

Procurement Strategy 2014-2017

Introduction

The Brighton & Hove community is distinctive for its strong international flavour and vibrant diversity of cultures. The make-up of the local population, the economy and the environment are fundamental to the role of the council, the budget and how resources are prioritised.

The population of Brighton & Hove is growing; in simple terms it is becoming more costly to provide services. In the decade between the 2001 and the 2011 Census the population of the city increased by more than ten per cent and now stands at 273,396.

The council has put in place a [Corporate Plan](#) for 2011-15. This Procurement Strategy is designed to support that plan.

Procurement in Brighton & Hove

Procurement is the acquisition of goods, works and services to fulfil the wants and needs of our stakeholders. The council spends approximately one third of its annual budget (£270 million) on externally procured services. It is essential that all of those services are planned in order to deliver improvements in economy, efficiency and effectiveness, resulting in a high quality of service and supply.

The Procurement team recognises that we have the opportunity to have a profound impact on the way the council does business with its suppliers, and to affect outcomes for its stakeholders.

We intend to operate as a responsible procurer, taking price and quality into consideration but also including social, economic and environmental aspects.

We recognise the need to become more flexible and less risk averse when considering options for procuring works, goods and services. This approach will create improved relationships both internally and with our external stakeholders. It will also attract Small and Medium Enterprises (SMEs) and local businesses to tender for contracts.

The Procurement team works in a fast moving environment of increased legislation and control. We are aware of the current national and local financial climate, and the potential impact of a financial slowdown. These factors could adversely affect the implementation of this strategy; however we will also focus on the potential gains to be made.

Our Purpose

The Procurement team plans and works to:

- help the council to **achieve the Corporate Plan** when procuring externally provided services
- provide an **overview and plan of procurement** across the council
- oversee procurement of **high risk and high value contracts**
- support **growth in the local economy** and provide **opportunities for small businesses**
- help the council achieve its **value for money** programme
- help the council achieve a **high quality of service and supply** throughout the entire life cycle
- provide **procurement, legal and financial advice** to employees of the council
- provide **written guidance and increased collaboration** across internal council departments, other councils and relevant bodies
- procure services to **meet the council's needs**
- support the council's **modernisation and efficiency** agenda
- help the council deliver its evolving **Sustainability Policy** and **Equality and Inclusion Policy**
- Procure services in an **ethical** manner
- monitor and **improve compliance** with the council's **Contract Standing Orders (CSOs)**

In order to deliver these goals we have developed strategic and measurable targets to measure performance and progress over the next three years.

Strategic Framework for Procurement

This paper sets out a strategic framework for procurement in the council from 2014 to 2017. This new strategy lays down clear performance measures that are regarded as Specific, Measurable, Attainable, Relevant and Timely (SMART) objectives.

It is supported by the council's Contract Standing Orders (CSOs). All internal stakeholders must adhere to these CSOs when carrying out procurement activity.

Efficient procurement of services is crucial to the council's drive to deliver value for money. Collaboration, partnerships and shared services are becoming more commonplace. Our strategy has a clear focus on continued collaboration with similar

organisations in procuring services. It additionally focuses on the need for a solid link between Commissioning and Procurement.

Responsible procurement is the purchase of goods, works and services in an environmentally and socially responsible way that also delivers value for money. It will assist the council in delivering improved social and environmental wellbeing in the local community.

A major aim is to improve accessibility for local businesses and SMEs when tendering for contracts. This will be achieved by ensuring full adoption and implementation of the Public Services (Social Value) Act 2012 through the Commissioning and Procurement process.

Strategic Objectives

In fulfilling our duty to secure value for money, the Procurement Strategy 2014-2017 seeks to achieve objectives in the following six key areas:

1. **Services modernisation** - support the council's modernisation agenda for existing and future services to assess and improve their value for money, efficiency and effectiveness
2. **Supply and services options appraisal** - thorough evaluation of all commissioning and procurement options (internal and external) for the provision of services
3. **Stakeholder and supplier engagement** - develop full stakeholder and supplier engagement in procuring council services
4. **Procurement, Diversity & Sustainability** - clear vision of relationships between the Procurement Strategy, the council's Equality and Inclusion Policy and Sustainability Policy and Action Plan
5. **Supply markets** - understand supply markets and seek to influence and develop these where possible
6. **Procurement service improvement** - improve the customer experience, quality and value for money of Procurement methods through service re-design and effective use of IT

1. Services modernisation

Strategically, good procurement is meant to achieve services that are competitive in terms of the range of benefits they deliver in return for the cost of providing them.

The council must regularly take an objective overview of its procurement performance in relation to its modernisation agenda and options appraisal, have a sound understanding of how effectively services are performing, and assess performance and outputs alongside inputs and costs. The introduction of the Social Value Act will also play an important part in any review process.

It should apply this review process to all products and activities (including those currently provided in-house), assessing performance in relation to wider social, economic and environmental objectives.

It is important that we make the right decisions at the start of each procurement and always do what's right for the council and its stakeholders; this includes detailed analysis of internal and external options.

Where are we now

The council has a modernisation agenda that aims to improve performance and value for money. These include advancement in technology and culture. Procurement can influence performance enhancement through market testing, benchmarking and use of procurement consortia to identify potential savings.

Our aims

The council will measure and externally benchmark its performance, constantly investigating measures to enhance and improve service delivery.

The council will adopt best practice working methods that enable it to challenge why and how a service is being provided, how it performs, and if it achieves social, economic and environmental outcomes.

During financial year **2014/15** the council will:

- ensure that 'off-contract spend' (i.e. what should have been procured by contracts but was not) is continually reviewed
- support services to deliver vfm targets
- review the way we use competition to improve services
- take an active role in shaping and influencing collaborative Procurement networks
- track the council's top suppliers in relation to strategic importance and financial value to minimise risk of exposure from these companies falling into financial difficulties
- promote and instigate spend reviews across the council for key contracts where this is not happening
- embed Social Value Act compliance in all commissioning and procurement decisions prior to the start of procurement exercises

During the financial year **2015/16** the council will:

- benchmark transactional costs with best practice organisations

- reduce transactional costs through spend analysis on the top 100 suppliers with highest volume and lowest invoice values
- through partnership (where possible) with our top 100 suppliers, look at ways of making their supply chains more efficient with emphasis on time and money
- demonstrate the work of procurement in supporting the environment within supply chains

During the financial year **2016/17** the council will:

- compare procurement performance with best practice organisations
- review progress of objectives and actions
- develop new strategic objectives to suit climate

2. Supply and services options appraisal

To ensure that procurement of services and supplies fulfils the council's *objectives and priorities* we must go beyond the obvious when considering the available options. Direct procurement of goods and services may not always be the most beneficial route. Commissioning decisions regarding use of in-house options or supply through organisations such Warp-it and Freecycle may deliver more favourable outcomes.

Contract management and procurement must be fair and consistent, ensure that the local economy is supported where possible, reflect good practice and provide value for money and sustainability benefits.

Where are we now

The council evaluates where to source goods and services – which includes internal as well as external suppliers. We evaluate procurement options taking into account compliance with legislation and relevant statutory guidance and legal requirements including European Union regulations, and consider joint purchasing activities with other organisations.

Our aims

The council will:

- be proactive in understanding the different procurement option costs for securing goods and services and its organisational objectives
- use a formal appraisal process to choose the most appropriate option
- explore and pursue collaborative arrangements with other bodies
- include “whole life costs” and long term sustainability (environmental or otherwise) impact in all procurement decisions
- where possible specify products and services that minimise negative economic, social or environmental impacts
- have a well-defined contract management process which reflects good practice both pre- and post-contract signing

During the financial year **2014/15** the council will:

- develop a comprehensive strategy on joint purchasing with other bodies with noticeable results
- prompt alternative cost options within all business cases submitted
- include benefits analysis in high profile/high value procurements
- appraise internal and external options to find the most appropriate method

During the financial year **2015/16** the council will:

- request feedback on performance of preferred procurement option and evaluate comparison with other suggested options
- have developed guidance on options appraisals

During the financial year **2016/17** the council will:

- benchmark options put forward in business cases to evaluate success rate

3. Stakeholder and supplier engagement

Procurement by its nature is about securing the delivery of a range of services that meet the needs of a diverse organisation and population. In order to make certain it is as inclusive as possible we need to involve the people who use our services in the decision-making process. Our suppliers, small and local as well as large and multinational, need to be consulted on ways to improve service design and delivery.

The council's Contract Standing Orders provide a clear requirement to comply with this engagement process which is designed to ensure optimal value for money when spending taxpayers' money.

Where are we now

The council currently engages with a range of stakeholders to assist in establishing priorities and in service planning and design. We review services in light of stakeholder feedback and consultation with suppliers and others. Tendering opportunities are publicized and made as accessible as possible, with the aim of increasing local supply markets and the use of SMEs. The Procurement team has run training for local businesses and the Community and Voluntary sector Forum.

Our aims

- Stakeholders and the wider organisation will be involved (if appropriate) at each stage of the procurement cycle: assessing needs, establishing priorities, designing services, and reviewing performance
- There will be a clear, accessible procurement strategy on the council's website, with effective and user-friendly guidance appropriate to all stakeholders, the wider community and potential suppliers
- All procedures and tender documents will be reviewed with the aim of providing shorter and simpler documents for smaller scale procurements

- Introduce awareness training to all stakeholders throughout the council, linking Procurement, Legal Services and Sustainability

During the financial year **2014/15** the council will:

- identify services for review, to gain efficiencies that are directly linked with departmental needs
- create a suite of documents (procedures, tender documents etc) which reflect the need to attract SME's and local suppliers
- introduce local supply forums through the local Chamber of Commerce, Federation of Small Businesses and Enterprise Partnership
- develop the procurement pages of the councils website to become more user friendly
- develop a programme of awareness training sessions for all stakeholders

During the financial year **2015/16** the council will:

- fully resource a training plan covering Procurement, Legal aspects and Sustainability for all stakeholders
- promote internal satisfaction surveys for services

During the financial year **2016/17** the council will:

- promote satisfaction surveys for procurements to cover different groups in the organisation
- use feedback received to assist with service improvements
- incorporate greater levels of customer satisfaction surveys in contract specifications

4. Procurement, Diversity & Sustainability

Procurement should be shaped by a clear vision of intended outcomes for Diversity and Sustainability relating to the council's corporate strategy, objectives and Corporate Social Responsibility statement.

Where we are now

The council currently has published a Purpose, Ambitions, Priorities and Values statement, a Sustainability Policy and Action Plan, and an Equality and Inclusion Policy. We also promote Corporate Social Responsibility including adopting the Living Wage.

Our aims

- All employees will have a clear understanding of how the Procurement Strategy aligns with the council's Sustainability Policy
- All employees will have a clear understanding of how the Procurement Strategy aligns with the council's Equality and Inclusion Policy

- All employees will promote Equalities and Sustainability, through the entire supply chain and internal departments
- Procurement fully embed the One Planet Living objectives throughout its processes and procedures and work toward achievement of targets laid out in the council's Sustainability Action Plan

During the financial year **2014/15** the council will:

- promote Equalities and Diversity across the organisation in the services we procure
- Fully embed the council's duties under the Equality Act 2010, ensuring all processes and procedures are compliant
- promote Sustainability across the organisation in the services we procure
- produce a Suppliers Guide to Equality and Diversity
- produce a Suppliers Guide to Sustainability in the Supply Chain
- develop, publish and where possible implement minimum food standards for all catering contracts
- educate suppliers on the benefit of the Living Wage and consider its impact on all relevant procurements
- embed the principles of the Social Value Act in all procurement planning

During the financial year **2015/16** the council will:

- provide training across all departments on how the procurement strategy links with the council's sustainability Policy

During the financial year **2016/17** the council will:

- provide training to our supply chain on responsible procurement
- review progress of objectives and actions
- develop new strategic objectives to suit climate

5. Supply Markets

A key component for successful procurement is to have a clear and current picture of the supply market in which the organisation operates, including local options. This is not a passive role but involves shaping the market to meet the procurement needs of the organisation in the medium to long term.

Where are we now

The council's procurement stakeholders have a good understanding of our current and potential network of suppliers, and actively manage relationships with them in order to maintain a two-way dialogue, awareness of needs and ability to respond.

Our aims

- To maintain contacts, relationships and information that will enable the council to create a network of suppliers that has the capability to meet all anticipated needs
- Develop the capacity of potential new suppliers and work in partnership with other similar organisations to ensure that a healthy diversity of supply is maintained

- The Procurement team will significantly increase levels of compliance throughout the council by monitoring spend and providing feedback on areas in need of improvement

During the financial year **2014/15** the council will:

- have a better understanding of our supply markets to maximise competitiveness, choice and flexibility
- improve and manage relationships with suppliers
- identify off-contract spend categories with the view to improving knowledge of our supplier base
- identify sources of market capability through partnerships

During the financial year **2015/16** the council will:

- prepare guidance for sub-contractors
- manage demand by minimising activity that is unnecessary

During the financial year **2016/17** the council will:

- review progress of objectives and actions
- develop new strategic objectives to suit climate

6. Procurement service improvement

In order that stakeholders see an improvement in both quality and value for money, the council has to exploit technology to improve existing procurement methods and introduce new ones. We can find ways to do the same things better through use of up-to-date technology, and also use the power and capability of technology to introduce new Procurement systems or transform old ones. Regardless of technology however, redesigning our services means we have the potential to deliver them with higher quality or more cost-effectively.

Where are we now

The council focuses on customer experience of services, and whether they offer value for money. User service access is an important component of quality. The council's ICT Strategy is aligned with organisational strategic objectives and priorities. Services are being evaluated and redesigned to remove inefficiencies and exploit technology.

Our aim

- We will identify new ways of delivering procurement services, and maintain an awareness of developments in technology
- Use technology such as interactive websites to potentially benefit service delivery, improve the customer experience of Procurement services or help to secure efficiencies

During the financial years **2014/15** the council will:

- Maintain awareness of development in technology that can benefit service delivery

- Research the market for technological procurement solutions
- Implement an e-tendering solution suitable for the anticipated level of activity
- Launch an electronic Contract Management System
- Encourage greater online ordering, and streamline our ordering procedures
- Investigate services and identify areas where procurement practice can be improved

During the financial year **2015/16** the council will:

- understand the user experience of service delivery and accessibility of services provided
- identify areas where e-auctions can be used effectively to increase efficiencies and savings
- develop the e-tendering solution to include all tenders throughout the council

During the financial year **2016/17** the council will:

- identify new ways of delivering Procurement services
- investigate e-supplier management

Strategy Review

This Procurement Strategy has been developed based on the 'known' current climate (end 2013) and is achievable based on existing capacity.

The strategy will be subject to annual review encompassing any changes to either of the above.

Appendix 1 Summary Table

Strategic Objective	Aim	2014/15	2015/16	2016/17
1. Services modernisation	Council performance measured & benchmarked. Performance enhancement & improvement constantly investigated Service provision – best practice adopted with measurable results	Off-contract spend reviewed. Services supported to deliver vfm targets. Review use of competition to improve services. Shape & influence collaborative procurement networks Track top suppliers – minimise risk Key contract spend reviews Embed Social Values in pre-tender process	Benchmark transactional costs with best practice organisations Spend analysis of top 100 high volume low value contractors to reduce transactional costs Produce supply chain efficiencies in partnership (where poss) with top 100 suppliers Demonstrate Procurement's support of environment in supply chain	Compare Procurement performance with best practice organisations Review progress of objectives & actions Develop new strategic objectives to suit current climate
2. Supply and services options appraisal	Proactive understanding of different procurement option costs Formal appraisal process used to determine best option Explore and pursue collaboration option Whole life costs included in all procurement decisions Specify products & services that minimise environmental, social & economic impact Establish good practice in contract management	Strategy on joint purchasing in use Prompt alternative cost options in business plans Benefits analysis to be included in all high profile/high value procurements Appraise internal and external supply options for best result	Request feedback on performance of preferred procurement options and compare with alternative options Guidance on options appraisal developed	Benchmark options put forward in business cases to evaluate success rate
3. Stakeholder and supplier engagement	Stakeholder involvement (if appropriate) at all stages of procurement cycle Clear, accessible procurement strategy & guidance on council web site All procurement documents and processes to be reviewed and simplified where possible	Identify services for review to gain efficiencies Create a suite of documents for SMEs & local suppliers Introduce local supply forums Develop user friendly web pages Programme of awareness	Fully resource Procurement, Legal & Sustainability stakeholder training Promote internal satisfaction surveys for services	Promote procurement satisfaction surveys from groups across the council Use feedback received to improve service Incorporate more customer satisfaction surveys in contract

	Awareness training for all council stakeholders	training for council stakeholders in place		specifications
4. Procurement, Diversity & Sustainability	All employees have a clear understanding of Proc Strategy alignment with Sustainable Policy & Equalities & Inclusion Policy Equalities & Sustainability to be promoted through supply chain & internal clientele One Planet Living embedded in Procurement processes & thinking	Promote Equality & Diversity in procured services across council Promote Sustainability in procured supplies and services Suppliers Guide to Equality & Diversity Suppliers' Guide to Sustainability Develop, publish and implement Minimum Food Standards Educate suppliers on benefits of paying Living Wage Embed principles of Social Value Act in procurement plans	Provide training across directives on how Proc Strategy links with Sustainability Policy	Provide responsible procurement training to supply chain Review progress on objectives Develop new strategic objectives to suit current climate
5. Supply Markets	Create a network of suppliers to meet anticipated needs Develop capacity of potential suppliers and work in partnerships to ensure diversity of supply base Significantly improve level of spend compliance across council	Improve knowledge of our supply markets Improve and manage supplier relationships Identify off-contract spend areas and improve knowledge of supplier base Identify sources of market capability through partnerships	Prepare guidance for sub-contractors Manage demand by minimising unnecessary activity	Review progress on objectives and actions Develop new strategic objectives to reflect current climate
6. Procurement service improvement	Identify new ways of delivering procurement services Maintain awareness of developments in technology Use technology such as interactive websites to potentially benefit service delivery, improve the customer experience of Procurement services or help to secure efficiencies	Monitor any tech improvements that could improve service delivery Market research for IT solutions Implement suitable e-auctioning solution Launch electronic Contract Management System Encourage and streamline online ordering Investigate service areas needing procurement improvement	Understand user experience of our service delivery and accessibility identify areas where e-auctions can be used effectively to increase efficiencies and savings develop the e-tendering solution to include all tenders throughout the council	Identify new ways of delivering Procurement services investigate e-supplier management Develop new strategic objectives to reflect current climate