



# **Procurement Strategy**

**2019-2023**

# Rushmoor Borough Council Procurement Strategy 2019-2023

## 1 Introduction

- 1.1 The importance of effective procurement has never been greater for local government. The demand for public services is increasing, while resources have reduced significantly over the last few years. The pressure to find greater efficiencies and improve productivity is driving councils to look for different ways to deliver better public services for Rushmoor.
- 1.2 This strategy sets out the Council's vision for procurement and our priorities for the next 4 years to 2023 and is consistent with the latest government procurement legislation and initiatives. It is a statement of the procurement commitments of the Council.
- 1.3 We aim to deliver quality services that are responsive to the needs of our community and deliver optimum value for money. It is also important that the strategy reflects both our compliance obligations and our procurement aspirations.
- 1.4 The Council spends approximately £9.4 million per year with a variety of providers for goods and services. This ranges from low-value expenditure below formal procurement thresholds for one off purchases and everyday items, through to high-value long term contracts for works, goods and services. We clearly have a responsibility to make sure this spending represents best value.
- 1.5 The strategy in itself will not lead to effective procurement; it is the commitment of our members, senior managers and staff undertaking procurement activity which is key to its success.

## 2 Why is procurement important?

- 2.1 Procurement is the process of acquiring, goods, works and services, covering both acquisition from third parties and in-house providers. The process spans the whole cycle from identification of needs through to the end of a contract or the end of the useful life of an asset. It involves options appraisal and the critical 'make or buy' decision which may result in the provision of services in-house in appropriate circumstances.
- 2.2 The impact of procurement is far greater than just the definition of a 'process' and Rushmoor's vision, aims and objectives set out in this strategy detail the contribution that effective procurement arrangements can make to a range of socio-economic factors. These include a successful local economy, a thriving

voluntary sector, community empowerment, environmental issues and value for money.

### **3 Rushmoor's Vision for Procurement**

- 3.1 Our vision for procurement over the term of this strategy is to demonstrate value for money through the effective procurement of goods, services and works on a whole life basis in terms of generating benefits to the community and the organisation, whilst minimising impacts to the environment.

### **4 Strategic Procurement Aims**

- 4.1 The strategic procurement aims are discussed in the section below.

#### **Leadership**

Local Government spends over £60 billion a year on a range of works, goods and services. A more strategic approach to procurement should be a key consideration for members and senior managers because procurement is not merely about ensuring compliance. There is an ever-growing need to engage with services and to think differently about procurement – to innovate, generate savings and opportunities for income generation.

#### **Commercial Focus**

We need to improve public sector commissioning and procurement to help transform and modernise the way we deliver our public services. This means improving the skills of our leaders, both members and officers so their teams can design service provision, influence external parties, and shape and manage markets to get the best outcomes. This can be done by creating commercial opportunities, managing contracts and supplier relationships and risk management.

#### **Legal, Compliance and Governance**

Spending of public money requires high levels of accountability and transparency. Public procurement operates in a highly regulated environment that is governed by legislation and policies set by the European Union (EU), nationally through statute and case law, and locally through the Council's constitution. The National Procurement Strategy recommends that local authorities demonstrate political and senior officer leadership of procurement.

#### **Economic Growth and Sustainability**

The Council will look to manage its spend effectively to bring social, environmental and economic advantages to the community. The challenge is large in terms of balancing and promoting open, fair and transparent procurement whilst ensuring that the local communities benefit. The Council will actively support local businesses, small businesses and Voluntary

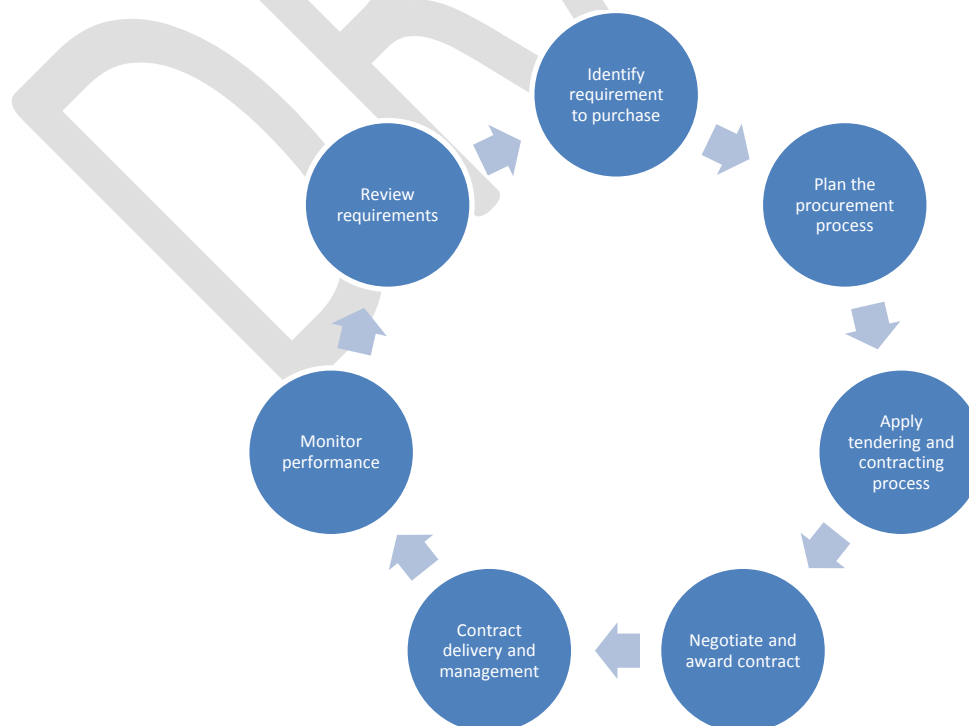
Community Social Enterprises to help them bid for work seeking to ensure the most appropriate route to market is taken.

#### 4.2 Success of this strategy will depend on several factors

- Political and senior management endorsement and support.
- Council-wide recognition of the importance of the role of procurement in delivering improvement and efficiency;
- Improved forward planning by service areas;
- Adequate resourcing and prioritisation of projects;
- Adequate support from key internal functions throughout the procurement cycle;
- Identification, allocation and continuous management of risk;
- Management of performance shortfalls and adequate tools to tackle poor performance;
- Continuity of knowledge throughout the procurement phases and the delivery of regular and effective training.

## 5 Procurement

5.1 Effective procurement forms a continuous cycle of action and improvement, from identification of needs through to review of delivery and achievement of outcomes and includes procurement and contract management activity. The stages are inter-dependent – each stage builds on the previous ones. The outcome for the procurement exercise may not be known at the outset and this may result in a grant being awarded, provision remaining in-house or a fully tendered procurement.



- 5.2 This strategy is aimed at promoting effective procurement across all services and should be read in conjunction with our Contract Standing Orders, Financial Regulations, and the Council's Constitution.
- 5.3 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. Some service areas are heavily reliant on the procurement service for some simple less strategic work and advice while others are more developed in ability and use the procurement service effectively.
- 5.4 The procurement service aims to increase awareness of procurement best practice across the organisation through continued workshops, supporting projects and use of the staff intranet. This should develop and increase in individual buyers, therefore reducing reliance on the procurement service for simple procurements allowing Rushmoor procurement to be more strategic.
- 5.5 Appendix 3 sets out the governance, structure and responsibilities for procurement across the Council.

## **6 Value for Money (VfM) and Savings**

- 6.1 Value for money does not always mean the lowest costs. There are many aspects to achieving VfM through procurement. Consideration should be given to selecting a procurement model that is proportionate to the value and risk of individual contracts. It also requires a proportionate approach to the evaluation of cost and quality; where the costs can be broadly predetermined there will be a higher weighting towards quality.
- 6.2 If Rushmoor is to achieve VfM through its procurement processes, it needs to ensure it consistently maximises spending power. This can be done with a thorough spend analysis. 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.
- 6.3 In common with many other local authorities, Rushmoor faces significant financial pressures over the medium-term. Savings need to be made by using spending power innovatively and strategically. Understanding current spend habits and supply base, contract reviews, competition and procurement best practice will assist in delivery of savings.
- 6.4 A key lever 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, considering the whole life cost, quality and

timescales. Competitive sourcing tools should be utilised in order to generate maximum supplier competition.

- 6.5 We aim 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.
- 6.6 The Council will also seek opportunities to optimise the use of procurement resource and value for money. Collaborative procurement can allow Councils to have successful contract negotiations, secure buying power, shared risks and lower overall costs.
- 6.7 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. Property, energy, ICT and construction. Rushmoor spend in these areas is high but have not been given the same attention as other areas in recent years.
  - Applying a corporate approach to contract management and implementing effective, transparent performance monitoring processes
  - Reducing costs in the procurement and commissioning cycle
- 6.8 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.

## **7 Social Value**

- 7.1 The Public Services (Social Value) Act 2012 requires us to consider how the services we procure might improve the economic, social and environmental well-being of the area. It is defined as improving economic, social and environmental wellbeing from public sector contracts over and above the delivery of the services directly required at no extra cost. Used properly,

additional social value can be beneficial to both suppliers and councils and represent a joint effort to exploit maximum value from procurement.

- 7.2 Rushmoor's Social Value Policy is attached at Appendix 4 and sets out the Council's approach to ensure that all resources are used wisely and that we protect and enhance the environment whilst ensuring the efficient use of resources and delivery of value for money.

## **8 Sustainable Procurement**

- 8.1 Sustainability is an important consideration when making procurement decisions and helps ensure that we consider the environmental impact of procurement decisions. The Council is committed to making spending decisions in a way that delivers both value for money on a whole life cycle basis, and achieving wider economic, social and environmental benefits.

## **9 Supporting the Local Economy**

- 9.1 The Council recognises there are significant advantages of engaging with small local business. The Council aims to support its local economy through its procurement exercises by maximising economic, social and environmental benefits from every pound that is spent. Whilst the Council is prevented from any explicit local buying policies, we will procure in a manner that benefits the local economy.

## **10 Management of Risk**

- 10.1 Risk management is an integral part of a procurement process and must be considered at the planning stage of any procurement process. We will identify the risks associated with all major procurement activity and the contingencies for service disruption in each project and how these are to be mitigated and managed

## **11 Managing Contracts and Supplier Relationships**

- 11.1 Contract and relationship management refers to the effective management and control of all contracts from their planning inception until their completion by the appointed contractor(s). It covers the supported policies, procedures and systems needed to undertake it, together with broader issues from the identification and minimisation of risk, successful and timely delivery of outcomes and performance, effective control of cost and variations, and the maintenance of clear communications and operational relationships with contractors.

11.2 Buyers and contract managers will be proactive in relation to managing contracts and performance in order to ensure that positive output and outcomes are maximised, cost variations are minimised and any issues in relation to the delivery of the contract are appropriately addressed at the earliest opportunity.

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## 2019/20 – Key Procurements

Procurement Projects	Projected Date of Procurement	Expected Saving
Multi-Functional Devices	Award Spring 2019	£5,500
Leisure Contracts	Spring 2019-Early 2021	Income expected £1,000,000
Build of Farnborough Leisure Centre	Spring 2019-Early 2021	
Alpine Ski Slope	Award Spring 2019	
CRM	July 2019	
Pest Control	August 2019	£20,000
Legal Case Management System	September 2019	
Asbestos Monitoring and removal	October 2019	
Tree Maintenance Framework	October 2019	£5,500
Asbestos monitoring and removal	October 2019	£1,000
Moor Road Play equipment, pump track and fitness equipment	October 2019	
Precision Pay	November 2019	
Election Management system	December 2019 <sup>**</sup> (subject to approval)	
ICT Professionals framework	Commence February 2020	£15,000

## 2020/21 – Key Procurements

Procurement Projects	Projected Date of Procurement	Expected Saving
Leisure Contracts	Spring 2019-Early 2021	tbc (significant)
Build of Farnborough Leisure Centre	Spring 2019-2021	
Shutter and Door maintenance	Commence March 2020	£3,000
ICT consumables	Commence March 2020	£8,500
Gas and Electricity	March 2020	
Annual billing print fulfilment	April 2020	
Legionella Testing	April 2020	

**Procurement Action Plan**

Annual Tasks	How	Timescale
<b>Leadership</b>		
Design a presentation pack for new staff as part of the Rushmoor Induction process	Liaise with Personnel and book a meeting in with the new starters.	
Attend CLT and report key issues raised in Rushmoor procurement audit and how these will be rectified		
Training of staff	Develop a structured and co-ordinated approach to education, training and development for all officers with budget responsibilities.	

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## Appendix 2

<b>Annual Tasks</b>	<b>How</b>	<b>Timescale</b>
<b>Commercial Focus</b>		
Spend Analysis	Utilise management information to review spend and target spend that can be influenced by procurement.	<b>Every year end</b>
Collaboration	Use of and development of frameworks, collaborate through procurement networks and other organisations.	<b>Proactively but particularly at year</b>
Use of frameworks	Training and local development of procurement frameworks	
Aggregate spend on common goods and services without compromising the need for social value.	Spend analysis	<b>Every year end</b>
Attend Business and procurement networking events	Work with Members and local business to increase awareness of opportunities and access to them	<b>Annually</b>
Consider category management approach in key areas of spend	IT, energy, property maintenance, agency staff / contractors,	<b>December 2019</b>
Management of Contracts across the organisation	Training and use contracts list to review contracts and exploit opportunity for review.	<b>January- April 2020</b>
Competitive sourcing tools should be utilised in order to generate maximum supplier competition.	Explore use e-Auctions and use e Sourcing tools such as G Cloud 11 where possible to secure savings.	<b>January – March (annually)</b>
Evaluation	Consider more effective commercial evaluation model within the tender process to encourage innovation, benefits and savings.	
Innovation	Work with departments and suppliers to identify purchase to pay improvements, efficiencies and potential cost savings.	

Annual Tasks	How	Timescale
<b>Legal compliance and Governance</b>		
Protect the Council from exposure to challenge	<p>Clearly determine the accountabilities and responsibilities of officers involved in procurement activity, monitoring and ensuring compliance with those responsibilities.</p> <p>Ensure procedures reflect developments in legislation and guidance</p> <p>Ensure procedures and activities reflect and support the Council's core value, corporate aims and objectives.</p>	

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## Appendix 2

<b>Annual Tasks</b>	<b>How</b>	<b>Timescale</b>
<b>Economic Growth and Sustainability</b>		
Engage with SME s	Open mornings, bidders days, improving web pages	<b>When a Contract arises</b>
Engage with VCE's	Open mornings, bidders days, improving web pages	<b>When a Contract arises</b>
Be fair, transparent and consistent with our procurement	Training, Continually review documentation and best practice	<b>Always</b>
Break larger contracts into smaller lots to facilitate SME participation	Market engagement and market testing	<b>When a Contract arises</b>
Use spend analysis to map Rushmoor spend	Look where Rushmoor spends its money and look to spend locally if possible	<b>April 2019</b>
Increase the number of goods and services procured from local and suppliers to contribute towards a sustainable procurement environment which stimulates local business.	Using spend map of last financial year Monitor the proportion of eligible local spend paid to local businesses and SME's	<b>June 2019</b>
Update and improve Procurement section on the Council website	Consult with business and communications as to how to make it better	<b>February 2019</b>
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.		
Formalise the Council's approach to Social Value	Draft Social Value Policy included in Appendix 4	

Annual Tasks	How	Timescale
<b>Modernising Procurement</b>		
Develop a more commercially focused procurement culture	<p>Share expertise with others, taking advantage of the expertise of others and working with these to identify future opportunities for savings.</p> <p>Target key suppliers and partners to seek their views on the Procurement process.</p>	
Income generation	Look for and where possible embrace opportunities for income generation within Rushmoor contracts	
Enabling Innovation	All contracts reviewed to identify new service delivery and income generation models.	
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	Researching recent good practice and use of experience. Feedback from officers.	
Staff training		

### Roles and Responsibilities

#### Members are responsible for:

- Cabinet are responsible for authorising this Procurement Strategy and reviewing progress on the strategic aims.
- Licensing, Audit & General Purposes Committee are responsible for ensuring compliance with the Contract Standing Orders.
- Procurement activity requiring more detailed member involvement includes:
- Making key decisions in the procurement process for major projects.
  - Where a new service or a substantially varied service is being considered.
  - High public interest.
  - Significant reputational or financial risk.
  - Significant risk of failing to meet legislative requirements.

#### Corporate Leadership Team (CLT) are responsible for:

- Management of the strategy and to review progress against the implementation of the actions.
- Strategic leadership and governance of procurement.
- Ensuring the Procurement Strategy aligns with corporate objectives.
- Overseeing the arrangements for procurement and to ensure they are operating effectively.
- Ensuring value for money and risk management are considered as part of any procurement activity.
- Ensuring equality and sustainability are considered at each stage of the procurement process.

#### Services Managers and Relevant Staff are responsible for:

- Each relevant service manager is responsible for ensuring that the staff in their areas have the right level of skills to deliver effective procurement and will also monitor all procurement activity in their services.
- Staff involved directly with the purchase of goods, services and works must ensure they comply with this strategy, and the Contract Standing Orders, with reference to guidance on the Council's intranet; and conduct relationships with suppliers and the Council in an ethical and appropriate manner to ensure they promote their employer in a positive way.

#### Principal Procurement Officer is responsible for:

The duties of the procurement officer is to maintain procurement guidance in line with best practice, and to monitor procurement activity across the Council, including:

- Coordinating this procurement strategy on behalf of the Council, and leading on the implementation of the procurement aims.

## Appendix 3

- Providing assistance to contract owners in the control and management of contracts.
- Development and maintenance of procurement documentation and web pages to publicise procurement plans, information and advice to potential suppliers and staff; to comply with transparency requirements.
- Continue the development of e-procurement to deliver savings in transactional processes.
- Providing assistance to contract owners in the planning and co-ordination of improvement of current contracts, business continuity, exit strategies and post contract appraisals and reviews.
- Ensuring the procurement process eliminates the potential for fraud and favouritism towards any supplier.
- Supplier analysis to identify supplier base, spend per supplier, spend per category.
- Coordinate and monitor the Council Contracts Register to allow improved advanced planning for procurement and contract management activity.
- Organising training for staff, to include specific procurement training, induction and Contract Standing Orders.



### DRAFT Social Value Policy (based on LGA Template)

#### Introduction

This policy outlines the approach that will be taken in order to ensure that all resources are used wisely, that we protect and enhance the environment whilst ensuring the efficient use of resources and delivery of value for money.

There is not a standardised approach for achieving social value. It is an area where the Council will need to learn and understand how best to achieve and evidence it. This policy will continue to be informed by national developments and our own organisational learning.

#### What is Social Value?

The Public Services (Social Value) Act 2012 requires the Council to consider how the services it procures might improve the economic, social and environmental well-being of the area. It is defined as improving economic, social and environmental wellbeing from public sector contracts over and above the delivery of the services directly required at no extra cost. Used properly, additional social value can be beneficial to both suppliers and councils and represent a joint effort to exploit maximum value from procurement.

#### Definitions of Economic, Social and Environmental Outcomes

**Economic outcomes:** providing contributions to the local economy and economic growth that supports social outcomes. Retaining, re-circulating and leveraging funds in local areas – a wider contribution to skills, tackling unemployment and maintaining employment.

**Social outcomes:** contributing to a vibrant and healthy community. Community based actions. Equality, diversity, cohesion and inclusion – local relationships, partnerships and people.

**Environmental outcomes:** relate to protecting, promoting and enhancing the environment. Supporting local activities to improve the environment.

#### Aims of the Policy

We aim to ensure that our expenditure is utilised in ways that most benefit our local communities. We will:

- **Encourage a diverse base of suppliers:** Promoting supplier diversity; including the participation of local SME's and 3rd sector organisations, and local suppliers in general.
- **Meeting targeted and recruitment and training needs:** Offering a range of apprenticeships, training and skills development opportunities as well as employment opportunities for local people.
- **Community Benefits:** Maximising opportunities for local organisations to participate in our supply chains and encouraging suppliers to make a social contribution to the local area.

- **Promoting greater environmental sustainability:** Minimising waste and pollution, supporting carbon reduction initiatives, Carbon Neutral Borough 2030, furthering energy efficiency and other sustainability programmes.
- **Encouraging participation:** Engaging and encouraging user and employee involvement in service design and delivery.

There are 2 further benefits which have not been included in the **Aims of the Policy** section above, but are included in the LGA Template:

- **Promoting fair employment practices:** Ensuring workforce equality and diversity in supply chains
- **Improving council economic sustainability:** Engaging businesses in delivery of additional social value will have a range of direct and indirect economic benefits to the Council. This includes improving viability of SMEs in the borough, providing additional support to third party providers to ensure better community benefits, and resulting in the eventual reduction in costs to the Council of providing services