise their contracts on this web portal.
- The Procurement Team monitor the percentages of business that we have with SMEs and VCSEs via the use of spend analysis data. In the 2016/17 financial year 67.8% of our suppliers were SMEs and 8.63% were VCSEs.

3. Demonstrating Leadership

The third theme of the NPS is ‘demonstrating leadership’ and refers to the need for those working in local government procurement to demonstrate leadership to

increase its impact and influence across the public sector and demonstration of leadership from the top of the organisation (members and senior managers).

3.1 Contribution to National and Local Procurement Groups

- The Council is already interacting with PBOs, regional bodies and other Councils regularly to support better procurement and to ensure compliance. As well as this, via EELGA, we interact with the LGA National Advisory Group to influence and shape procurement policy.
- The Procurement Team attends EELGA events and utilise their support. We will aim to register on to the Society of Procurement Officers (SOPO) Community Platform, which is a Local Government procurement forum where you can ask or answer questions and view other potentially relevant topics.

3.2 Procurement Champion

The Leader of the Council is the procurement champion and he fully supports the delivery of this Procurement Strategy.

3.3 Forward Planning

- The Procurement Team will provide quarterly updates to Management Team on all Major Contracts, Tenders and Future Pipeline projects. Management Team will then forward these onto the procurement champion, if they feel it is relevant.
- A summary of the Council's procurement workload will also be uploaded onto the intranet system, InSite, at regular intervals. An email link to this will be sent to Extended Management Team to prompt and assist with their procurement forward planning.

3.4 Commissioning and Procurement Collaboration

The Council will aim to improve collaboration between the commissioning service areas and the Procurement Team.

- The Procurement Team will aim to set up a 'Lessons Learned' tab on InSite. This will include information with Client departments statements on how certain things worked well/others could be improved with regards to Supplier Performance in a Framework / Contract Management / Writing the Specification / Creating Tender Documents.
- The Procurement Team will aim to have annual reviews with Client departments managing contracts to meet with them and discuss how the contract has been going / if the contractor is still sticking to tendered prices and any issues that have occurred.
- The Procurement Team will aim to work with Client departments to share best practice tender procedures with other departments within the Council.
- Tender documents are prepared for the Client department to work on / input their specification to stop people from having to 'reinvent the wheel' each time.

The Council is keen to find different ways of working to achieve the targets in its Efficiency Plan.

3.5 Training

- Over the last 18 months, the Council has provided external procurement training to senior managers and officers responsible for the management of large contracts. These training sessions included Commercial Awareness, Negotiation Skills and Contract Management.
- The Procurement Team have provided procurement awareness training to Councillors at King's Lynn in the past, and more recently at Boston Borough Council. We will aim to provide procurement training to elected members again and in the future, soon after each Borough election.
- Internal training can be provided by procurement staff, if Service Managers feel that it is necessary. Procurement Team contact details will also be provided on the Procurement e-Learning modules, once developed, for new starters in case they have any queries.

3.6 Consultant Knowledge Transfer

When employing consultants the Council will explore opportunities for knowledge transfer from the consultant to Council staff. This will be considered for inclusion in the brief or specification for the contract or for use in the award criteria, by way of value-added services.

4. Modernisation

The final theme of the NPS is 'modernisation' and refers to the need for local government procurement to modernise in terms of scope, use of technology and practices and procedures.

4.1 Commercial Expertise / Income Generation

- With grants from Central Government being dramatically reduced income generation is a Council-wide strategy.
- The Procurement team currently provide procurement services to Boston, as stated in 'Sharing Procurement Services' on Page 3, and the Council provides car parking services for other local authorities and the NHS around the surrounding areas.
- The Council are now building houses for private sale, on plots of undeveloped land that they own. Some houses are also being retained to be rented.
- The Council will continue to consider all opportunities for new ways to generate income.

4.2 Procurement Automation

- It is a legal requirement for tenders over Public Contracts Regulations 2015 thresholds to be conducted via an eTendering portal by October 2018. The Procurement Team are currently operating two potential systems on a trial basis.
- As part of the procurement of the required system, we will investigate the potential to use the system for all tenders, as well as quotations and framework further competitions, to create more efficiency and to minimise risk in the procurement process.
- The Council is now encouraging suppliers to send invoices electronically (eInvoicing). We will aim to promote this and add it to our tender information for suppliers to be aware of.

4.3 Digital Self Service

- The Council have a Channel Shift Project Team. Their aim is to reduce the cost of delivery of a wide range of Council services by shifting the channel used for customer contact to the most efficient and appropriate method.
- An online 'My Account' system where customers can make a claim for housing benefit, apply for the housing register and a number of other services is already in use for transaction that would previously have required a scheduled meeting or a phone call to a member of staff.
- The Council currently has a 'Switched on Transformation Plan' document and is now currently working on an updated 'Digital Strategy' document to replace this. We will consider any opportunity for digital systems to replace paper.

4.4 EU Procurement Directives

- The Council's Contract Standing Orders have been updated to include details of Public Contract Regulations 2015 and they are available on the website and intranet.
- All procurements valued over £10,000 are brought to the central Procurement Team and this ensures that support is provided to navigating through any procurement project, and that EU Procurement Directive requirements are understood and complied with.

How Procurement Supports Some of the Council's Priorities		
Council Priority	Council Programme	How Procurement Supports This
Provide important local services within our available resources	Deliver our 'Channel-Shift' programme. Seek new and effective ways of working. Take opportunities to generate income and draw in grant funding where it helps us achieve our priorities.	Consider opportunities for additional income generation from procurement services

Drive local economic and housing growth	Support new and existing businesses to help them thrive. Meet our housing growth targets. Support activity that helps drive up the skill levels of local people	Having streamlined tendering processes that are not too complicated or time consuming for SMEs. Providing guidance to local businesses on how to submit tenders.
Celebrate our local heritage and culture	Deliver an annual programme of festivals and events to attract people into West Norfolk and showcase our area. Support the improvement of our built heritage, drawing in third-party funding wherever possible. Support leisure and tourism within the Borough.	Provide guidance and support to client departments ensuring that they are procuring contracts to contribute to festivals, events or building improvements.
Work with our partners on important services for the Borough	Support improvements in the educational attainment of our young people. Work closely with partners in health and adult services to improve services for older people. Support 'early help' initiatives aimed at preventing problems from arising in the first place.	Use Social Value criteria for larger tenders to require apprenticeship schemes to provide opportunities for young people.

Reporting Procedures

If you have any concerns or queries with this Strategy, please contact Tony Hague (ext. 6791), Martin Gibbs (ext. 6248) or James Hawes (ext. 6538) or email procurementtenders@West-Norfolk.gov.uk

Implementation/Distribution

This strategy will be posted on the InSite system and the Council's website. Personnel will be asked to assist in drawing the attention of new starters to the policy.

Version Control

Policy name	Procurement Strategy 2017/18-2020/21			
Policy description	A strategy to improve Council procurement			
Responsible Officer	Tony Hague, Procurement Officer			
Version number	Date formally approved	Reason for update	Author	Review date
1		New policy	Procurement Team	