



# **Procurement Strategy**

**2018-2020**

# Rushmoor Borough Council Procurement Strategy 2018-2020

## 1 Introduction

- 1.1 This Procurement Strategy 2018 – 2020 applies to the procurement of goods, services and works undertaken by Rushmoor Borough Council (the Council) and seeks to ensure that best practice procurement is applied consistently throughout the Council.
- 1.2 Procurement is the process of obtaining providers for supplies, services or works; beginning with the initial identification of a business need and continuing through until the need has been satisfied. More than purchasing, procurement focuses on required outcomes and the identification of effective and innovative ways to meet these. A well-planned and strategic approach is imperative in order to get the best value and ensure that goods and services satisfy the needs of end users.

## 2 Background

- 2.1 The Council spends approximately £9.4 million per year with a variety of providers for goods and services. This ranges from transactional spends below formal procurement thresholds for one off purchases and everyday items, through to high value long term contracts for works, goods and services.

## 3 Aims

- 3.1 The aim of this strategy is to set out a clear framework for undertaking procurement exercises throughout the Council, one which ensures best value through external spend, and reflects and promotes the wider aims of the Council's Corporate Plan.
- To establish a clear strategic direction;
  - To deliver best value by reducing budget expenditure and providing more for less as part of continuous review and improvement;
  - To reap the benefits of joint working and collaboration
  - To ensure that the impact of socio-economic and environmental sustainability is considered in the Council's procurement and contract management approach;
  - Increase the proportion of the Council's spend against contracted suppliers
  - To ensure that current legislation and good practice is applied to the Council's procurement and contract management activity;
  - To periodically set out our approach, i.e. what the Council are going to do and through monitoring and review ensure that all that we do supports delivery of our vision.

## 4 Procurement Landscape

Procurement at Rushmoor is driven by 4 key factors:

### 1. Compliance

Public sector contracts, regardless of value, within the European Union (EU), are covered by a treaty stipulating free movement of goods and services and prohibits discrimination. The principles of this treaty are backed by EU Procurement Directives. These are incorporated into UK law under 'The Public Contract Regulations' and require the Council to follow procedures for all procurements above specified financial thresholds.

The latest Directive became UK legislation in 2015 and had some significant changes to the rules that govern public procurement.

Local government procurement is also be affected by central and regional policy. A number of reviews have been conducted that helped to set out this policy, notably, The National Procurement Strategy for Local Government. The strategy encourages the delivery of outcomes in four key areas:

- Making Savings
- Supporting Local Economies
- Leadership and Training
- Modernising Procurement

### 2 The Wider Economic Climate

Recognising the value of supporting local business, and engaging with them about Rushmoor opportunities.

### 3 Rushmoor's Purpose and Priorities

The Council has four main priorities, which are underpinned by its stated purpose:

**Rushmoor Borough Council, working with others to improve the quality of people's lives.**

The four priorities are:

1. Sustaining a thriving economy and boosting local business
2. Supporting and empowering our communities and meeting local needs
3. A cleaner, greener and more cultural Rushmoor
4. Financially sound with services fit for the future

Each year the Council produces a Council plan which identifies key actions and activities that will help us to achieve these priorities. The Cabinet regularly monitor the progress on these actions and receive in depth performance updates in order to measure the progress the Council is making against delivering the priorities.

The priorities are underpinned by the promise to **Listen, learn and deliver better**.

The Council believe that to be successful, we should listen to our residents, businesses and communities, learn from them and from experts about what is needed and then do all we can to deliver better services.

#### *4 Need to Achieve Budgetary Savings*

The Council is dealing with significant financial pressures resulting from reductions in government funding. Savings need to be made by using spending power wisely and strategically.

## **4 Strategy**

If Rushmoor is to guarantee best value through its procurement processes, it needs to ensure it consistently maximises spending power. This can be done with a thorough understanding of how and where money is spent. This will help determine priorities going forward and identify efficiencies. This is an ongoing process as the Council proactively looks at ways to drive efficiencies from contracts.

Whilst there have been improvements in the standardisation of procurement processes in recent years, it is recognised that procurement knowledge and capability continues to vary across service areas. The procurement service aims to increase awareness of procurement best practice across the organisation through continued workshops and use of the staff intranet.

In the context of a procurement process, obtaining “best value for money” means choosing the bid that offers “the optimum combination of whole life costs and benefits to meet the customer’s requirement”. This is not the lowest initial price option and requires assessing the ongoing revenue/resource costs as well as initial capital investment. The council’s requirement can include social, environmental and other strategic objectives and is defined at the earliest stages of the procurement cycle. The criterion of best value is used at the award stage to select the bid that best meets that requirement.

### **Making Savings**

One of the key levers the Council uses to deliver savings is competition. For competitive procurements, the selection process we will follow will be proportionate to the value and risk of the procurement. Bids will be evaluated based on value for money, taking into account the whole life cost, quality and timescales.

All tenders over EU thresholds will be conducted in accordance with the Public Contract Regulations.

We aspire to advertise all opportunities unless there is a good reason not to. As a minimum, the council will advertise in line with Contract Standing Orders which state that opportunities over £50,000 are to be advertised.

Usually opportunities with a value that is below the EU thresholds will be advertised on the South East Business Portal.

Opportunities that have a value above the threshold will be advertised on the South East Business Portal and in the Official Journal of the European Union (OJEU).

### **Partnering and collaboration**

The Council will also seek opportunities to optimise the use of procurement resources and value for money. Collaborative procurement can allow Councils to have successful contract negotiations, secure buying power, shared risks and lower overall costs. These arrangements may involve:

- Aggregating spend on common goods and services without compromising the need for social value.
- At the outset of a standalone procurement, exploring opportunities to procure through existing routes to market
- Sharing internal procurement expertise with others, taking advantage of the expertise of others and working with others to identify future opportunities for savings
- Participating in local procurement forums with the intention of identifying joint opportunities
- Build strong, mutually beneficial partnerships with third party suppliers on the back of a sound reputation for good practice and fairness

The Council will look for future opportunities where cooperating with other public sector bodies can offer additional savings over those the Council could achieve on its own.

### **Other Measures**

Demonstrating value for money from our procurement, improving the cost effectiveness of the Council and contributing to the Councils 8 Point Plan.

Key measures to be adopted by the Council to help achieve savings are:

- Applying a category management approach in key areas of spend such as energy, ICT and construction
- Applying a corporate approach to contract management and implementing effective, transparent performance monitoring processes
- Applying an appropriate approach to risk management that is integral to the Council's corporate processes
- Reducing costs in the procurement and commissioning cycle

For all new procurement there will be an expectation that the cost of service will reduce over the life of the contract.

The following mechanisms will help drive this cost reduction:

- The contract price for the service will be fixed for as long a period as possible without the supply base building in additional cost for a risk of high levels of inflation in the long term. The contract price is expected to reduce over the life of the contract as a result of efficiency improvements driven by the service provider
- The contract price is expected to be reduced further through innovation and collaboration between the Council and the service provider or other areas of the supply chain. This efficiency improvement could also be as a result of changes in technology or process improvement. To drive appropriate behaviours in development and improvement, a gainshare mechanism to share the cost savings between all involved parties could be incorporated into the contractual terms
- The contract length is another mechanism to determine the optimum period between providing the supply base stability and confidence.

### **Supporting Local Economies**

The Council is keen to maximise the economic, social and environmental benefits to communities and believes that spend with Small and Medium sized enterprises (SME's) and Voluntary Community Social Enterprises (VCSE's) can make a significant contribution to local economic growth.

### **Leadership and Training**

We will aim to improve procurement competencies across the organisation by ensuring staff are equipped with the knowledge training and practical skills needed to derive maximum benefit from procurement practices

### **Modernising Procurement**

The Council wants to develop and maintain a good relationship with its suppliers. We need a diverse and competitive supplier base that enables us to match our requirements with the relevant strengths and characteristics of the supplier.

Best Value brings new impetus to improving procurement. New technology will offer fresh scope for carrying out procurement in different ways.

Other ways for modernisation in procurement:

- Strive to achieve best value in all our procurement by making it more economic, efficient and effective
- Consider all practical delivery options
- Commit to a mixed economy of suppliers to meet the needs of service users and the local economy
- Be fair, transparent and consistent in the conduct of all our procurement
- Be informed by the views of service users in designing our procurement
- Improve and be open to innovation when planning procurement
- Be effective and committed members of any partnership relationships
- Recognise the importance of trained staff to the delivery of best value services
- Use our procurement activities to promote equality of opportunity

- Modernise in terms of the use of technology, practice and procedures
- Commercialisation and income generation
- Using outcome specifications and other methods to encourage supplier innovation to meet new challenges
- Further commitment to the adoption of e-procurement to increase efficiency and productivity and realise full benefits through the use of appropriate electronic solutions in procurement processes.

## The Wider Economic Climate

Cuts to the central government grant have increased the need to maintain the quality and delivery of key services whilst adjusting and adapting to a significantly reduced budget. These changes call for identification of savings and a shift to a more creative, innovative approach across the board.

Whilst this drive for savings will put pressure on the Council to produce better value contracts, it is important to remember that the repercussions of the economic crisis are also being felt in the private sector. Therefore, a strong commitment to a fair and open procurement process will be more important than ever in what has become an increasingly competitive marketplace.

The Council strives to support its local economy through its procurement exercises by maximising economic, social and environmental benefits from every pound that is spent.

Supporting SME's and VCSEs can make a significant contribution to local economic growth. Rushmoor Council will do more to remove barriers faced by SME's and VCSE's bidding for contracts, such as:

- Ensure the Council website makes clear which portals we are using to advertise opportunities and how suppliers can register.
- Including economic, environmental and social value criteria in tender evaluations.
- Attend meet the buyer and business networking events to engage with the supply base and other Councils.
- Monitor the proportion of eligible local spend paid to local businesses and SME's
- Develop supplier information and guidance, setting out the requirements of the Council and its strategic aims
- Ensure that where appropriate procurement activity is structured in such a way to encourage community bids for services
- Where permitted, take in to account the benefits of working with local suppliers in order to maximise benefits to the local economy and sustainability.
- Identify forward spend wherever possible and use this data to inform pre-market engagement and supplier planning.
- Engage in proactive pre-market engagement.
- Provide feedback to unsuccessful bidders.
- Target key suppliers and partners to seek their views on the Procurement process.

- Encourage a mixed economy of suppliers to compete for contracts to help develop a varied and competitive market place

## Social Value

The Council is required to consider how the economic, social and environmental well-being of the Borough might be improved through the procurement of services.

This strategy requires the Council to:

- set out a definition of Social Value for Rushmoor
- set out the broader context for Social Value in Rushmoor
- set out the policy objectives
- describe how Social Value will work in practice

The Public Services (Social Value) Act 2012 provides the following broad definition of Social Value.

*“If a relevant authority proposes to procure or make arrangements for procuring the provision of services, or the provision of services together with the purchase or hire of goods or the carrying out of works...the authority must consider how what is proposed to be procured might improve the **economic, social and environmental well-being** of the relevant area and, in conducting the process of procurement, how it might act with a view to securing that improvement.” It must also “consider whether to undertake any consultations as to matters to be considered”*

An approach to implementing its policy on Social Value is set out below:

### **a. coverage**

The Act only applies to service contracts above the current European Union threshold (£173,934), but not to works and supply contracts. In addition, if the procurement is carried out in emergency circumstances and it is impractical to comply with the Act, then the Council may disregard the requirements to the extent that it is not practicable to comply with them.

### **b. specification development and tender evaluation**

The manner in which evidence of Social Value benefits are to be provided is not prescribed by the Act or this policy. Dependent on the requirements of each procurement exercise, the Council may choose to specify requirements explicitly within a tender and can ask suppliers to come up with their own innovative ideas. Irrespective, the Council will need to be clear as to how Social Value elements have been weighted in the evaluation and decision-making process.



Under the Public Services (Social Value) Act 2012 the Council must consider only those matters that are relevant to what is proposed to be procured and it must be proportionate in all the circumstances to take those matters into account.

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## Appendix 1 – Action Plan

Task	How	Timescale
<b>Making Savings</b>		
Spend Analysis	Review spend in departments, meet with managers	
Look to collaboratively procure where possible	Use of and development of frameworks, collaborate through HIOWPP and other procurement networks	
Use of frameworks		
Aggregation of spend across the Council	Spend analysis	
Attend Business and procurement networking events		
Consider category management approach in key areas of spend	IT, energy, property maintenance, agency staff / contractors,	
Management of Contracts across the organisation		
Full life-cycle of costings can be taken into account when awarding contracts; this could encourage more sustainable and/or better value procurements which may save money over the long term but appear more costly on the initial purchase price		
<b>Supporting Local Economies and SME's</b>		
Engage with SME s	Open mornings, bidders days, improving web pages	
Engage with VCE's	Open mornings, bidders days, improving web pages	
Be fair, transparent and consistent with our procurement	Training, Continually review documentation and best practice	
Break larger contracts into smaller lots to facilitate SME participation	Market engagement and market testing	
Use spend analysis to map Rushmoor spend	Look where Rushmoor spends its money and look to spend locally if possible	
Use spend analysis to identify areas where the Council could spend more locally if appropriate	Using spend map of last financial year	

Update and improve Procurement section on the Council website	Consult with business and communications as to how to make it better	
Develop supplier information and guidance, setting out the requirements of the Council and its strategic aims	Develop supplier information and guidance, setting out the requirements of the Council and its strategic aims- for use in tender documentation	
Identify forward spend inform pre-market engagement and supplier planning.		
Target key suppliers and partners to seek their views on the Procurement process	Using spend analysis and recent tenders	
Work with Economic Development to look for opportunities to engage with local business	In conjunction with spend analysis	
<b>Leadership and Training</b>		
Design a presentation pack for new staff as part of the Rushmoor Induction process	Liaise with Personnel	
Attend Middle Managers and speak about key issues raised in Rushmoor procurement audit and how these will be rectified	Liaise with Dawn Kelly	
Deliver further procurement training programme Phase 2.		
<b>Modernising Procurement</b>		
Develop a more commercially focused procurement culture		
Income generation	Look for and where possible embrace opportunities for income generation within Rushmoor contracts	
Optimise use of e Procurement	Tendering electronically, procurement cards and use of e-auctions ( particularly with ICT spend)	

Procurement Cards- Precision Pay	Explore implementation of precision pay across the Council as an alternative more manageable way of using procurement cards and e- procurement	
Encourage and allow preliminary market consultation between buyers and suppliers, which should facilitate better specifications, better outcomes and shorter procurement times.	Training, development of documentation, market engagement, publication of Prior Information Notices.	
Review Contract Standing Orders and check that they are still fit for purpose and in line with any new legislation		
Staff training		
<b>Procurement Projects</b>		
Leisure and Lido contracts		
Ski Centre	Current	
ICT Professionals framework	Current	
CCTV Maintenance	Current	
Brickfields Silt Removal	Current	
Tree Maintenance		
Fleet Town Council Grounds Maintenance ( FTC)	Almost complete	
Multi-Functional Devices		
Organisation Training		
Shutter and Door maintenance		
Legionella Testing	Current	
Fire alarms		
Building alarms		
King George V Cafe	Current	
Asbestos monitoring		
Asbestos removal		