

South Gloucestershire
Council

Procurement Strategy 2020 - 2023

Contacting us:

Please contact us if you have any questions or comments about the strategy.

Write to:

Corporate Procurement Team
South Gloucestershire Council
Badminton Road
Yate
South Gloucestershire
BS37 5AF

email: procurement@southglos.gov.uk

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Introduction

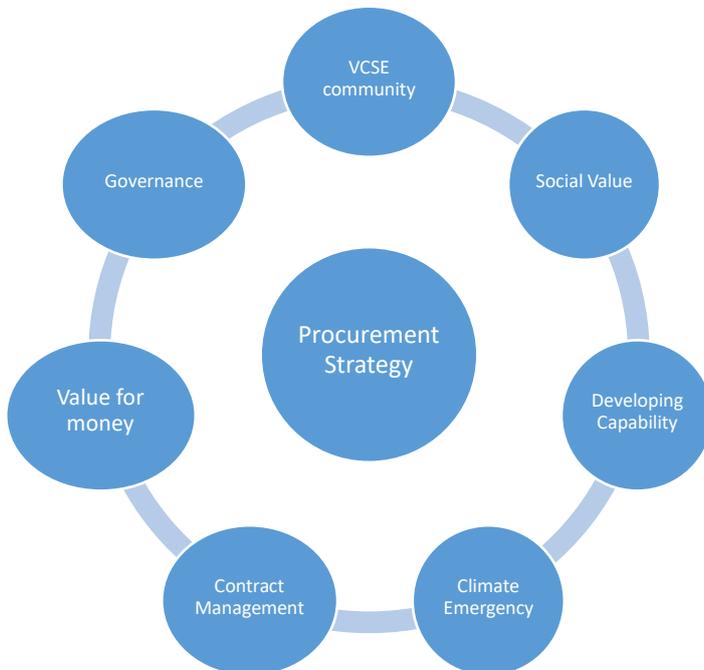
The Council spends around £200m per year on goods, works and services with suppliers. In a time of increasing funding pressures, and increasing expectations of residents, it is more important than ever that we have the best commercial arrangements in place in order to:

- procure innovative and flexible works, services and quality goods that are responsive to the needs of our community and deliver optimum value for money.
- ensure that the Council gets maximum value from every pound that is spent through best value and innovative procurement practice
- drive Social Value from our procurements, including minimising the adverse environmental impact of services delivered by our suppliers, and supporting the local economy.
- ensure a consistent approach to procurement.
- maintain, strengthen, and develop strong relationships with suppliers who are proactively managed in full transparency and understanding of the risks involved.

The Procurement Strategy sets out how these aims will be achieved over the next four years.

Themes of the Strategy

The strategy is based around seven key themes, as shown below:



The remainder of this document sets out the ambition for each of these themes, together with the key actions that will be taken to make sure that these ambitions are achieved.

Theme 1 – Governance

Ambition

The right governance structure will ensure appropriate oversight of the Council's procurement operations, to ensure that procurement decisions are consistent with the Council's overall strategy and will drive best value from our suppliers. In addition, the Council must ensure that all procurements comply with relevant legislation and the Council's own Contracting Rules, which means that we must be fair and transparent in our business dealings, mitigating the risk of challenge from stakeholders and suppliers.

Target outcomes

- A procurement governance structure with clear roles and responsibilities for major procurement decisions
- Contracting Rules are fit for purpose and clearly set out the responsibilities, delegations and approval levels for spending money with suppliers.
- Those involved in procurement processes have access to clear guidance and templates (supported by training opportunities and resources) and the adoption of a business partnering approach.
- Zero successful challenges to our procurements from suppliers
- Procedures are in place to monitor and measure compliance against all legislation including but not limited to the Contracting Rules and purchase ordering procedures.

Actions

S1.1 Implement two tier (operational and strategic) procurement governance structure

S.1.2 Review the effectiveness of the Contracting Rules and update accordingly.

S1.3 Develop, publish and maintain best practice guidance, template documents and training tools to support those involved in procurement processes and management of contracts.

S1.4 Promote and embed a Business Partnering approach to ensure that procurement staff work collaboratively with stakeholders to drive value from our procurements and contracts.

S1.5 Ensure that all contracts awarded with a value greater than £25,000 are added to the Contracts Register and Contracts Finder websites, which will be reviewed and monitored regularly.

Theme 2 – Social Value

Ambition

The Social Value Act 2012 requires the Council to “consider, prior to undertaking the procurement/commissioning process, how any services procured might improve economic, social and environmental well-being”. The Council will have a consistent, measurable and

best practice approach to using procurement spend to deliver broader value to our residents, the local economy and the environment.

The Council will use Social Value through the procurement process to support the overall priorities of the Council as set out in the Council Plan.

Target outcomes

- A maintained, developed and ongoing clear statement of what good Social Value looks like to the Council.
- Social Value is used to support local suppliers and SMEs.
- Social Value is used to support the Council's environmental commitments, mitigating the negative impact and maximising the value achieved for the environment through working with suppliers.
- Social Value is embedded in the procurement process to ensure that all relevant opportunities are utilised to drive Social Value.
- Social Value commitments made by suppliers are monitored to ensure that they are delivered.
- We use Social Value to support the UN Sustainable Development Goals
- A Social Value Board that sets policy, agrees target areas, and measures performance.

Actions

S2.1 Provide an ongoing training programme for all relevant staff to ensure that they have the knowledge and tools to optimise Social Value in the procurement process.

S2.2 Review the current Social Value "Top 10" to align to the new Council Plan and implement processes to capture and measure the Social Value committed by suppliers.

S2.3 Review the current model for Social Value Contract Management, to ensure that commitments made by suppliers are delivered.

Theme 3 – Voluntary Community Social Enterprise (VCSE)

Ambition

The Federation of Small Businesses has highlighted in the past how doing business locally is better value for money for the community due to a higher proportion of the contract value typically being re-spent in the local area than for larger businesses.

The Council has a strong relationship with the VCSE sector and is well placed to maximise benefits from local suppliers.

Target outcomes

- The VCSE sector is routinely involved with the Council in developing commissioning strategies for each relevant opportunity so that the value of local suppliers and VCSE organisations is recognised.

- A clear and proportionate approach for application and administration of grants.
- The VCSE sector is confident and successful in applying for opportunities.

Actions

S3.1 Encourage staff to plan how and when the VCSE sector should be involved in developing individual strategies (co-production), including pre-tender engagement and the use of dialogue based tender processes.

S3.2 Develop clear criteria for using grants rather than contracts and ensure that the bidding process is proportionate (i.e. simpler than a tender).

S3.3 Offer guidance for the VCSE sector on how to bid for opportunities.

Theme 4 - Value for money

Ambition

Delivering value for money is at the heart of what procurement does. Residents 'overall satisfaction with their Council usually has a direct correlation with their perception of value for money that their Council delivers. In times of reducing resources and challenging budget positions, we must embed a strategic approach to procurement that focuses on whole life cost, balancing quality and cost to drive maximum value from every pound that we spend with our suppliers.

The Council must also ensure that the outcomes we want from a procurement process are central to the way we plan procurements, evaluate bids and review and assess risk. In addition, we need to ensure that we maximise the benefits from collaborating with neighbouring authorities where this makes sense to do so and is supported by commissioners on both sides. Collaboration can take many forms and is not just about joint contracting, it can also include sharing policies, market data, specifications and lessons learned. We should also regularly assess the benefits of outsourced services and be prepared to internalise them where this would offer better value for money.

Target outcomes

- Procurement hubs working with staff across the Council to tender and manage major contracts with suppliers and supporting the achievement of savings targets.
- Pro-active use of pre-market engagement to inform procurements, better understand current and potential suppliers, and to encourage innovation that drives best value.
- Procurement Plans produced for all contracts over £75k, considering all relevant market and commercial factors at the beginning of the process, and agreed between procurement and service leads.
- Risk management and strategic evaluation is central to the way procurements are approached.
- Spend data is meaningful and utilised to inform commissioning and procurement decisions.

- Opportunities for collaboration, including strategic collaboration at a commissioning level, are explored on an ongoing basis and benefits maximised through strong governance.

Actions

S4.1 Develop and implement risk management tools to ensure that risk is effectively managed throughout the procurement cycle

S4.2 Ongoing analysis of spend data to map to our Contracts Register to identify non-contract spend and savings opportunities.

S4.3 Implement a consistent approach to the production of Procurement Plans for contracts over £75k and use them to drive pre-market engagement in procurement processes.

S4.4 Update strategic procurement guidance and train all relevant staff in strategic approaches to sourcing.

S4.5 Work with neighbouring authorities to identify and implement collaboration opportunities.

Theme 5 – Contract Management

Ambition

Many of our key services are delivered by our suppliers, and managing these commercial relationships therefore becomes an increasingly vital competence to enable us to work in collaboration with our supply chain to ensure that quality, service and cost outcomes are met or exceeded.

Effective Contract Management can mitigate against financial risks within contracts, as well as delivering a range of non-commercial benefits such as better-quality services and outcomes for service users, lower service risk and additional social value during the life of the contract.

We will manage the Council's exposure to commercial, contractual and reputational risk through better Contract Management during the lifecycle of the contract and embed this as part of routine activity.

Target outcomes

- A developed, consistent, risk-based approach to Contract Management across the Council that can be applied to all external third-party relationships.
- Distinct commercial skills and capabilities that good Contract Management requires are recognised and embedded as business as usual and factored into new business activity.
- Support, knowledge sharing, training and systems are provided to Council staff involved in Contract Management

Actions

S5.1 Categorise all contracts in excess of £75k and baseline current Contract Management performance against best practice

S5.2 Deliver comprehensive training to all Contract Managers and other relevant staff.

S5.3 Produce Contract Management Plans, for all new contracts over £75k, to drive better up-front planning as to how activities such as performance monitoring, management of change, review meetings, spend management etc will be undertaken during the post contract award phase.

S5.4 Define and Implement measures to report on contract management performance for key contracts across the council.

S5.5 Introduce systems to improve document management, contract archive and renewal management, quality, risk and performance monitoring.

S5.6 Develop and implement a Strategic Supplier Relationship Management strategy.

Theme 6 – Developing Capacity

Ambition

This Procurement Strategy cannot be achieved unless the Council has the right people in place with the right skills to deliver it. Effective procurement is about much more than just understanding the relevant legislation, and we need people who are skilled in areas such as negotiation, strategic evaluation, cost analysis, market analysis etc. Procurement staff also need the skills to work with colleagues across the Council to understand their services and requirements and translate these into meaningful procurement plans

Target outcomes

- Ongoing Capability Assessment that allows us to identify the skills required across the function
- Training and Development Plans in place to identify and meet individual development needs

Actions

S6.1 Agree Maturity/Capability Model that captures the agreed skills required for all procurement roles

S6.2 Agree target capability level for each role on the Procurement structure

S6.3 Review current v target capability levels and produce organisational Development Plan designed to bridge the gap

S6.4 Annual review of individual capabilities

Theme 7 – Climate Emergency

Ambition

In July 2019 South Gloucestershire Council declared a Climate Emergency and pledged to provide the leadership to enable South Gloucestershire to become carbon neutral by 2030.

The Council also adopted a Climate Change Strategy in November 2018 which was updated to reflect targets set out in Climate Emergency declaration. The strategy's vision is:

“A climate resilient South Gloucestershire with a thriving low carbon economy and lifestyle reflected in our travel, homes, businesses and communities and where nature can flourish.”

The Council spends around £200m per year with suppliers and many of the services that we provide are delivered through these suppliers. There is therefore a huge opportunity for Procurement and Contract Managers to support the Council's resolution and Strategy.

Target outcomes

- Spending decisions that consider and minimise whole life cycle Co2e emissions associated with the delivery of goods, works and services.
- Spending decisions that consider and improve the resilience of Council services and infrastructure, to the impacts of a changing climate.
- Suppliers, who embrace the aims of the Council's Environmental Policy, Climate Change Strategy and Climate Emergency declaration and by doing so promote higher environmental standards between businesses and other customers.

Actions

S7.1 To ensure that when it is updated, the Council's Environment Policy recognises the role of procurement in delivering the Council's Climate Change Strategy, to require our suppliers and contractors:

- to demonstrate how they have reduced the Co2e emissions associated with the provision of goods, works and services.
- to demonstrate that they have measured the Co2e emissions associated with their own operations and how they plan to reduce them.
- to demonstrate how they have supported ending our use of non-essential single use plastics.
- to provide information on how they will help us to progress our environmental objectives as part of the delivery of a contract.
- to demonstrate how they have considered the resilience of the goods, works or services to the likely local impacts of a changing climate

S7.2 To ensure that the approach taken to the development, adoption and review of assessment tools or methodologies for the measurement and comparison of Co2e emissions associated with the procurement of goods works and services is appropriate.

S7.3 Environmental Policy and Climate Change Officers to provide periodic advice to services undertaking procurement activities.

Performance Measures

The measures set out in the table below will be used to evaluate the success of this strategy. The Strategic Procurement Group will be responsible for the strategy and reviewing progress against these measures:

Theme	Measure	Method	Target
Governance	Percentage of Council spend covered by contracts	Total value of Contracts (Contracts Register) v Annual Spend stats	80%
Social Value	Percentage of contracts awarded over £75k that have included Social Value in the tender process.	Report based on data collected for Social Value Board	100%
VCSE Sector	VCSE sector involvement in the development of Commissioning strategies	Identify commissions for VCSE engagement at the start of each year – measure achievement of these engagements	100%
Value for money	Total Savings recorded against agreed Savings Methodology.	Measure savings achieved against total value of contracts tendered and awarded	5%
Contract Management	Percentage of contracts over £75k that have Contract Management Plans	Measured through SPG reporting	100%
Capability	Progress against Plan	Status of actual vs planned progress on the Organisational Development Plan (Agreed RAG status)	Green
Climate Emergency	Percentage of Procurement Plans that have assessed environmental risk and have actions agreed.	Procurement Plans reviewed by Strategic Procurement Group and Hub Leads	100%

APPENDIX A – Summary of actions and target dates

REF	ACTION	TARGET DATE
<u>Governance</u>		
S1.1	Implement two tier (operational and strategic) procurement governance structure	December 20
S1.2	Review the effectiveness of the Contracting Rules and update accordingly.	May 21
S1.3	Develop, publish and maintain best practice guidance, template documents and training tools to support those involved in procurement processes and management of contracts.	Ongoing
S1.4	Promote and embed a Business Partnering approach to ensure that procurement staff work collaboratively with stakeholders to drive value from our procurements and contracts.	Ongoing
S1.5	Ensure that all contracts awarded with a value greater than £25,000 are added to the Contracts Register and Contracts Finder websites, which will be reviewed and monitored regularly.	Ongoing
<u>Social Value</u>		
S2.1	Provide an ongoing training programme for all relevant staff to ensure that they have the knowledge and tools to optimise Social Value in the procurement process.	March 21
S2.2	Review the current Social Value “Top 10” to align to the new Council Plan and implement processes to capture and measure the Social Value committed by suppliers.	September 21
S2.3	Review the current model for Social Value Contract Management, to ensure that commitments made by suppliers are delivered.	December 21
<u>VCSE</u>		
S3.1	Encourage staff to plan how and when the VCSE sector should be involved in developing individual strategies	Ongoing

REF	ACTION	TARGET DATE
	(co-production), including pre-tender engagement and the use of dialogue based tender processes.	
S3.2	Develop clear criteria for using grants rather than contracts and ensure that the bidding process is proportionate (i.e. simpler than a tender).	December 21
S3.3	Offer guidance for the VCSE sector on how to bid for opportunities.	September 21
<u>Value for money</u>		
S4.1	Develop and implement risk management tools to ensure that risk is effectively managed throughout the procurement cycle	September 21
S4.2	Ongoing analysis of spend data to map to our Contracts Register to identify non-contract spend and savings opportunities.	Ongoing
S4.3	Implement a consistent approach to the production of Procurement Plans for contracts over £75k, and use them to drive pre-market engagement in procurement processes.	Ongoing
S4.4	Update strategic procurement guidance and train all relevant staff in strategic approaches to sourcing.	March 22
S4.5	Work with neighbouring authorities to identify and implement collaboration opportunities.	Ongoing
<u>Contract Management</u>		
S5.1	Categorise all contracts in excess of £75k and baseline current Contract Management performance against best practice	December 20
S5.2	Deliver comprehensive training to all Contract Managers and other relevant staff.	July 21
S5.3	Produce Contract Management Plans, for all new contracts over £75k, to drive better up-front planning as to how activities such as performance monitoring, management of change, review meetings, spend	Ongoing

REF	ACTION	TARGET DATE
	management etc will be undertaken during the post contract award phase.	
S5.4	Define and Implement measures to report on contract management performance for key contracts across the council.	March 21
S5.5	Introduce systems to improve document management, contract archive and renewal management, quality, risk and performance monitoring.	March 22
S5.6	Develop and implement a Strategic Supplier Relationship Management strategy.	March 22
<u>Developing Capability</u>		
S6.1	Agree Maturity/Capability Model that captures the agreed skills required for all procurement roles	March 21
S6.2	Agree target capability level for each role on the Procurement structure	September 21
S6.3	Review current v target capability levels and produce organisational Development Plan designed to bridge the gap	March 22
S6.4 -	Annual review of individual capabilities	Ongoing
<u>Climate Emergency</u>		
S7.1	To ensure that when it is updated, the Council's Environment Policy recognises the role of procurement in delivering the Council's Climate Change Strategy, to require our suppliers and contractors to :-	Ongoing
	<ul style="list-style-type: none"> to demonstrate how they have reduced the Co2e emissions associated with the provision of goods, works and services. 	Ongoing
	<ul style="list-style-type: none"> to demonstrate that they have measured the Co2e emissions associated with their own operations and how they plan to reduce them. 	Ongoing
	<ul style="list-style-type: none"> to demonstrate how they have supported ending our use of non-essential single use plastics. 	Ongoing

REF	ACTION	TARGET DATE
	<ul style="list-style-type: none"> to provide information on how they will help us to progress our environmental objectives as part of the delivery of a contract. 	Ongoing
	<ul style="list-style-type: none"> to demonstrate how they have considered the resilience of the goods, works or services to the likely local impacts of a changing climate 	Ongoing
S7.2	To ensure that the approach taken to the development, adoption and review of assessment tools or methodologies for the measurement and comparison of Co2e emissions associated with the procurement of goods works and services is appropriate.	Ongoing
S7.3	Environmental Policy and Climate Change Officers to provide periodic advice to services undertaking procurement activities.	Ongoing