ddChange History

Programme Office

10 year Strategic Commissioning and Procurement Strategy

April 2020 to March 2030

# “Allerdale – a great place to live, work and visit”



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Sign Off

Approval is required from the following:

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| Name | Position | Date Approved |
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1. **Introduction**
	1. The purpose of Allerdale Borough Council’s 2020/30 Strategic Commissioning and Procurement Strategy is to communicate clearly to employees, partners, suppliers and stakeholders the Council’s vision for commissioning and procurement of goods, works and services. Covering how commissioning decisions will be made and to articulate the procedural framework within which all procurement will take place.
	2. In this strategy document, the term procurement has the widest possible meaning, covering all aspects of securing services, goods and works. It is the overarching plan of action.
	3. The strategy will be implemented through a well-managed annual action plan and will deliver a sound structure and framework to support ongoing commissioning and procurement activity. This will enable the council to maximise opportunities, minimise risks and support to achieve council priorities.

1.4 The procurement function is providing a centralised source of knowledge and expertise and has established good procurement practice across the council. Systems and processes are firmly in place to ensure that when contracts are let they deliver value for money and are legislatively robust to minimise costly challenge. A Procurement Code setting out the steps involved in procuring goods and services is in place together with accompanying guides and templates for all council officers with responsibility for commissioning services to ensure compliance with regulations throughout the process from sourcing to monitoring end contracts.

1.5 This strategy aims to position commissioning and procurement to have an ‘integrative role’ to take steps to move from the traditional view of commissioning and procurement as primarily technical activities, concerned with the purchasing of goods and services to a more strategic role.

**2. Vision**

2.1 The Strategic Commissioning and Procurement strategy must be aligned with the council's vision, mission, priorities and core values, whilst also taking into consideration the recommendations of the National Procurement Strategy (2018). It is intended that the Strategy is a 10 year Strategy to align to the Council 10 Year plan.

2.2 This strategy will seek to embrace the national and local agendas by continuing to review the competitiveness of services, achieve value for money on a whole-life basis, and most importantly generate benefits to the economic, social and environmental well-being of the local community.

2.3 Strategic commissioning, and strategic procurement, both represent a significant departure from the traditional view of procurement as they incorporate the whole cycle of how public services are planned, designed, developed, delivered and managed. Regardless of seniority, councillors, heads of service, front line officers, will all have an involvement in these different activities and at different points in the commissioning and procurement cycle. From identifying need through to monitoring contracts.

 2.4 This means that for some areas, strategic commissioning and procurement will represent a fresh look at how and why different services and activities are delivered.

2.5 There needs to be active management of timescales and procedures to comply with internal procedures. This includes budget planning, service planning, strategic and political decision making. This provides a means to align strategic commissioning activities with budgetary and performance activity timescales.

 2.6 Public sector procurement is heavily regulated – the European Union Directives 2014 and the UK Public Sector Contract Regulations 2015, which require greater emphasis on training so that public sector staff involved in procurement are aware of best practice and the constraints within which they can operate.

2.7 It is not envisaged that Brexit will present any noticeable changes for procurement. European Regulations were transposed into UK Law on 26th February 2015. The EU Procurement Directives and the UK Public Procurement Regulations will continue to apply during the transition period of 31st January 2020 to 31st December 2020.

2.8 The technical requirements for carrying out procurement activities, are set out in a separate Procurement Code on Share Point available to all staff.

2.9 The council also recognises its responsibilities as an employer and procurer / commissioner of services and acknowledges its duties as a district council to notify the Secretary of State of suspected victims of slavery or human trafficking as introduced by section 52 of the Modern Slavery Act 2015 and to take action and work with other responder agencies under the Civil Contingencies Act 2004. The council is absolutely committed to doing all it can reasonably do to prevent slavery and human trafficking in its corporate activities and to ensuring that its supply chains are free from slavery and/or human trafficking.

3. **General Principles of Public Sector Regulations**

3.1 Public sector procurement, when awarding contracts has to act in a way that is consistent with the general principles of law; these principles being:

* Equal Treatment
* Non Discriminatory
* Transparency
* Mutual recognition
* Proportionality

3.2 **Equal Treatment.** In essence treating everyone the same, giving no benefit to one bidder over another. To do so would risk both complacency from the ‘favoured’ bidder and also to risk the market place ‘drying up’. Other potential bidders will not bid in the belief that it will go to the favoured bidder anyway.

3.3 **Non Discrimination.** Ensuring bidders have the same opportunity, for example making sure that a specification is written in a way that excludes particular bidders. The conscious creation of a specification that potentially limits alternative options could not only reduce the market place but could also remove potential innovation.

3.4 **Transparency.** Ensuring where and how the public sector spends money on behalf of the general public is open to scrutiny and seen as vital to preserve the trust of the general public. The process of advertising opportunities for the organisation to bid for contracts in the European Journal and Contracts Finder is merely a way of ensuring that opportunities are put in the public domain effectively. The need for transparency around how a decision was made to award a contract reflects the need for public sector organisations to be able to demonstrate their compliance with the regulations.

3.5 **Mutual Recognition**. It is important to demonstrate that standards are not used as a barrier. If a UK based standard exists the authority needs to ensure that they are willing to accept other standards that are equivalent in different countries. To build and/or sustain a market and seek to ensure that a market can bring innovation.

3.6 **Proportionality.** This means that we would not seek to demand gold plated standards or requirements in either a suppliers bid or in our requirements in how they submit their bid. An example of this may be to demand specific sector experience that may be of dubious relevance. The use of disproportionate requirements may often be based upon the desire to avoid risk by discouraging potential bidders we are unfamiliar with. This makes good commercial practice to prevent an aversion to risk having a detrimental impact upon the potential market.

3.7 Officers undertaking procurement on behalf of the council have a duty to apply best value principles in accordance with section 3 of the Local Government Act 1999. The best value principles are relevant to the entire procurement process and must always be taken into account.

3.8 A key part of achieving best value requires us to consider and investigate economic, environmental and social aspects and outputs in relation to the purchasing decisions we make. Through our procurement processes and activities we aim to minimise the negative impacts associated with goods, services and works and their associated supply chains and maximise potential benefits including social value. This commitment is regulated in public services contracts by the Public Services (Social Value) Act 2012.

3.9 The Council is exploring the principles within the Public Value Framework[[1]](#footnote-2) to measure the effectiveness of public spending as part of reviewing services. To ensure all council services are:

* aligned to council priorities and deliver outcomes,
* measure the right things,
* appropriately resourced,
* are valued by users
* are evaluated and accountable

**4. Strategic Plan for Procurement**

4.1 Sustainable Council & Resilient Communities

4.2 Deliver a Sustainable Council. Strategic commissioning and procurement is concerned with the end-to-end process, not simply the transaction of buying. It involves understanding the council as an integral part of the supply chain, not just a buyer of goods and services.

4.3 It involves an appraisal of all viable supply options in order to assess the best value for money for stakeholders, identifying the solution that offers the optimum combination of whole life costs and benefits to meet customer requirements and manage the performance of contractors to deliver the identified outcomes for the council. This means ensuring Social Value is at the heart of our commissioning and procurement practices.

Objectives & Outcomes

* Deliver the key objectives of the Council’s Plan for a sustainable financially secure council
* Tackle poverty by seeking to maximise added value in social, economic and environmental terms from every pound spent
* Where a local supply chain exists we will always undertake a procurement exercise, which targets bids from local suppliers
* Stimulate local jobs and training/apprenticeship opportunities to support growth and economic development for SMEs by developing robust, targeted and clear specifications for all tenders
* Consult with service users, stakeholders and incentivise providers to ensure social value deliverables are measured consistently, effectively and are understood
* Build ethical and sustainable practices into all procurements and continue to evaluate on a whole-life cycle basis taking into account long term impacts (including environmental impacts) and maximising social return on investment
* Ensure climate change implications are considered throughout the procurement process such as, reducing waste, buying locally and encouraging new technologies such as using video conferencing for supplier engagement to reduce vehicle emissions.
* Adopt fair and non-discriminatory practices and encourage a diverse and competitive supply market, particularly targeting interest from small local companies.
* Ensure that supply chains we procure from are free from modern slavery.
* Ensure if the Council uses recruitment agencies that they have appropriate measures in place to identify and deal with the signs of forced labour.

Performance Measures

* Monitor number of tenders with social value/environmental clauses added
* % of staff paid The Living Wage in Allerdale contracts
* % of Council Contracts awarded in Allerdale and Cumbria
* Procurement Staff undergo training in identifying modern slavery in the supply chain and what to do about it.

4.4 Make Savings and Deliver Value for Money

4.5 In all procurement activity the Council will seek to make savings and deliver value for money to Allerdale taxpayers by maximising best value on every pound spent. This will be achieved by being more commercially aware and by providing clarity on our expectations to our suppliers. There will be a process for continuous review to ensure our procedures are efficient, and achieve maximum benefit from all procurement.

Objectives & Outcomes

* Adopt a category management approach to identify key areas of high spend and focus corporate procurement expertise and effort on those areas
* Use of standard specifications and aggregated spend across the organisation to reduce proliferation and reduce transactions and costs
* Base procurement decisions on whole life cycle principles and avoid awarding contracts where price alone is the sole consideration
* Constantly review procurement systems, practice and procedures to ensure our processes are efficient and cost effective
* Incentivise our suppliers to help us to reduce demand wherever possible
* Encourage suppliers to adopt self-monitoring contract management regimes and report performance against KPIs on a regular and proportionate basis
* Monitor procurement spend and provide quarterly reports to the Transformation and Commercial Board to track expenditure across all categories
* Monitor cashable and non-cashable savings derived from all procurement activity
* Utilise e-commerce to achieve transactional efficiency for all contracts and provide accurate and up to date management information

Performance Measures

* Value of annual savings delivered on behalf of Council services from tendering and contracting

4.5 Knowledgeable and Commercially aware Commissioners

The council will enable those with commissioning and procurement responsibilities to develop their commercial skills and undertake their roles effectively and efficiently. The council will seek to strengthen engagement with the local supply chain, and encourage local suppliers to compete for work through gaining a better understanding of the barriers and obstacles which prevent interest from small and medium enterprises (SMEs) and local businesses.

Visibility is a key issue for SMEs. They cannot see the opportunities and the buyer cannot see them. They may believe the process for biddings is too complex and with limited resources would prefer to spend their efforts on other opportunities.

The council will use procurement research and intelligence to understand the market place and develop service specifications which are attractive to the supply chain. Where possible the council will encourage SME bidders to work together to improve their chances of winning tenders/quotation exercises.

Objectives & Outcomes

* Seek to build capacity and drive best practice across the council through the provision of user friendly codes of practice, increased training and development and the provision of accessible professional advice and guidance
* Work with elected members to raise the profile of commissioning and procurement activity across the Council
* Modernise, improve and simplify the procurement process as technology evolves and build upon our existing electronic systems
* Provide the necessary training and support to prospective suppliers to develop their knowledge and understanding of our practice, procedures and systems
* Strive to engage with local sole suppliers and explore opportunities for them to bid for council contracts

Performance Measures

* Training in public contract regulations for all procurement staff and for staff with responsibility for commissioning and procurement (this will be in-house, peer support as well as external training to meet specific specialist need).
* Peer training and support at team meetings and one to one basis for commissioners of services
* Projects will be progressed through business cases and review stages and input from procurement is essential to guide these processes.
* Option appraisals should be provided for consideration/approval to the Transformation and Commissioning Board and supporting evidence on risks, benefits and whole life costs. Market intelligence is also required to understand capacity/capability to deliver.
* Produce a ‘Doing Business with the Council Guide’ for local businesses to better understand our procurement processes
* Run at least twice yearly meet the buyer events to build relationship with local suppliers

4.6 **Delivering Outstanding Local Services**

The council aim is to be judged as excellent in terms of its approach to commissioning and procurement and will strive to ensure that contract outcomes are aligned to the Council’s vision and key priorities. The council will build upon its strong regional relationships with Effective Procurement in Cumbria (EPiC) and Yorkshire Purchasing Organisation (YPO)[[2]](#footnote-3) to work collaboratively where this offers best value, to consolidate purchasing power by aggregation, making best use of networking opportunities and sharing best practice.

Objectives & Outcomes

* Consolidate and co-ordinate procurement activity to obtain economies of scale establishing corporate contracts for common goods and services where possible and appropriate
* Where a local market does not exist the council will work in collaboration with local and regional partners to maximise purchasing power ( such as in the water reverse e-auction)
* Seek to understand fully the terms and conditions which apply to framework agreements prior to calling-off them
* Share best practice and learn from our partners to adopt proven methods and outcomes to ensure high quality, cost effective service delivery is achieved
* Strive to become an intelligent client by using end buyers effectively and thinking innovatively engaging with all stakeholders to drive continuous improvement throughout the supply chain

Performance Measures

* Value of dividend and rebates achieved through collaborative procurement
* Number of collaborative procurement exercises.

4.7 Clear Governance, Compliance & Accountability of Procurement Decisions

We will maintain a fair, consistent, ethical and proportionate governance framework for procurement ensuring that resources are adequate and are deployed effectively. The activities of the Commissioning and Procurement team will be monitored at corporate leadership team level by the Chief Executive and at council member level by the portfolio holder. The council will strive to ensure that policies, procedures and guidance enable transparent and accountable decision making. There will be clear audit trails for all procurement activity. Contract management skills need to be further developed in local government. The council is seeking to strengthen contract management to ensure that all suppliers deliver high quality, cost effective services that bring added value to the local community wherever possible.

Objectives & Outcomes

* Continuously review the commissioning and procurement framework and strive to ensure that the council is achieving procurement excellence built on strong ethical foundations.
* Review and if necessary update our standard tender documents to ensure that they are compliant with legislation and they are easy to use and fully understood by our prospective suppliers.
* The Programme Office will work with elected members to develop a greater understanding of commissioning, projects and procurement and seek to use their local contacts and knowledge to strengthen relationships with the local supply chain.
* The council will strive to improve relationships with its supply chain to allow for early notification of tender/quotation exercises.
* The council will continue to provide free access to the supply chain to our e-tendering portal ‘The Chest’.
* The Programme Office will provide training and development for all council officers responsible for procurement, projects and contract management and seek to strengthen our ability to manage contracts effectively through an improved monitoring regime and a more commercial approach

Performance Measures

* Number of local suppliers actively registered on The Chest
* % of third party expenditure which is directed towards local suppliers and companies
* Number of formal legal challenges received and upheld against the total number of tenders
* Number of contracts terminated or failed prior to expected end date
* Twice yearly report to Overview and Scrutiny Committee

**5. Framework**

5.1 At the heart of the Strategic Commissioning and Procurement Strategy is a framework for how Procurement will be delivered. It is based on the Institute for Public Care Commissioning Cycle. Although this model is primarily relevant for public care services such as health, education social care and housing it can be applied as the framework on which all services commissioning in the public sector should take place.

5.2 Ensuring officers and members identify the 4 key performance management elements of analyse, plan, do, and review will mean that all commissioning and procurement follows a robust process, which will enable the strategy to be implemented. The paragraphs below outline some of the key activities that might be undertaken under each element of the IPC commissioning cycle for all procurement and commissioning undertaken by the Council.

Figure 1 The Institute for Public Care Commissioning Cycle



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**Analyse** - understanding the values and purpose of the agencies involved, the needs they must address, and the environment in which they operate. This element of the commissioning cycle involves activities such as:

* + Mapping and identifying the stakeholders that need to be engaged in the commissioning process.
	+ Analysing the needs of the service area and /community, drawing on research data to make hard and soft judgements about current requirements in Allerdale
	+ Identifying the key outcomes to deliver, based upon the information available and the gaps identified where current provision does not meet the identified needs, wants and expectations of customers

**Plan** - Delivering services that meet the Councils needs and deploying resources in the most efficient and economical way possible are two principles that are integral to everything that we do. Neither of these is possible without good planning. The aims of these activities are to help understand:

* What is currently provided and how this meets local needs alongside what resources are available and the capabilities provided by alternative providers in the market.
* How we could offer something better through commissioning higher quality or better value for money services in the future – bringing together stakeholders to develop new ideas for services.
* How to turn good ideas into reality through developing comprehensive, robust business cases and commissioning plans that enable senior stakeholders to make informed decisions about which services to commission.
* The fundamental aim of this stage is always the same – to deliver efficient, effective services that meet priority outcomes and offer value for money for local people.

**Do** - The specific form this stage takes depends on the scale and type of service being commissioned – for instance, EU guidelines are stipulated for tendering contracts for services that exceed a certain cost; similarly, acquiring services in-house or from the voluntary and community sector may encompass different procedures, such as adhering to the Grants process we have developed. There are a set of common principles that apply regardless of the situation we commission:

* + Service acquisition involves following a particular ‘route to market’ to obtain or procure a service, including: adhering to legislative requirements; establishing potential providers; understanding how to obtain their services; and agreeing terms and conditions to secure those services.
	+ Establishing a performance management framework with all service providers, being clear what success looks like.
	+ Establishing active delivery management on behalf of the Council to ensure that any problems can be highlighted early, and that measures can be taken to address them.

**Review** - monitoring the impact of services and analysing the extent to which they have achieved the purpose intended. Reviewing is closely linked to the Plan stage as it considers the gap between current service delivery and local needs. This element of the commissioning cycle involves activities such as:

* + pulling together information from individual contracts or service level agreements developing systems to bring together relevant data on finance, activity and outcomes;
	+ analysing any changes in legislative requirements, population need and reviewing the overall impact of services to identify revisions needed to deliver strategic priorities and targets.

**6. Annual Action Plan**

The table below highlights actions for the coming year. The action plan will be reviewed and updated annually.

| **Ref**  | **Action**  | **Benefit**  | **Timeframe**  | **Owner**  |
| --- | --- | --- | --- | --- |
| **Deliver a Sustainable Council** |
| **1.0**  | Work with other District Council and Cumbria County Council to have some shared Social Value, Public Value measures and responses to Moderns Slavery/Climate Emergency.  | Ensures consistency across Cumbria  | March 2021  | Procurement Officer and Effective Procurement in Cumbria (Epic) Group  |
| **1.1**  | Continue to develop skills and knowledge across the Council to allow for innovative thinking and practice to build social, public value outcomes into tendering processes through workshops for third tier managers. Including improving skills in contract management and peer review of services.  | Promote employment and economic sustainability Raise the living standards of local residents Promote environmental sustainabilityEnsures effectiveness of outcomes that procurement was meant to deliver have been achieved  | October 2020  | Programme Office Manager/Procurement Officer/Procurement Assistant  |
| **Make Savings and Deliver Value for Money** |
| **2.0** | Report expenditure to the Transformation and Commercial Board to determine priority procurement projects and facilitate review and renegotiation | Assisting the council in achieving the cost and efficiency benefits which derive from economies of scale and effective procurement | March 2021  | Programme Office Manager/Procurement Officer Transformation and Commercial Board  |
| **2.1** | Pursue any appropriate opportunities to reduce costs or improve services that can arise from innovative procurement, commissioning or collaboration | Working with others to achieve improved value for money, derived through economies of scale and effective utilisation of shared resources.  | As Appropriate  | All buyers of Council goods, services and works |
| **2.2**  | Ensure lessons learned from previous procurements are captured as part of post implementation review and fed into planning future procurements | Ensures we don’t keep making the same mistakes  | As appropriate  | Transformation and Commercial Board to monitor compliance  |
| **Knowledgeable and Commercially aware Commissioners/buyers**  |
| **3.0** | Update ABC Information on the Internet for suppliers to navigate our systems. Doing Business with the Council Guide  | Stimulate the local economy and encourage the SMEs | Aug 2020  | Programme Office Manager/Procurement Officer Transformation and Commercial Board |
| **3.1** | Continuously review and update guidance documents, procedures and codes of practice and make available to all relevant employees | Ensuring a consistent and uniform approach to all procurement matters, ensuring openness and clarity with an appropriate audit trail that is resistant to challenge. | Ongoing BiMonthly Procurement Pop Up Workshops  | Programme Office Manager/Procurement Officer Transformation and Commercial Board |
| **3.2** | Encourage robust contract management through training and development, and use of a best practice guide by service managers | Ensuring a consistent and uniform approach to contract management, ensuring better compliance and right quality in services  | Ongoing  | Programme Office Manager/Procurement Officer Transformation and Commercial Board |
| **3.3**  | Look to continually improve services by engaging suppliers in feedback post tender to identify if lessons can be learned to improve processes and procedures  | SMEs and local suppliers are not put off from engaging in the tender process  | Ongoing  | Procurement Officer  |
| **4.0 Delivering Outstanding Local Services**  | Consolidate our approach to market through early agreement of an annual procurement work programme signed off by every Head of Service.This will be included as part of the Annual Governance Statement  | Ensure achieve best practice and budgets are in place and appropriate sign off of decisions.  | August 2020  | Heads of Service Governance Group  |
| **4.1** | Continue to develop relationships with EPiC and YPO to maximise our purchasing power where a local supply chain does not exist. | Economies of scale by aggregating demand.  | Ongoing  | Programme Officer Manager/ Procurement Officer /Transformation and Commercial Board |
| **Clear Governance, Compliance & Accountability of Procurement Decisions** |
| **5.0** | Comply with European and UK procurement regulations and ensure a level playing field exists for all prospective bidders. | Reduce the risk of legal challenge. Equal treatment of all prospective suppliers | Ongoing  | Programme Officer Manager/ Procurement Officer /Transformation and Commercial Board  |
| **5.1** | Comply with Internal control through challenge and oversight from Transformation and Commissioning Board and twice yearly presentations to Elected members as part of Scrutiny  | Reduce the risk of legal challenge. Ensures oversight of procurement  | Ongoing  | Programme Officer Manager/ Procurement Officer /Transformation and Commercial Board  |

1. <https://www.gov.uk/government/publications/public-value-framework-and-supplementary-guidance> [↑](#footnote-ref-2)
2. The Yorkshire Purchasing Organisation (YPO) is the primary northern regional purchasing and buying Organisation. The Council is an Associate Member of YPO which provides access to compliant competitively priced frameworks and catalogues bringing opportunities to make best use of existing expertise and resources as an alternative to undertaking our own procurement process. As an associated member we can obtain a dividend on what we spend. [↑](#footnote-ref-3)