

# **NORTH SOMERSET COUNCIL - PROCUREMENT STRATEGY**

## **2018 to 2021**

### **1. Introduction**

We spend around £170m per year on commissioning goods, works and services from our suppliers. In a time of increasing funding pressures, and increasing expectations of our residents, it is more important than ever that we have the best commercial arrangements in place in order to:

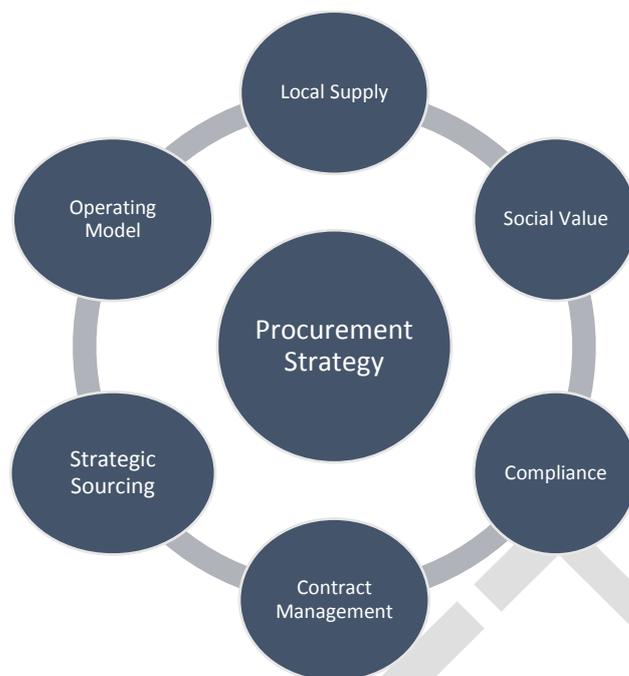
- procure innovative and flexible works, services and quality goods that are responsive to the needs of our community and deliver optimum value for money.
- ensure that the council gets maximum value from every pound that is spent through best value and innovative procurement practice including social value;
- ensure a consistent approach to commissioning and procurement;
- maintain, strengthen and develop strong relationships with suppliers who are proactively managed in full transparency and understanding of the risks involved.

Our Procurement Strategy sets out how we intend to achieve these aims over the next three years.

A large proportion of our spend is on Social Care contracts where commissioners need to consider a range of additional statutory requirements set by the Care Act and other legislation. Decision making needs to also consider the influences of regulatory partners such as CQC and Ofsted and will involve partnerships such as the joint commissioning arrangements with the CCG.

### **2. Themes of the Strategy**

The Procurement Strategy is based around six key themes, as shown below:



The remainder of this document sets out our ambition for each of these themes, together with the key actions we will take to make sure that we achieve these ambitions and meet our overall purpose.

### 3. Theme 1 – Operating Model

#### Ambition

Procurement is an activity that involves a wide range of staff across the Council. Implementing the right Procurement Operating Model is about making sure that those involved in contracting with external suppliers have the right skills, guidance and documentation to drive value from our supplier spend in a consistent and transparent manner. Furthermore, we need to ensure that we focus the activities of procurement professionals where value can best be added.

In addition, we need to ensure that we maximise the benefits from collaborating with neighbouring authorities where this makes sense to do so and is supported by commissioners on both sides. Collaboration can take many forms and is not just about joint contracting, it can also include sharing policies, market data, specifications and lessons learned.

#### Target outcomes:

- Central Strategic Procurement Team which works with colleagues across the Council on a business partnering basis to tender and manage our major contracts with suppliers
- Contract Standing Orders that clearly set out the responsibilities and approval levels for spending money with suppliers
- Ensure that those involved in procurement processes have access to clear guidance and templates, supported by online training tools.

Actions:

S1.1 Review the effectiveness of the revised Contract Standing Orders and update as required.

S1.2 Develop, publish and maintain best practice guidance and template documents to support those involved in procurement processes.

S1.3 Continue to embed the Procurement business partnering approach so that Procurement and commissioning officers work collaboratively to drive value from our procurements.

S1.4 Work with neighbouring authorities to identify and implement collaboration opportunities.

## 4. Theme 2 – Social Value

### Ambition

The Social Value Act 2012 requires us to “consider, prior to undertaking the procurement/commissioning process, how any services procured might improve economic, social and environmental well-being”. We will have a consistent and best practice approach to using our procurement spend to deliver broader value to our residents, the local economy and our environment.

We will use Social Value to support the overall priorities of the Council as set out in our Social Value Policy.

### Target outcomes:

- We will maintain and develop an ongoing clear statement of what Social Value looks like to North Somerset Council.
- We will work with existing and potential suppliers to ensure that they understand what Social Value means and what is required from them.
- We will embed Social Value in the procurement process to ensure that we utilise all relevant opportunities to drive Social Value.
- We will monitor the Social Value commitments made by our suppliers to ensure that they are delivered.

Actions:

S2.1 Promote our Social Value policy (and related Procurement Strategy elements such as Social Value) to local suppliers, explaining their role in it.

S2.2 Train all relevant staff to ensure that they have the knowledge and tools to optimise Social Value in the procurement process.

S2.3 Implement a process to capture and measure the Social Value committed by suppliers and ensure that it is achieved.

## 5. Theme 3 – Local Supply

### Ambition

The Federation of Small Businesses found that in 2014 local authorities spent a total of £8.7 billion buying goods and services in their local area. The report highlighted how doing business locally is better value for money as it showed that for every £1 spent with a small or medium-sized business (SME) 63p was re-spent in the local area compared to 40p in every £1 spent with a larger business.

We will maximise the benefit offered by our local supply base to drive broader value from the £170m that we spend each year on commissioned goods, works and services. Through optimising our utilisation of local suppliers we will also support our Corporate Plan objective to drive growth in the local economy.

### Target outcomes

- Procurement processes and documentation that minimise the barriers for small suppliers to do business with North Somerset Council.
- Use the flexibility offered by the Contract Standing Orders to optimise the award of low value contracts to local suppliers.
- Use the Social Value process, and effective Contract Management to optimise the level of spend sub-contacted to local suppliers.

### Actions

S3.1 Use pre-market engagement to identify local supply opportunities, gather local supplier input and to facilitate the development of consortia/sub-contracting arrangements

S3.2 Use the “Supplying the South West” Portal to manage procurement processes for all contracts over £10k, and advertise contracts in advance where possible.

S3.3 Produce guidance and training, and review relevant documentation, to maximise our opportunities to promote the local economy through the Social Value Act.

S3.4 Publish and maintain the council's Contracts Register, together with Commissioning Plans for future contracting opportunities, on the council's website.

S3.5 Produce “Selling to North Somerset Council” guide and maintain useful information for suppliers on our website

## 6. Theme 4 – Strategic Sourcing

### Ambition

The Council currently has over 20 suppliers with whom we spend over £1m per annum, yet there is no consistent approach across all Directorates to managing these contracts or categories of spend.

Driving savings through a strategic approach to sourcing is fundamental to our overall strategy. This means that we must make sure that we maximise the value offered by our suppliers to inform our procurement and commissioning plans. We must also ensure that the outcomes we want from a procurement process are central to the way we plan procurements, evaluate bids and review and assess risk. We must also drive the greatest

benefits from category management we need to review our tools, processes and skills, and ensure our approach reflects the very best practice.

#### Target outcomes

- Ensure that risk management and strategic evaluation is central to the way we approach procurements
- Utilisation of meaningful spend data to inform commissioning and procurement plans
- Drive increased value from a strategic approach to managing our major contracts and category spend areas

#### Actions

S4.1 Develop and implement risk management and strategic evaluation tools and processes to ensure that risk is effectively managed throughout the procurement cycle

S4.2 Ongoing analysis of Agresso spend data to map to our Contracts Register to identify non contract spend

S4.3 Develop and deliver innovative and meaningful category strategies across all major areas of spend to an agreed timetable.

S4.4 Implement a consistent approach to the production of Procurement Plans and train all relevant staff in strategic approaches to sourcing.

S4.5 Develop and implement a Strategic Supplier Relationship Management strategy.

## 7. Theme 5 – Contract Management

### Ambition

We spend around £170m per annum on external goods and services. Many of our key services are delivered by our suppliers, and managing these commercial relationships therefore becomes an increasingly vital competence to ensure that quality, service and cost outcomes are met or exceeded.

Effective Contract Management can mitigate against financial risks within contracts, as well as delivering a range of non-commercial benefits such as better quality and service outcomes for service users, lower service risk and additional social value during the life of the contract.

We will manage the Council's exposure to commercial, contractual and reputational risk through supporting Contract Managers to carry out better Contract Management through the lifecycle of the contract and embed this as part of Business as Usual activity.

### Target outcomes

- Develop a consistent, centrally-led, risk based approach to Contract Management across the Council that can be applied to all external third party relationships.
- Significantly improve the awareness of Contract Management activity and its contribution to the Council's future agenda by:

- a. Developing a culture of continuous improvement internally and across the supplier base;
  - b. Enabling contract managers to understand how they can contribute to securing benefits such as better local economic, social and environmental benefits (social value) and savings;
  - c. Ensuring that there is a strong linkage between commissioning strategies incorporating good procurement and Contract Management practices across the business.
- Recognise the distinct commercial skills and capabilities that good Contract Management requires and ensure these are embedded as business as usual and factored into new business activity.
  - Provide the necessary support, knowledge sharing, training and systems.

#### Actions

S5.1 Categorise all contracts in excess of £100k and baseline current Contract Management performance against best practice

S5.2 Review resource and priorities to commit sufficient resource to managing our key contracts

S5.3 Provide targeted support, information and training for the community of contract management practitioners.

S5.4 Produce a consistent performance dashboard (covering quality, service, cost and risk) to monitor and report on Contract Management performance at Director level.

S5.5 Introduce systems to improve document management, contract archive and renewal management, quality, risk and performance monitoring.

## 8. Theme 6 – Compliance

### Ambition

It is important that we ensure that our procurements comply with both relevant procurement legislation and our Contracting Rules. This means that we must be increasingly transparent in our business dealings and be aware of the risk of challenge from suppliers who may consider that they have been unfairly treated.

### Target outcomes

- Zero successful challenges to our procurements from suppliers
- Full compliance with government transparency requirements and the Public Contract Regulations 2015
- All staff involved in procurement processes understand the rules that apply
- Procedures are in place to monitor compliance against Contract Standing Orders and purchase ordering procedures

### Actions

S6.1 Implement the “No PO No Pay” policy.

S6.2 Ensure that all staff involved in procurement process have access to best practice guidance and training tools

S6.3 Implement a Procurement Help Desk to ensure that all relevant officers have access to support and guidance and comply with our Contract Standing Orders

S6.4 Publish regular updates to our Contracts Register to ensure transparency of our operations

## 9. Key Success Criteria

A series of measures designed to measure the effectiveness and consistency of this Procurement Strategy will be agreed within six months and then monitored through the Corporate Performance Management process. Performance against these measures will be reported to agreed timeframes and actions will be taken or modified as necessary in order to ensure the strategy successfully delivers the ambitions identified above.

Examples of proposed measures include:

- Percentage of spend with local suppliers
- Social Value benefits delivered against the measurement framework eg apprenticeships created
- Savings achieved to support Directorate savings targets
- No successful challenges from disaffected suppliers
- Delivery of benefits from contract management arrangements
- Positive customer feedback
- Positive audit reports on procurement process
- Order compliance (corporate contracts used, orders raised in advance of invoice, reduced off contract expenditure) and other governance considerations.

## APPENDIX A – Summary of Actions and target dates

Ref	Action	Target date (where applicable)
S1.1	Review the effectiveness of the revised Contract Standing Orders and update as required.	Q3 2019/20
S1.2	Develop, publish and maintain best practice guidance and template documents to support those involved in procurement processes	Ongoing
S1.3	Continue to embed the Procurement business partnering approach so that Procurement and commissioning officers work collaboratively to drive value from our procurements.	Q4 2019/20
S1.4	Work with neighbouring authorities to identify and implement collaboration opportunities.	Ongoing
S2.1	Promote our Social Value policy (and related Procurement Strategy elements such as Social Value) to local suppliers, explaining their role in it.	Q4 2019/20
S2.2	Train all relevant staff to ensure that they have the knowledge and tools to optimise Social Value in the procurement process	Q2 2018/19
S2.3	Implement a process to capture and measure the Social Value committed by suppliers and ensure that it is achieved.	Q3 2018/19
S3.1	Use pre-market engagement to identify local supply opportunities, gather local supplier input and to facilitate the development of consortia/sub-contracting arrangements	Ongoing
S3.2	Use the “Supplying the South West” Portal to manage procurement processes for all contracts over £10k, and advertise contracts in advance where possible.	Ongoing
S3.3	Produce guidance and training, and review relevant documentation, to maximise our opportunities to promote the local economy through the Social Value Act.	Ongoing
S3.4	Publish and maintain the council’s Contracts Register, together with Commissioning Plans for future contracting opportunities, on the council’s website.	Ongoing

S3.5	Produce "Selling to North Somerset Council" guide and maintain useful information for suppliers on our website	Q2 2019/20
S4.1	Develop and implement risk management and strategic evaluation tools and processes to ensure that risk is effectively managed throughout the procurement cycle	Q4 2019/20
S4.2	Ongoing analysis of Agresso spend data to map to our Contracts Register to identify non contract spend	Q1 2020/21
S4.3	Develop and deliver innovative and meaningful category strategies across all major areas of spend to an agreed timetable.	Q4 2020/21
S4.4	Implement a consistent approach to the production of Procurement Plans and train all relevant staff in strategic approaches to sourcing.	Q4 2019/20
S4.5	Develop and implement a Strategic Supplier Relationship Management strategy.	Q4 2020/21
S5.1	Categorise all contracts in excess of £100k and baseline current Contract Management performance against best practice	Q3 2018/19
S5.2	Review resource and priorities to commit sufficient resource to managing our key contracts	Q2 2019/20
S5.3	Provide targeted support, information and training for the community of contract management practitioners.	Q3 2019/20
S5.4	Produce a consistent performance dashboard (covering quality, service, cost and risk) to monitor and report on Contract Management performance at Director level.	Q3 2019/20
S5.5	Introduce systems to improve document management, contract archive and renewal management, quality, risk and performance monitoring.	Q4 2019/20
S6.1	Implement the "No PO No Pay" policy.	Q1 2018/19
S6.2	Ensure that all staff involved in procurement process have access to best practice guidance and training tools	Ongoing

S6.3	Implement a Procurement Help Desk to ensure that all relevant officers have access to support and guidance and comply with our Contract Standing Orders	Q3 2019/20
S6.4	Publish regular updates to our Contracts Register to ensure transparency of our operations	Ongoing

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