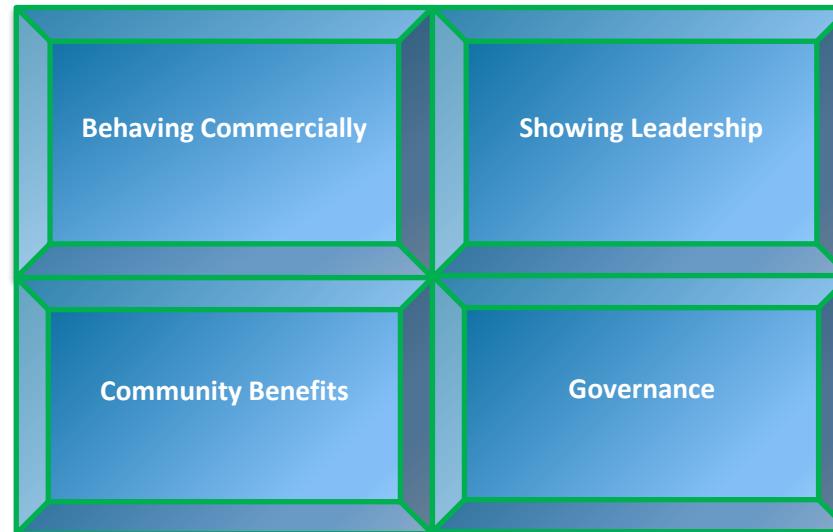




# Procurement Strategy 2020-2023



# Section One

## INTRODUCTION

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- 1.1 The importance of effective procurement in local government has never been greater. Demand for public services is increasing and the financial environment within which the Council operates continues to be very challenging. There are also further uncertainties on the horizon with Brexit and the forthcoming three-year Spending Review.
- 1.2 Procurement is integral to delivering commercially advantageous and innovative solutions to meet public expectations and in supporting delivery of both frontline and support services. It also plays a key role in ensuring the effective use of resources and is therefore essential to the delivery of the Council's corporate priorities.
- 1.3 In 2018/19 the Council's revenue spend was £87.1m across 1,725 different suppliers. Over two thirds of the Council's suppliers are Small Medium Enterprises (SMEs). £18.7m was spent with 286 Halton based suppliers, representing 22 per cent of total revenue spend. This demonstrates the importance and significance of the Council's procurement activity and the impact that it has on the local economy and the wider community of Halton.
- 1.4 The strategy has been developed with reference to The National Procurement Strategy for Local Government in England 2018, which focuses on three key themes:
  - Showing leadership
  - Behaving commercially
  - Achieving community benefits
- 1.5 The strategy also includes a further fourth theme relating to 'Ensuring Governance'. This relates to the need to maintain robust systems and procedures to ensure that procurement activity is undertaken with appropriate levels of control, probity and transparency and is compliant with the Council's own procurement rules and wider legislation.
- 1.6 This strategy sets out the Council's vision for procurement and the priorities for the next four years. Delivery of the strategy will support the continuous improvement and development of the Council's procurement function and therefore assist the achievement of the Council's corporate goals and objectives.

## Section Two

### CONTEXT

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2.1 This strategy has been developed following the successful delivery of the 2016-2019 Procurement Strategy. This has put the Council in a strong position with efficient and innovative procurement arrangements that are firmly embedded. These arrangements include:

- A full category management approach embedded within the Procurement team providing knowledge, expertise and analysis of specific areas of spend, which is a key building block for effective procurement;
- Automated procurement processes and procedures that are employed and well understood across the Council;
- Visibility of all extensions and contract renewals, with procurement work plans aligned to frontline commissioned services and third party spend;
- Risk-based sourcing assessment embedded within the procurement process, with an ongoing commitment to spend above £1k being advertised via The Chest. This opens up markets to a wider range of potential suppliers, such as local companies, SMEs, micro-businesses and voluntary community social enterprises (VCSEs);
- Early engagement taking place between the procurement team and client departments to align pre-procurement activity and planning strategies. This helps to ensure that the most effective route to market is identified when considering the service needs and outcomes;
- Social value being routinely applied to procurement activity, where relevant and appropriate to do so, with established systems in place to monitor the delivery of social value commitments made by suppliers;
- Collaboration being well established across the Liverpool City Region, providing opportunities for greater efficiency and best use of resource in terms of procurement activity;
- Strong leadership and support for the procurement function. The Resources Portfolio Holder is the Council's Procurement Champion and the Business Efficiency Board provides member oversight of the Council's procurement arrangements. The

## Section Two

### CONTEXT

Strategic Director – Enterprise, Community & Resources also chairs the Liverpool City Region Procurement Efficiency Workstream.

2.2 With a sound foundation upon which to build, development of the 2020-2023 Procurement Strategy has been influenced by:

- The National Procurement Strategy for Local Government in England 2018 and its key themes of ‘leadership’, ‘behaving commercially’ and ‘driving community benefits’;
- The ongoing need to ensure that best value for money is obtained from planned strategic procurement activity at a time of continuing financial challenges;
- The recognition that there are benefits and opportunities offered by further collaboration with wider public sector partners;
- The need to continue to ensure that the Council’s procurement processes are efficient thereby allowing procurement activity to be supported by a reduced resource;
- The need for the Council’s procurement arrangements to be well governed and to respond to any potential changes required as a result of Brexit and other relevant legislation or developments.

## Section Three

### OBJECTIVES

- 3.1 The approach set out in this strategy is based around the following four key themes to further consolidate and develop the Council's procurement arrangements:

#### Theme 1: Showing Leadership

We will do this by:

- Using the skills and expertise of the Procurement team in contributing to reports to the Executive Board on procurement related decisions;
- Procurement planning and provision of support to client departments through early engagement;
- Developing working relationships with procurement partners, particularly across the Liverpool City Region;
- Engaging with the Council's strategic suppliers at local, regional and national level.

#### Theme 2: Behaving Commercially

We will do this by:

- Further developing collaboration with partner organisations, to identify new commercial opportunities through market shaping and shared working, particularly across the Liverpool City Region;
- Identifying and exploring revenue generating opportunities from procurement related activity;
- Identifying best route to market and most effective and efficient procurement procedure to optimise commercial opportunities;
- Maintaining visibility and forward planning of future pipeline procurement opportunities;
- Supporting client departments in developing the approach to contract management;
- Managing risk effectively through robust procurement contract documentation and procedures when awarding contracts.

## Section Three

### OBJECTIVES

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#### Theme 3: Achieving Community Benefits

We will do this by:

- Continuing to explore opportunities for additional social and community benefits that can be delivered through procurement without increasing costs;
- Reviewing and developing the existing Social Value Framework and monitoring system;
- Adopting a robust approach to ethical and sustainability issues in the Council's supply chain; such as modern slavery, the national minimum wage and environmental issues;
- Operating procurement processes that encourage local SMEs, micro-businesses and VCSEs to compete for work and to benefit from the Council's spending.

#### Theme 4: Ensuring Governance

We will do this by:

- Keeping abreast of changes in the external environment and responding appropriately to changes in legislation and other external influences;
- Reviewing and maintaining Procurement Standing Orders and recommending updates to the Council's Constitution as required;
- Updating key stakeholders on developments and issues relating to procurement activity;
- Ensuring that the Procurement team maintains the necessary skills, capacity and capability to provide advice and guidance on procurement and commercial decisions.

## Section Four

### DELIVERY

- 4.1 The Appendix to this report provides an Action Plan that sets out the activities, developments and work to be undertaken to deliver the objectives of this strategy.
- 4.2 Delivery of the strategy will be led and co-ordinated by the Procurement team working with client departments and wider partner organisations.
- 4.3 Implementation of the planned actions contained within this strategy will help ensure that the Council continues to deliver modern, flexible, efficient and effective procurement activity that supports the Council in achieving its wider vision, aims and objectives.
- 4.4 Progress against the Procurement Strategy will be reported to the Business Efficiency Board throughout the lifecycle of the strategy.
- 4.5 The Procurement Strategy will be reviewed and updated as required on an annual basis.

## Appendix

### ACTION PLAN

#### Theme 1: Showing Leadership

Objective	Area of Focus	Planned Actions
Engaging Councillors and Senior Managers	Using the skills and expertise of the Procurement team in contributing to reports to be presented to the Executive Board on procurement related decisions	<ul style="list-style-type: none"><li>Continuing to engage with elected members and senior managers, championing the impact of good procurement practice</li></ul>
Working with Partners	Procurement planning and provision of support to client departments through early engagement	<ul style="list-style-type: none"><li>Aligning procurement work plans with the business needs of client departments</li><li>Maintaining and improving engagement between the Procurement team and client departments</li></ul>
	Working with procurement partners across the Liverpool City Region	<ul style="list-style-type: none"><li>Continuing to develop and share knowledge to influence procurement activity across the Liverpool City Region</li><li>Continuing to support programme management of, and participate in, the Liverpool City Region Procurement Workstream</li></ul>
Engaging Strategic Suppliers	Identifying and engaging the Council's strategic suppliers at local, regional and national level	<ul style="list-style-type: none"><li>Engaging client departments and supporting supplier review meetings</li><li>Identifying and engaging with common strategic suppliers within the Liverpool City Region and wider partners</li></ul>

## Appendix

### ACTION PLAN

#### Theme 2: Behaving Commercially

Objective	Area of Focus	Planned Actions
Creating Commercial Opportunities	Collaborating with partner organisations to identify new commercial opportunities through market shaping and shared working	<p>Further developing partner relationships with:</p> <ul style="list-style-type: none"><li>• Liverpool City Region – Heads of Procurement</li><li>• LCR Combined Authority (CA)</li><li>• CA Commissioning Lead – Adults Services</li><li>• Other wider partner organisations</li></ul>
	Identifying and exploring revenue generating opportunities from procurement related activity	<ul style="list-style-type: none"><li>• Increasing spend via the Council's card programme to generate rebate income</li><li>• Exploring opportunities to increase participation in the Early Payment Scheme</li></ul>
	Identifying best route to market and most effective and efficient procurement procedure to optimise commercial opportunities	<ul style="list-style-type: none"><li>• Identifying compliant Frameworks open to the Council</li><li>• Identifying the most appropriate procurement route and procedure in line with legislation</li></ul>

## Appendix

### ACTION PLAN

Objective	Area of Focus	Planned Actions
	Visibility and forward planning of future pipeline opportunities	<ul style="list-style-type: none"><li>• Identifying and communicating pipeline opportunities to client departments</li><li>• Supporting client departments with pre-procurement planning</li><li>• Facilitating early market engagement with the supply market</li></ul>
Managing Contracts and Relationships	Supporting client departments in developing the approach to contract management	<ul style="list-style-type: none"><li>• Including review meetings with suppliers within the terms and conditions of the contract</li><li>• Analysing and identifying spend data to reduce 'off contract' spend</li><li>• Utilising management information from suppliers to improve understanding of contract activity</li></ul>

## Appendix

### ACTION PLAN

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Objective	Area of Focus	Planned Actions
Managing Strategic Risk	Managing risk effectively through robust procurement contract documentation and procedures when awarding a contract	<ul style="list-style-type: none"><li>• Reviewing contract documentation and procedures in line with changes to relevant legislation</li><li>• Ensuring contract documentation includes robust clauses that include mobilisation and exit plans</li><li>• Ensuring that all procurement documentation and guidelines are kept up to date</li><li>• Applying risk-based sourcing to all opportunities published over £1,000</li></ul>

## Appendix

### ACTION PLAN

#### Theme 3: Achieving Community Benefits

Objective	Area of Focus	Planned Actions
Obtaining Social Value	Continuing to explore opportunities for additional social and community benefits that can be delivered through procurement without increasing costs	<ul style="list-style-type: none"><li>Developing skills and knowledge within the Procurement team and client departments to improve and build Social Value outcomes into the procurement process</li><li>Strengthening relationships with suppliers to improve understanding of Social Value</li></ul>
	Reviewing and developing the Council's existing Social Value Framework and monitoring system	<ul style="list-style-type: none"><li>Further developing the Council's approach to Social Value in line with regional and national best practice</li><li>Monitoring delivery of both financial and non-financial outcomes offered by suppliers</li></ul>
	Adopting a robust approach to ethical and sustainability issues in the Council's supply chain	<ul style="list-style-type: none"><li>Engaging locally, regionally and nationally to develop learning and awareness of emerging best practice</li><li>Ensuring contract documentation is updated appropriately to reflect the Council's requirements in terms of ethical and sustainability issues</li></ul>

## Appendix

### ACTION PLAN

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Objective	Area of Focus	Planned Actions
Engaging Local SME's, micro-businesses and VCSE's	Operating procurement processes that encourage local SMEs, micro-businesses and VCSE's to compete for work and to benefit from the Council's spending	<ul style="list-style-type: none"><li>• Including lots within contracts to make them more commercially attractive for local SME's, micro businesses and VCSE's</li><li>• Publishing opportunities over £1,000 on The Chest and Contract Finder</li><li>• Ensuring that the Council's procurement documentation and procedures are clear and simple making it easier for suppliers to bid for work</li><li>• Updating the Council's webpages to assist businesses on registering on The Chest and to provide practical advice on bidding for work with the Council</li></ul>

## Appendix

### ACTION PLAN

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#### Theme 4: Ensuring Governance

Objective	Area of Focus	Planned Actions
Responding to changes in the external environment	Keeping abreast of changes in the external environment and responding appropriately to changes in legislation and other external influences	<ul style="list-style-type: none"><li>• Updating procurement processes and documentation updated in line with relevant legislative changes</li><li>• Ongoing review of the online procurement system to ensure that it reflects up to date procurement practice</li></ul>
	Reviewing and maintaining Procurement Standing Orders, recommending updates to the Council's Constitution as required	<ul style="list-style-type: none"><li>• Reviewing and updating Procurement Standing Orders at least annually, including wider consideration of the Council's financial regulations and budgetary control mechanisms</li></ul>
Being accountable	Updating key stakeholders on developments and issues relating to procurement activity	<ul style="list-style-type: none"><li>• Sharing intelligence to demonstrate progress on procurement activity</li><li>• Providing regular updates to the Business Efficiency Board to share regarding progress against the Procurement Strategy</li></ul>

## Appendix

### ACTION PLAN

Objective	Area of Focus	Planned Actions
Maintaining capacity	Ensuring that the Procurement team maintains the necessary skills, capacity and capability to provide robust advice on procurement and commercial decisions	<ul style="list-style-type: none"><li>• Providing opportunities to staff to maintain continuous professional development</li><li>• Developing commercial acumen for the team</li><li>• Reviewing and maintaining the expertise and capacity required to deliver effective procurement activity</li></ul>