

## REPORT TO CABINET

<b>Open</b>		Would any decisions proposed :		
<b>Any especially affected Wards</b>	Mandatory	(a) Be entirely within cabinet's powers to decide	YES	
None		(b) Need to be recommendations to Council	NO	
		(c) Is it a Key Decision	NO	
Lead Member: Cllr Brian Long E-mail: <a href="mailto:cllr.brian.long@west-norfolk.gov.uk">cllr.brian.long@west-norfolk.gov.uk</a>		Other Cabinet Members consulted:		
		Other Members consulted:		
Lead Officer: Tony Hague, Procurement Officer E-mail: <a href="mailto:tony.hague@west-norfolk.gov.uk">tony.hague@west-norfolk.gov.uk</a> Direct Dial: 01553 616791		Other Officers consulted: Martin Gibbs, James Hawes, Toby Cowper, Lorraine Gore, Management Team		
Financial Implications YES	Policy/Personnel Implications YES	Statutory Implications YES	Equal Impact Assessment NO	Risk Management Implications YES

Date of meeting: 17 APRIL 2018

### ADOPTION OF NEW PROCUREMENT STRATEGY

#### Summary

The Council has not had a formally adopted Procurement Strategy for several years. A new strategy has been created following consultation with relevant officers and Management Team.

The new strategy is based on the current National Procurement Strategy for Local Government with adaptations to allow for local circumstances, requirements and priorities.

#### Recommendation

Cabinet are recommended to formally adopt the strategy, and support its implementation.

#### Reason for Decision

To formally support the ongoing development and modernisation of procurement and contract management within the Council with the aim of making further savings and supporting the local economy.

### 1. Background and Detail

- 1.1. The last time that the Council formally adopted a Procurement Strategy was in December 2007. This was due for review in December 2009, but the review was repeatedly postponed for a variety of reasons until the strategy eventually fell out of use.
- 1.2. In 2014 the current National Procurement Strategy was published by the Local Government Association.
- 1.3. In February 2015 the Public Contracts Regulations 2015 replaced the previous 2006 regulations.
- 1.4. During 2017 it was decided that a new Procurement Strategy for the Council should be created. The Procurement Team started by working through the National Procurement Strategy and picking out all of the headings that could be applied to the Borough Council of King's Lynn & West Norfolk.
- 1.5. The new Procurement Strategy was then developed through numerous iterations taking into account the views of line managers and Management Team.
- 1.6. The full strategy document is included at Appendix A.

## **2. Financial Implications**

- 2.1. The first of the four main headings of both the National Procurement Strategy, and the Council's proposed new strategy, is "making savings". We frequently see the benefits of a professionally run procurement process in savings obtained in tendered prices compared to budgets or client department expectations.

## **3. Policy Implications**

- 3.1. This Procurement Strategy will, if adopted, become the formal Council policy on procurement matters.

## **4. Statutory Considerations**

- 4.1. The Procurement Strategy takes account of, and is compliant with, Public Contracts Regulations 2015 and other relevant legislation.

## **5. Risk Management Implications**

- 5.1. Risk Management is one of the themes covered by the proposed strategy.

## **6. Equality Impact Assessment**

- 6.1. A pre-screening form is attached at Appendix B. A full Equality Impact Assessment is not required.

## **7. Access to Information**

- 7.1. Contract Standing Orders

[https://www.west-norfolk.gov.uk/downloads/download/345/procurement\\_rules\\_documents](https://www.west-norfolk.gov.uk/downloads/download/345/procurement_rules_documents)

## 7.2. Financial Regulations

[https://insite.west-norfolk.gov.uk/corporate\\_documents/Financial%20Regulations/Financial%20Regulations%20-%20Updated%20January%202017.pdf](https://insite.west-norfolk.gov.uk/corporate_documents/Financial%20Regulations/Financial%20Regulations%20-%20Updated%20January%202017.pdf)

## 7.3. Website guidance to suppliers

[https://www.west-norfolk.gov.uk/info/20150/doing\\_business\\_with\\_us](https://www.west-norfolk.gov.uk/info/20150/doing_business_with_us)



# **Procurement Strategy**

**2018/19-2020/21**

**Month & year policy was adopted - TBC**

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Policy Statement

The purpose of this policy is to provide a framework for the Council as to how procurement activity is taking place currently and a strategy to improve the service, to both our internal and external stakeholders.

## Scope

This Procurement Strategy is for the Borough Council of King's Lynn and West Norfolk (including wholly owned Local Authority Companies) and covers the period 2018/19-2020/21. The central Procurement Team has the main responsibility for the implementation of the strategy but, the co-operation and assistance of all departments is required.

## Introduction

The central Procurement Team is a resource that supports Council departments in achieving the authority's aims and objectives. The aim is to help Service Managers to fulfil their roles in a way that complies with internal and external rules and regulations, while ensuring that our contracts gain Value for Money.

The intention is for the Council to align this Strategy with the Local Government Association (LGA) National Procurement Strategy (NPS) – 2014. To do this the same four main headings, and relevant sub-headings, are used. The main headings are:

- Making Savings
- Supporting the Local Economy
- Demonstrating Leadership
- Modernisation

## Strategy Specific Headings

### 1. Making Savings

The first theme of the NPS is 'making savings' and refers to the significant financial pressures that Councils are facing from reductions in government funding and rising demand. It recommends using spending power wisely and strategically, and setting targets for procurement and contract management.

#### **1.1 Spend Analysis**

The Procurement Team undertakes a yearly spend analysis with the aim of improving efficiency, ensuring that all Council procurement complies with Public

Contracts Regulations 2015 and the Council's Contract Standing Orders, identifying maverick spending and consolidating spend, where possible.

The 2016/17 Spend Analysis shows the following information: -

- Total Council supplier spend – over £27m
- Capital spend – £13,653,722 (almost all formally contracted)
- Revenue spend – £13,669,840

Of the revenue spend 86% went to the top 200 suppliers, of which 78% was formally contracted or consisted of non-influencable expenditure such as statutory fees or grants. The remainder will be monitored for potential savings.

### **1.2 Spend Classification**

- Pro-Class Classification is a supplier classification matrix that is recommended for use in local authorities.
- Currently, we have our own classification system and have included this on our Financial System, in the supplier records. It has been identified that the Financial System may be able to accommodate Pro-Class and we will aim to change over to this in the next 12 months. A recent decision has been made to change the financial ledger and this may have an impact on timescales for implementing Pro-Class.
- Using Pro-Class will give us the option to aggregate procurement spend with other Local Authorities that have the same needs as ours and that we may not have previously been aware of.
- Classification means that we can group together suppliers by their category and see if there is any scope for consolidation or any reason as to why we are using a certain supplier when we have a contract with another.

### **1.3 Use of Public Buying Organisations / Frameworks**

- The Council saves time and resources, where possible, by using Public Buying Organisations (PBOs) such as Eastern Shires Purchasing Organisation (ESPO), Crown Commercial Services (CCS) and Yorkshire Purchasing Organisation (YPO).
- This saves us money as a large part of the procurement process has already been done by these PBOs.
- Where we feel it is beneficial to use a PBO Framework, we will continue to do so. We have regular contact with both ESPO and CCS and we try to respond to surveys regarding their performance and areas for possible improvement.

### **1.4 Sharing Procurement Services / Expertise**

- Income is generated by providing procurement services to Boston Borough Council. We have provided these services to them since 2014 and we now have an agreement with them to continue up until 2021. Where an opportunity arises,

and we have the resources, we will consider providing our services to other Local Authorities.

- The Council's procurement staff participate in LGA projects where they investigate large areas of Council spend (Energy, Construction and ICT), and are contributing to the development of the next NPS.
- Procurement Team members attend East of England LGA (EELGA) procurement events to keep up to date and share best practice.

### **1.5 Contract / Supplier Relationship Management**

In most contracts the Procurement Team hand the process over to the client department after the award of the contract. Although we believe that contract management could be improved, we do not currently have the resources in the Council to do this.

One option could be to have a dedicated Contracts Manager. The role would be to work with, and to support, Operational Managers and the Procurement Team to ensure that:

- Regular review meetings take place with suppliers,
- Contract outputs and Key Performance Indicators (KPIs) are monitored,
- Remedies are implemented when KPIs fall below target,
- Supplier relationships are managed

Savings could also be achieved by ensuring that payments are correctly made in line with agreed terms and services or goods provided.

The Contracts Manager would also aim to deal with problems at an early stage to prevent escalation. Currently, the Procurement Team are only called for assistance when problems have developed into a major, and frequently expensive, issue.

For some time, all Council contracts have included a requirement for contractors to pay their sub-contractors within 30 days. This was introduced to assist SMEs but we do not currently monitor compliance. During the life of this strategy document, we will aim to introduce an audit of larger contracts to measure compliance with this requirement, with the aim of improving relationships with the supply chain as a whole.

This may be an area where the Council could share resources with another authority.

### **1.6 Risk Management**

Procurement staff always exercise due diligence, prior to formally accepting a tender, to minimise risk. These checks include whether the successful supplier: -

- is financially stable
- has satisfactory references



- has satisfactory Health and Safety arrangements
- has acceptable insurance cover

When weaknesses are found, the Council will provide advice to assist the supplier where possible or take steps, such as staging payments, to mitigate risk.

A link to The Council's Whistleblowing Policy will be included in all of the Council's contracts for their information. Sending this policy to contractors allows them to know what procedures are in place if they have any concerns with anything related to their relationships with the Council and its officers or members.

The recently updated Safeguarding Policy requires risk assessments of all contracts for services or works. The Procurement Team will conduct these assessments for each relevant procurement and take the actions specified in the policy when needed.

### **1.7 Financial Controls and Procedures**

- An Accounts Payable audit has recently been undertaken by an external specialist, with the objective of checking for duplicate payments or overpayments. This has resulted in less than £5,000 in errors being found over a 6 year period, which demonstrated that financial controls in the Council are strong.
- All new starters who use the Financial System require adequate training, particularly around the use of new suppliers and the creating of purchase orders. The Procurement Team will aim to strengthen controls in this area and ensure that new starters at the Council, Alive Management and any other Local Authority Companies are made aware of our Contract Standing Orders to limit maverick spending.
- The Procurement Team will work with Personnel to develop an improved procurement e-learning module for all members of staff to complete. This will be kept up to date and inform staff of our Contract Standing Orders and Financial Regulations, including the procedure for dealing with new suppliers.

## **2. Supporting the Local Economy**

The second theme of the NPS considers how councils can, through good procurement, support local economies. It refers to the need for councils to provide the maximum benefit into their communities from every taxpayer pound that is spent. And, with their economic development role, councils can take responsibility for generating economic, environmental and social growth in local communities.

### **2.1 Social Value**

In larger contracts, the Council include social value issues such as 'use of local apprenticeships' and 'use of local sub-contractors' as award criteria. We will continue this practice and look for ways of increasing the social value obtained from our contracts.

## **2.2 Market Engagement with Local Suppliers and Voluntary, Community and Social Enterprises (VCSEs)**

- As an authority we engage regularly with the VCSE sector but this is usually through the route of grants or other financial support. We have relatively few contracts that would be suitable for VCSE providers but we will continue to look for opportunities for this sector and actively encourage local organisations and groups to compete when appropriate. Currently, we have Information and Advice Services contracted out to two VCSEs that has been successful thus far.
- The Council try to keep tender documentation as brief and as simple as possible in order to encourage smaller local businesses to compete for our contracts. For contracts under £50,000 in value we will continue to avoid the use of Standard Selection Questionnaires whenever possible, and confine our due diligence to checking the finances, insurance and health and safety of the winning bidder only.
- There is a “Selling to us” page on the Council’s website that provides information on our procurement processes. The Procurement Team will keep this information up to date as it can be of value to small local businesses.
- To encourage greater participation in tender processes from local suppliers the Procurement Team will ask client departments if they are aware of any local businesses that could fulfil the contract and online searches will be made for local suppliers. Contact will then be made with these businesses to draw their attention to the tender.
- In the past, seminars have been run for local suppliers to help them better understand how to submit both tenders and selection questionnaires although we received a limited take up for these. The Procurement Team will consider running these seminars again in the future if the need is seen to be there. The Procurement Team are also happy to offer 1-to-1 sessions, where local businesses contact us.
- The Procurement Team regularly encouraged suppliers to register on Contracts Finder. This is free of charge, and will provide automatic alerts to tender opportunities. All Local Authorities are legally obliged to advertise their contracts on this web portal.
- The Procurement Team monitor the percentages of business that we have with SMEs and VCSEs via the use of spend analysis data. In the 2016/17 financial year 67.8% of our suppliers were SMEs and 8.63% were VCSEs.

## **3. Demonstrating Leadership**

The third theme of the NPS is ‘demonstrating leadership’ and refers to the need for those working in local government procurement to demonstrate leadership to increase its impact and influence across the public sector and demonstration of leadership from the top of the organisation (members and senior managers).

### **3.1 Contribution to National and Local Procurement Groups**

- The Council is already interacting with PBOs, regional bodies and other Councils regularly to support better procurement and to ensure compliance. As well as this, via EELGA, we interact with the LGA National Advisory Group to influence and shape procurement policy.
- The Procurement Team attends EELGA events and utilise their support. We will aim to register on to the Society of Procurement Officers (SOPO) Community Platform, which is a Local Government procurement forum where you can ask or answer questions and view other potentially relevant topics.

### **3.2 Procurement Champion**

The Leader of the Council is the procurement champion and he fully supports the delivery of this Procurement Strategy.

### **3.3 Forward Planning**

- The Procurement Team will provide quarterly updates to Management Team on all Major Contracts, Tenders and Future Pipeline projects. Management Team will then forward these onto the procurement champion, if they feel it is relevant.
- A summary of the Council's procurement workload will also be uploaded onto the intranet system, InSite, at regular intervals. An email link to this will be sent to Extended Management Team to prompt and assist with their procurement forward planning.

### **3.4 Commissioning and Procurement Collaboration**

The Council will aim to improve collaboration between the commissioning service areas and the Procurement Team.

- The Procurement Team will aim to set up a 'Lessons Learned' tab on InSite. This will include information with Client departments statements on how certain things worked well/others could be improved with regards to Supplier Performance in a Framework / Contract Management / Writing the Specification / Creating Tender Documents.
- The Procurement Team will aim to have annual reviews with Client departments managing contracts to meet with them and discuss how the contract has been going / if the contractor is still sticking to tendered prices and any issues that have occurred.
- The Procurement Team will aim to work with Client departments to share best practice tender procedures with other departments within the Council.
- Tender documents are prepared for the Client department to work on / input their specification to stop people from having to 'reinvent the wheel' each time.

The Council is keen to find different ways of working to achieve the targets in its Efficiency Plan.

### **3.5 Training**

- Over the last 18 months, the Council has provided external procurement training to senior managers and officers responsible for the management of large contracts. These training sessions included Commercial Awareness, Negotiation Skills and Contract Management.
- The Procurement Team have provided procurement awareness training to Councillors at King's Lynn in the past, and more recently at Boston Borough Council. We will aim to provide procurement training to elected members again and in the future, soon after each Borough election.
- Internal training can be provided by procurement staff, if Service Managers feel that it is necessary. Procurement Team contact details will also be provided on the Procurement e-Learning modules, once developed, for new starters in case they have any queries.

### **3.6 Consultant Knowledge Transfer**

When employing consultants the Council will explore opportunities for knowledge transfer from the consultant to Council staff. This will be considered for inclusion in the brief or specification for the contract or for use in the award criteria, by way of value-added services.

## **4. Modernisation**

The final theme of the NPS is 'modernisation' and refers to the need for local government procurement to modernise in terms of scope, use of technology and practices and procedures.

### **4.1 Commercial Expertise / Income Generation**

- With grants from Central Government being dramatically reduced income generation is a Council-wide strategy.
- The Procurement team currently provide procurement services to Boston, as stated in 'Sharing Procurement Services' on Page 3, and the Council provides car parking services for other local authorities and the NHS around the surrounding areas.
- The Council are now building houses for private sale, on plots of undeveloped land that they own. Some houses are also being retained to be rented.
- The Council will continue to consider all opportunities for new ways to generate income.

### **4.2 Procurement Automation**

- It is a legal requirement for tenders over Public Contracts Regulations 2015 thresholds to be conducted via an eTendering portal by October 2018. The Procurement Team are currently operating two potential systems on a trial basis.

- As part of the procurement of the required system, we will investigate the potential to use the system for all tenders, as well as quotations and framework further competitions, to create more efficiency and to minimise risk in the procurement process.
- The Council is now encouraging suppliers to send invoices electronically (eInvoicing). We will aim to promote this and add it to our tender information for suppliers to be aware of.

#### 4.3 Digital Self Service

- The Council have a Channel Shift Project Team. Their aim is to reduce the cost of delivery of a wide range of Council services by shifting the channel used for customer contact to the most efficient and appropriate method.
- An online 'My Account' system where customers can make a claim for housing benefit, apply for the housing register and a number of other services is already in use for transaction that would previously have required a scheduled meeting or a phone call to a member of staff.
- The Council currently has a 'Switched on Transformation Plan' document and is now currently working on an updated 'Digital Strategy' document to replace this. We will consider any opportunity for digital systems to replace paper.

#### 4.4 EU Procurement Directives

- The Council's Contract Standing Orders have been updated to include details of Public Contract Regulations 2015 and they are available on the website and intranet.
- All procurements valued over £10,000 are brought to the central Procurement Team and this ensures that support is provided to navigating through any procurement project, and that EU Procurement Directive requirements are understood and complied with.

<b>How Procurement Supports Some of the Council's Priorities</b>		
<b>Council Priority</b>	<b>Council Programme</b>	<b>How Procurement Supports This</b>
Provide important local services within our available resources	Deliver our 'Channel-Shift' programme. Seek new and effective ways of working. Take opportunities to generate income and draw in grant funding where it helps us achieve our priorities.	Consider opportunities for additional income generation from procurement services
Drive local economic and housing growth	Support new and existing businesses to help them thrive. Meet our housing growth targets. Support activity that helps drive up the skill levels of local people	Having streamlined tendering processes that are not too complicated or time consuming for SMEs. Providing guidance to local businesses on how to submit tenders.

Celebrate our local heritage and culture	Deliver an annual programme of festivals and events to attract people into West Norfolk and showcase our area. Support the improvement of our built heritage, drawing in third-party funding wherever possible. Support leisure and tourism within the Borough.	Provide guidance and support to client departments ensuring that they are procuring contracts to contribute to festivals, events or building improvements.
Work with our partners on important services for the Borough	Support improvements in the educational attainment of our young people. Work closely with partners in health and adult services to improve services for older people. Support 'early help' initiatives aimed at preventing problems from arising in the first place.	Use Social Value criteria for larger tenders to require apprenticeship schemes to provide opportunities for young people.

## Reporting Procedures

If you have any concerns or queries with this Strategy, please contact Tony Hague (ext. 6791), or James Hawes (ext. 6538) or email [procurementtenders@West-Norfolk.gov.uk](mailto:procurementtenders@West-Norfolk.gov.uk)

## Implementation/Distribution

This strategy will be posted on the InSite system and the Council's website. Personnel will be asked to assist in drawing the attention of new starters to the policy.

## Version Control

Policy name		Procurement Strategy 2017/18-2020/21		
Policy description		A strategy to improve Council procurement		
Responsible Officer		Tony Hague, Procurement Officer		
Version number	Date formally approved	Reason for update	Author	Review date
1		New policy	Procurement Team	

# Appendix B: Pre-Screening Equality Impact Assessment

Borough Council of  
**King's Lynn &  
West Norfolk**



Name of policy/service/function	Procurement Strategy
Is this a new or existing policy/ service/function?	New Policy
Brief summary/description of the main aims of the policy/service/function being screened.  Please state if this policy/service rigidly constrained by statutory obligations	To align the Council's procurement to the Local Government Association National Procurement Strategy. To define how the Council's procurement processes operate at present and to set out a future development and improvement path.

Question	Answer																																																							
<p>1. Is there any reason to believe that the policy/service/function could have a specific impact on people from one or more of the following groups <b>according to their different protected characteristic</b>, for example, because they have particular needs, experiences, issues or priorities or in terms of ability to access the service?</p> <p>Please tick the relevant box for each group.</p> <p>NB. Equality neutral means no negative impact on any group.</p>	<table border="1"> <thead> <tr> <th></th> <th>Positive</th> <th>Negative</th> <th>Neutral</th> <th>Unsure</th> </tr> </thead> <tbody> <tr> <td>Age</td> <td></td> <td></td> <td>√</td> <td></td> </tr> <tr> <td>Disability</td> <td></td> <td></td> <td>√</td> <td></td> </tr> <tr> <td>Gender</td> <td></td> <td></td> <td>√</td> <td></td> </tr> <tr> <td>Gender Re-assignment</td> <td></td> <td></td> <td>√</td> <td></td> </tr> <tr> <td>Marriage/civil partnership</td> <td></td> <td></td> <td>√</td> <td></td> </tr> <tr> <td>Pregnancy &amp; maternity</td> <td></td> <td></td> <td>√</td> <td></td> </tr> <tr> <td>Race</td> <td></td> <td></td> <td>√</td> <td></td> </tr> <tr> <td>Religion or belief</td> <td></td> <td></td> <td>√</td> <td></td> </tr> <tr> <td>Sexual orientation</td> <td></td> <td></td> <td>√</td> <td></td> </tr> <tr> <td>Other (eg low income)</td> <td></td> <td></td> <td>√</td> <td></td> </tr> </tbody> </table>		Positive	Negative	Neutral	Unsure	Age			√		Disability			√		Gender			√		Gender Re-assignment			√		Marriage/civil partnership			√		Pregnancy & maternity			√		Race			√		Religion or belief			√		Sexual orientation			√		Other (eg low income)			√	
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Question	Answer	Comments
2. Is the proposed policy/service likely to affect relations between certain equality communities or to damage relations between the equality communities and the Council, for example because it is seen as favouring a particular community or denying opportunities to another?	No	
3. Could this policy/service be perceived as impacting on communities differently?	No	
4. Is the policy/service specifically designed to tackle evidence of disadvantage or potential discrimination?	No	
5. Are any impacts identified above minor and if so, can these be eliminated or reduced by minor actions? If yes, please agree actions with a member of the Corporate Equalities Working Group and list agreed actions in the comments section	N/A	<b>Actions:</b>
		<b>Actions agreed by EWG member:</b> .....

**Assessment completed by:**  
**Name** Tony Hague

**Job title** Procurement Officer      **Date** 20 March 2018