



Procurement Service Strategy

2020 – 2023

Objective of the Procurement Strategy

To support GBC in delivering its strategic objectives and to ensure that, in the procurement of goods, works and services, GBC obtains the very best value, namely, the required quality at the best price achievable.

I. Introduction

Procurement in Local Government has changed significantly in recent years with the introduction of dedicated centralised procurement teams, the e-enabling of procurement and the introduction of category based procurement.

GBC's spend over the last three years was approximately £50 million per annum with the Procurement function currently operating on a devolved model with limited resource deployed centrally.

There is therefore a transformation need and huge scope for a more efficient service which will play a significant role in supporting the delivery of both corporate objectives and improving the quality of services to members of the public in addition to savings achieved through improved procurement. This will in turn, assist to help support the delivery of front line and priority services.

The aim of the procurement function is to provide procurement consultancy, transactional procurement services and contract management support to all directorates within GBC.

The primary purpose of the procurement function is to:

1. To support the delivery of GBC's corporate objectives through the effective procurement of goods, works and services.
2. To identify and deliver cashable and non-cashable savings through effective procurement and the detailed analysis of GBC's spend profile.
3. To provide a consistently high quality and effective source of best practice procurement advice, guidance to services within GBC including issuing instructions to GBC's legal team.
4. To be a trusted advisor on all procurement matters.
5. To help drive supplier and service innovation during the commissioning cycle and beyond.
6. To provide insights into internal and external market trends to include benchmarking, market intelligence and spend analytics to support decision makers and commissioners.
7. Ensure the procurement process is conducted in an open, transparent and fair manner which mitigates the potential for fraud and any potential Procurement challenges.
8. To significantly contribute to the ongoing process of supplier relationship, contract and performance management in order to drive out cost and increase performance standards.
9. To support services with contract management, negotiations, resolution of performance issues with existing suppliers, and the completion of some standard contracts.

10. To attend the Corporate Procurement Board to ensure compliance with the Public Contract Regulations 2015, review and approve exemptions/waivers to the Procurement Procedure Rules and to implement this Procurement Strategy.

This procurement strategy should be read in conjunction with the Procurement Procedure Rules and Financial Procedure rules, which are under review as part of the transformation.

The centralised procurement service for GBC is a new concept and will evolve over time, this is likely to necessitate changes and updates to this Procurement Strategy, the Procurement Procedure rules and the overall structure of the centralised procurement function – and this will result in the need for a review of how GBC allocates staffing and system resources.

The new Finance and HR system Business World due to come on line in Summer 2020 will bring a significant change to purchasing activity at GBC whereby the introduction of a 'No purchase Order, No Pay policy' will be in place and any spend in excess of £1,500 will involve procurement guidance, a significant change from the historic £10,000 threshold for engagement with Procurement. Furthermore all new supplier requests will need to be approved by the procurement team as part of the move to streamline the number of suppliers and contracts within the organisation. These key steps will support this Procurement Strategy and allow the delivery of Category Management across the organisation which will in turn deliver significant savings and efficiencies.

II. Corporate Objectives

The core objective of this Procurement Strategy is to support GBC in delivering its Corporate Objectives.

| GBC Corporate Objectives 2018-23 |
|---|
| <p>Fundamental themes that support our vision</p> <p>Place-making</p> <ul style="list-style-type: none">• Delivering the Guildford Borough Local Plan and providing the range of housing that people need, particularly affordable homes• Making travel in Guildford and across the borough easier• Regenerating and improving Guildford town centre and other urban areas <p>Community</p> <ul style="list-style-type: none">• Supporting older, more vulnerable and less advantaged people in our community• Protecting our environment• Enhancing sporting, cultural, community and recreational facilities <p>Innovation</p> <ul style="list-style-type: none">• Encouraging sustainable and proportionate economic growth to help provide the prosperity and employment that people need• Creating smart places infrastructure across Guildford• Using innovation, technology and new ways of working to improve value for money and efficiency in Council services <p>Values for our residents</p> <ul style="list-style-type: none">• We will strive to be the best council.• We will deliver quality and value for money services.• We will help the vulnerable members of our community.• We will be open and accountable.• We will deliver improvements and enable |

How will procurement support delivery of these Corporate Objectives?

1. Ensure proposed procurement activity is aligned to Member priorities and corporate objectives in particular, wherever appropriate, pursuing market testing in order to achieve best value through a process of fair and open competition.
2. Through open, transparent and fair competition which treats all bidders equally and undertake effective, timely and appropriate procurement processes with a view to minimising both GBC and bidder procurement life cycle costs and ensure contract management and monitoring processes are measurable and effective;
3. By seeking to manage demand for goods, works and services. Implementing category management techniques to bring contracts similar in nature together into a single procurement exercise and seeking opportunities to collaborate and/or develop shared services with other public bodies which maintain or improve quality but at a lower overall price;
4. Support services in the development of appropriate specifications which include any qualitative aspects required by commissioners / service users. Early and on-going engagement with markets to identify new opportunities for innovation and to consider lifetime sustainability costs at the outset including environmental impact and any carbon reduction commitments;
5. Engage with young people through the provision of work based work experience opportunities and encourage bidders to make provision for apprenticeships through Social Value clauses;
6. Ensure local businesses are aware of contracting opportunities with GBC through engagement and collaboration with the Councils Economic Development Team.

III. Procurement Strategic Objectives

a. People – Staff Training and Development

The skills and capacity required to deliver a fully centralised procurement, commissioning and contract management function requires thorough analysis and consideration.

The current resource is three posts; one permanent Procurement Manager and two interim Procurement Officers. Moving forwards into the centralised model, there will be the need for permanent posts and additional resource.

The Procurement function shall undertake and keep under review a training needs analysis which will inform a business case for on-going procurement related training to both the team and officers within GBC who routinely engage in procurement and /or contract management activity.

b. Processes – e-enabling Procurement and Making Use Of Technology

The Procurement function will seek to utilise new and existing forms of technology to streamline the end to end procurement process where it can be clearly demonstrated that this will deliver cashable and / or transactional cost savings to the GBC. This includes:

1. Advertising all opportunities via GBC's own web pages and Contracts Finder portal and minimising the number of contract notices placed in trade media;
2. Transactional procurement processed via an on-line procurement portal to streamline the procurement cycle for GBC and bidders and ensure consistency;
3. Supplement reviews of bidders annual audited financial accounts via credit reference agencies to ascertain a bidders most recent financial status and viability to deliver goods, works or services;
4. Procurement project management and progress reporting systems to facilitate consistent and open reporting;
5. Purchase to Pay software to deliver control and visibility over spend, and;
6. Spend analytics software to highlight off contract spend and opportunities for consolidation of lower value goods, works and services.

c. Creating commercial opportunities

Promote revenue generation and value, review options (make or buy), support and encourage innovation; promote the development of new ideas and solutions to service delivery.

d. Savings and Efficiencies

A number of strategies shall be employed to identify and deliver both cashable and efficiency savings:

1. Aim to maximise savings when re-procuring goods, works or services;
2. Seek price reductions from incumbent suppliers in return for extension or direct award of contracts;
3. Seek price reductions from incumbent suppliers through an analysis of the existing specifications and associated working practices;
4. Reduce and standardise specifications wherever possible;
5. Align with services on where risk should lay so as to prevent increased submission costs in tenders.
6. Analyse and aggregate spend through category management model;
7. Demand management and oversight of spend via purchase to pay systems;
8. Spend analytics to identify off contract spend and aggregation opportunities;

e. Category Management

Adopt a Category Management procurement structure. Most Councils align their procurement teams with internal directorates and this works well, however, external markets do not necessarily align in this way and greater value can be achieved by procuring goods, works and services in an aggregated or joined up manner in line with standard market categories rather than internal category structures.

Category management is an important and effective means of managing procurement and developing appropriate skills, capacity, and expertise. Fitting it to GBC will require an examination of the overall structure, spend data, and pipeline of procurement activity.

f. Spend Analysis

GBC shall utilise the new Business World system to review procurement spend data. This activity will be central to producing a procurement and category management strategy for the category areas. Spend analysis will inform commissioning and procurement strategies and realise both cashable and efficiency savings.

Spend classification will be key when analysing spend and it will be necessary from the outset to establish the appropriate coding structure to facilitate this, be it ProClass, CPV or UNSPSC codings.

Achieving this will be through close working between the procurement and finance function, and the commissioning of effective finance and case management systems.

g. Collaboration and Shared Services

GBC shall collaborate whenever possible with other Authorities for procurement exercises for goods, works and services

GBC shall actively seek to involve other public bodies as may be appropriate when procuring goods, works or services to take advantage of potential savings achieved through increased volumes and/or reduced client side costs.

GBC shall actively take part in collaborative procurement exercises undertaken by buying consortia such as Crown Commercial Services, ESPO, YPO or such other contracting authority where it can be demonstrated GBC will benefit from these arrangements.

h. Contract and Supplier Relationship Management

Contract and relationship management involves the continual review and management of contractual terms and conditions including any performance targets. Effective contract management seeks to ensure:

1. Officers engaged in performance and/or contract management are appropriately trained and supported.
2. Agreed strategic priorities and objectives are agreed at the outset and delivered as expected;
3. Non-compliance, defaults and variations are identified and addressed as they emerge, and appropriate action plans adopted to manage poor or inconsistency performance;
4. Issues and concerns are escalated if resolution is proving problematic;
5. Risks and costs are appropriately identified and managed;
6. Reviews are undertaken both during the lifetime of the contract and prior to natural termination for lessons learnt to aid continuous improvement both during the contract lifecycle and any subsequent re commissioning of the goods, works or services.

i. Commissioning and Market Testing

Services and the procurement function shall work together to review and carefully consider how a service (including services directly provided by GBC) may be delivered, who could do it and the most cost effective manner. The primary objective being to improved outcomes

for residents and service users. This requires both services and officers within the procurement function to develop skills, activities and practices which:

1. Lead to a greater and more in-depth understanding of residents and service users needs;
2. Use evidence based tools to identify what works and what does not;
3. Increased collaboration with other organisations and existing partners;
4. Understanding the true cost and value of the services provided;
5. Adopting a more “commercial” focused outlook on services, and;
6. Managing performance and relationships with existing contractors through clearly defined contract management processes and procedures.

j. Leadership and Governance

In order to achieve consistency and compliance with the Procurement Strategy and the Procurement procedure rules, GBC shall adopt a Corporate Procurement Board (CPB) made up of Procurement, Legal and Finance and chaired by the Director of Finance.

GBC shall adopt a gateway review process to assess key procurement project outputs and outcomes during the procurement cycle.

A record of all contracts shall be maintained by the procurement function on the contracts register and will be used to inform the procurement work plan. This will also be published in-line with the Transparency Agenda.

A procurement pipeline shall be developed each year which shall include all planned procurement activity; the Procurement Board shall monitor the delivery of the procurement work plan.

k. SME's / Voluntary Sector and Social Value

The stimulation of the local economy and voluntary sector is an important objective for GBC. GBC will encourage local organisations and/or voluntary groups to bid for appropriate contracts either on their own or in collaboration with others. No selection criteria for the short listing of potential contractors will discriminate in any way against local providers, and where there is evidence that local markets, contractors or voluntary organisations require capacity building, GBC will consider how best to achieve this.

GBC shall ensure compliance with the Public Services (Social Value) Act 2012 and consider from the outset how what is proposed to be procured might improve the economic, social and environmental wellbeing of the relevant area, and, how in conducting the process of procurement, GBC might act with a view to securing such improvement.

This is a requirement for above threshold activity, however the principle will be followed for all purchasing and procurement.

I. Equality

GBC's core tender documentation, including selection questionnaires (SQ's) and terms and conditions, shall include specific reference to equality issues. Potential contractors shall be required to answer a set of equality questions within their response to GBC. Services shall undertake Equality Impact Assessments as necessary with the findings of the assessment being considered within the proposed commissioning and associated Procurement Strategy.

GBC has adopted the Modern Slavery Motion which ensures all requires suppliers to fully comply with the Modern Slavery Act 2015.