



## Stevenage Borough Council

# Corporate Procurement Strategy 2013 to 2016

# Foreword

Every year Stevenage Borough Council spends approximately £35m on goods, works and services<sup>1</sup>. We need to ensure that we are providing value for money for our residents and customers. At the same time we are committed to providing quality services and forming good partnerships with our suppliers and contractors.

In January 2011, Stevenage Borough Council launched its co-operative principles. These promote and support the close working relationships the Council has with the town's residents and organisations. Stevenage embraces the support and partnership of organisations and residents. The co-operative principles enable us to work with people that use Council services to explore different ways of providing and managing the services which are incorporated into the procurement process.

In recent years procurement has attracted national and political attention. It is not just about buying products and services at the lowest prices; procurement is an important tool in a local authority's toolkit through which to deliver its wider social, economic and environmental aims.

When an officer procures goods, works or services they will consider the co-operative principles and ask questions such as:

- Can the voluntary or community sector be involved in this procurement?
- Can this project boost the local economy?
- What is the environmental impact of this procurement?
- How do Stevenage residents want this delivered?



Procurement is a key part to making savings across the Council; with decreasing resources it has an even greater importance to play. Value for money is not always achieved through the lowest price, the sum of the whole life costs and benefits must be taken into account to guarantee that a decision takes into account long term more sustainable options. Doing more for less will be essential to make further savings across the Council.

This strategy has been developed with the co-operative principles in mind and has built on previous strategies consolidating improvements to take us forward into 2016. The revised action plan highlights our immediate priorities to support the delivery of this strategy. Procurement at Stevenage will continue to engage the community and strengthen our relationships with the voluntary and community sector assisting us to deliver high quality and effective goods, works and services.

**Councillor Joan Lloyd (Mrs)**  
**Portfolio Holder for Resources**

<sup>1</sup> This figure now excludes spend such as pension contributions that are non – inflexible.

# Introduction

The Corporate Procurement Strategy for Stevenage Borough Council explains what the Council means by procurement and sets out our current position, our aims and objectives and vision and mission for procurement. The strategy highlights the principles we will use to procure and deliver the goods, works and services that will support the Council's overall aims and objectives.

## Who this Strategy is for

- **Council Members** – so that they can guide, challenge, and review the way that procurement is applied at the Council
- **Stevenage Borough Council Senior Management** – so that they can manage their department's compliance to principles and actions outlined in the Strategy
- **Corporate Procurement Department** – to support the aims and objectives of the Council as outlined in the Strategy shaping procurement processes across the Council
- **Current & Potential Suppliers** (including local suppliers, small medium enterprises, charitable, voluntary and community sectors) – so that that they can understand the direction of procurement at the Council
- **Customers** – so that they can comment, input and see the direction of procurement at the Council
- **Partners** – to ensure that the Council's policies and strategies are aligned to procurement aims, goals and initiatives
- **Other Stakeholders** – for information to other Council's, groups with an interest in procurement in the Council, Government Agencies, Trade Unions and other relevant agencies

## The Stevenage Procurement Mission Statement

Procurement at Stevenage Borough Council aims to achieve the highest standards of purchasing performance throughout the Council. We will maintain a commitment to procurement excellence through professional ethics and best practice. We will strive to obtain the maximum value for money from all goods, services and works required by the Council and where possible deliver savings. We will listen, advise, train, develop procurement skills, identify new and innovative solutions and share knowledge and procurement experiences.

## The Procurement Vision for Stevenage Borough Council

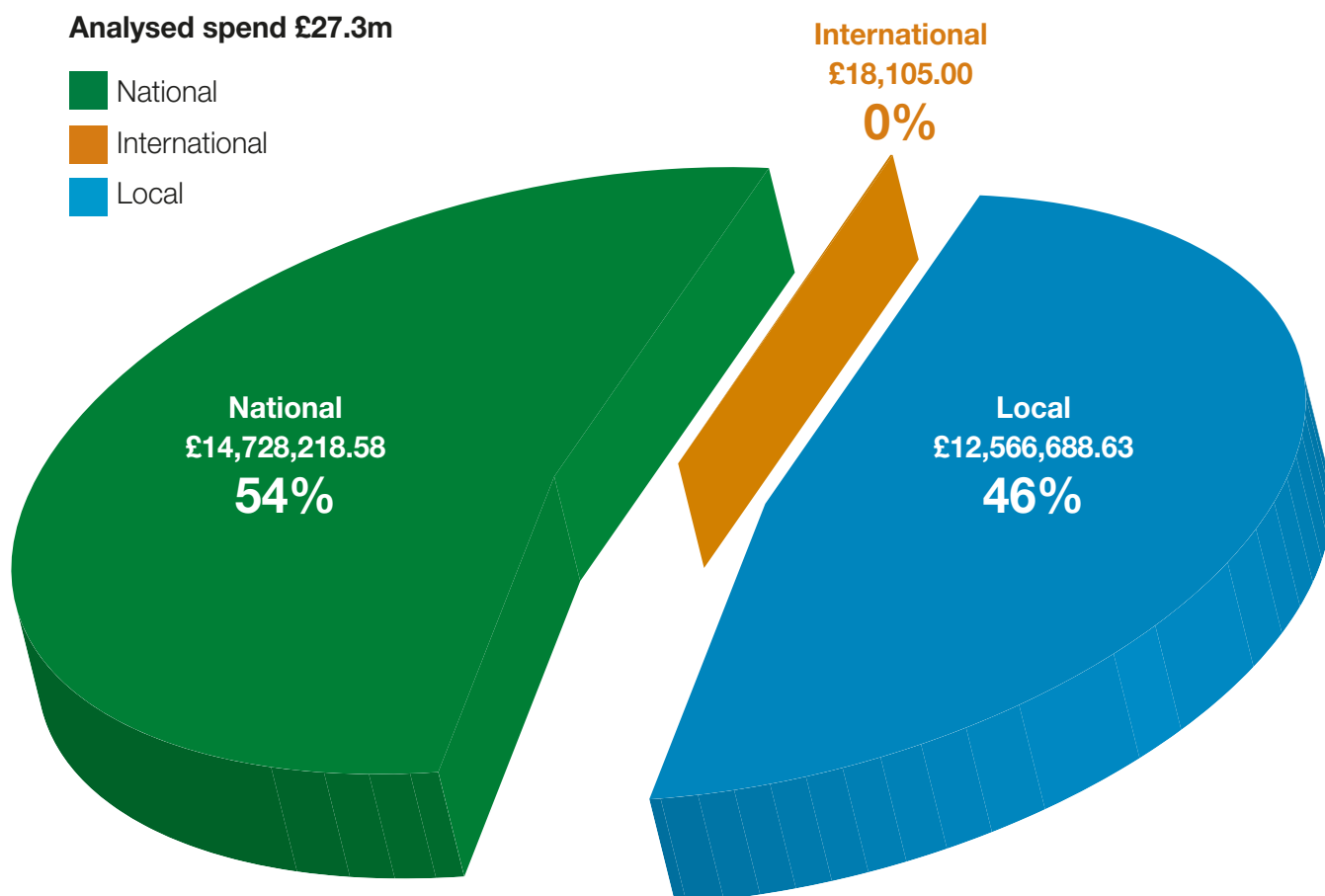
The Council's vision in support of value for money and recognising the requirements of procurement is as follows: "To ensure that citizens and taxpayers of Stevenage receive best value through planned, skilful and innovative procurement in respect of all goods, works and services".

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# Breakdown of Stevenage Borough Council Expenditure

Stevenage Borough Council ("The Council") spends approximately £27.3 million on the procurement of goods, works and services. The chart below shows the geographical areas that this expenditure was made in 2014/15.

## Stevenage Borough Council geographical spend with suppliers financial year 2014/2015



# Commercial Considerations in Stevenage Procurement

Strategic procurement at Stevenage will address, embrace and develop the following commercial issues in public sector procurement:

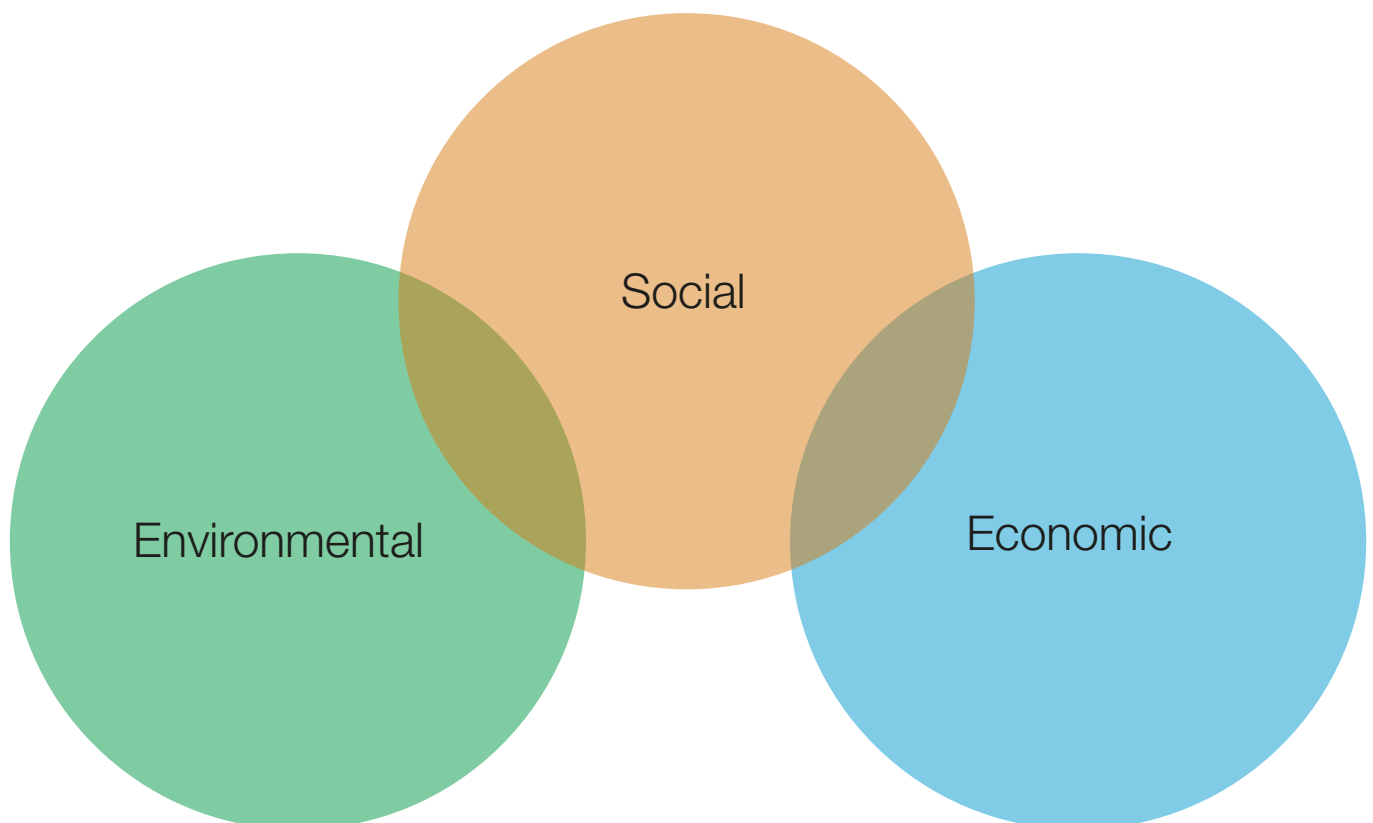
- procurements will be made within the Council's regulatory framework as laid down in the Constitution, Financial Regulations and Contract Standing Orders as well as applicable legislation
- we will work with our suppliers to encourage innovation in order to do more for less
- we will be transparent, accountable and fully document the process
- we will be capable of generating the most advantageous balance between quality, appropriateness, cost and timescale
- we will embrace the Council's corporate policy and value for money objectives
- we will encourage competition and challenge wherever possible invite local, SME and Third Sector suppliers to participate in contract opportunities
- we will develop robust commercial relationships, the placement of aggregated corporate contracts and the use of PFI and PPP contracts
- we will allow the development of alternative procurement, partnerships and consortia arrangements encouraging collaboration with other public sector bodies to deliver savings through volume
- we will avoid over-complex administration for routine tasks and transactions
- we will operate within the Council's service budgetary constraints
- we will maintain an auditable record of decision making and reasoning
- we will meet the requirements of the Council's Procurement Strategy
- we will promote the Equality and Diversity Action Plan and the Safeguarding Children Policy
- we will strive to make the procurement process efficient, effective and streamlined, reducing waste and duplication of effort wherever practicable
- we will manage our contracts effectively to achieve value for money and to ensure responsible procurement is being embraced by our supply chain



# Responsible Procurement: The Aims and Goals of Stevenage Procurement

Procurement at Stevenage Borough Council is committed to responsible sustainable procurement. The process is where organisations meet their requirements for goods, services and works in a way that achieves value for money on a whole life cycle cost basis generating benefits to both the organisation, society and the economy, whilst reducing the impact on the environment.

Responsible procurement is about identifying what our products and services are made of, where they come from and who has made them. The Corporate Procurement department will work with contract managers across the Council to achieve value for money by engaging sustainable procurement processes and taking into account the three areas of economic, environmental and social considerations.



Stevenage procurements further aims and goals are outlined using this methodology

# Economic Considerations

Economic considerations are those that impact value for money, that have an effect on the local economy and those that ensure that the Council follows a procurement structure demonstrating fairness and transparency to all.

## Objectives and Goals

- Procurement of services, supplies and works will be founded upon value for money for Stevenage, having due regard to propriety and the Council's legal obligations. Value for money as a contract criterion will be defined as the optimum combination of whole life cycle cost and quality (or fitness for purpose) to meet the customer's requirement
- Stevenage Borough Council recognises that the competitiveness of its services is a key dimension to be addressed in value for money reviews of a service. Reviews will consider competitiveness in terms of cost, quality, customer satisfaction and added value. Any assessment of competitiveness will be carried out in a fair, auditable and transparent manner
- The Corporate Procurement department will maintain a contracts register of current contracts over the value of £75,000 and lower values where available
- All procurement projects will be managed according to a structured management method scaled to fit the project
- All procurement exercises that involve expenditure from £75,000 up to EU thresholds shall be subject to the advice and guidance of the Corporate Procurement department
- All procurement exercises that exceed the EU thresholds will be managed through the Corporate Procurement department who will act as the "gateway" to the market
- The Council will identify key suppliers, in terms of spend and dependency to ensure that value for money is being achieved and risk is mitigated.
- The Procurement Strategy ensures a structured approach to the identification; quantification and subsequent management of risk. Examples of the types of risk that may need to be considered include financial risk, service failure, customer dissatisfaction, poor service delivery, provider lock in, difficult or costly relationship management or permanent loss of specialist skills and assets.
- Any officers or other stakeholders should understand their involvement in the procurement process and any time and/or resource commitments must be established at the outset of any project. Failure to do so will often result in delays, partial delivery and/or having to re-do work.
- Procurement will be used intelligently to incentivise contractors, service providers and suppliers (supply chains) to reduce costs and continuously improve performance, appropriate standards and targets should be included in contracts.

- The Council is committed to promoting a strong local economy by providing high quality information and advice (including information on the Council's website) and, through capacity building measures, the Council will assist local businesses, small medium sized enterprises, social enterprises, black and ethnic minority enterprises, women's and disabled owned businesses, the voluntary and community sector, charities, parish councils and employee mutual's to build their capacity to compete for and retain public contracts.
- Procurement will be based on a partnering approach in which the Council and its partners will seek to gain mutual advantage through continually improving relationships
- The Council will continue to explore opportunities for partnering and collaborative procurement, particularly the joint procurement of services, shared sources, outsourcing etc.
- The Council can demonstrate its strength in building sound relationships through a variety of models, whilst recognising the value that SMEs, local businesses and third sector organisations can offer.
- Procuring Officers will encourage local business in tendering for Council work and will seek to remove obstacles and inhibitors to doing business with the Council. In the delivering of elements of larger contracts and framework agreements, the roles of SMEs and Third Sector organisations will be considered. Procurements undertaken at quotation level band 1 and 2 must ensure that suppliers are rotated, thus enabling local suppliers to be included.
- All contracts over the value of £75,000 will be advertised through the Council's E-tendering portal and the Council's Twitter feed
- Stevenage Borough Council will support Meet the Buyer events and work with the Business Technology Centre to maximise the opportunities for local, SME and Third Sector organisations to do business with the Council.
- The Council is committed to the promotion of a "mixed economy" of service provision on the basis that this is most likely to deliver service quality and value for money for local residents.
- Officers at Stevenage Borough Council will ensure that local businesses, small medium sized enterprises, social enterprises, black and ethnic minority enterprises, women's and disabled owned businesses, the voluntary and community sector, charities, parish councils and employee mutual's are treated fairly alongside other suppliers through notification of tendering opportunities and other capacity-building measures.
- Successful Procurement depends on good market knowledge and supplier intelligence. Staff in departments responsible for the sponsoring of contracts should be repositories of such knowledge and should track developments in the market and look for innovations.
- Services, supplies and works will be acquired by competitive tendering, except in the circumstances set out in Contract Standing Orders. Successful procurement depends on good market knowledge and supplier intelligence. Competitive procurement promotes economy, efficiency and effectiveness in Council expenditure. Competition will also contribute to the competitiveness of suppliers, contractors and service providers.



# Environmental

The Environmental considerations include issues such as where a product is being sourced from, how environmentally friendly the supplier is and how are we benefiting the local environment as we go about our procurement.

## Objectives and Goals

- As a large purchaser of services and supplies, the Council has significant influence on the environment and is concerned with its impact on the environment. Wherever possible, the Council will specify products which are made from recycled products, can be recycled or re-used, can be operated in an energy efficient manner and cause minimal damage to the environment in their production, distribution, use and disposal: so long as the requirements for value for money and quality are met.
- The Council aims to comply with the National Procurement Strategy wherever practical by following the Small Business Concordat good practice guide and addendum. This looks at ways of reducing the danger of smaller enterprises being squeezed out of the market due to the increased drive for greater aggregation of demand into larger contracts.
- Officers procuring at Stevenage will aim to remove barriers to sustainable procurement and will reward contractors based on their sustainable procurement process
- Suppliers are key to the delivery of sustainable procurement, they will be encouraged to continually improve their sustainability profile

- The Council will endeavour to use Fair Trade products where possible and facilitate usage of such products through transparent procurement processes and contracts ensuring that the requirements for value for money and quality are met.
- Electronic procurement is capable of delivering significant benefits to the Council. It should be used where possible opportunities exist to establish the principles of procurement best practice and should, therefore form part of the Council's Procurement Strategy.



# Social

Social considerations in procurement include community benefits, equalities and ensuring that contracts are accessible to a variety of suppliers including small medium sized enterprises, social enterprises, black and ethnic minority enterprises, women's and disabled owned businesses, the voluntary and community sector, charities, parish councils and employee mutual's.

## Objectives and Goals

- The Council will ensure it takes an open, fair and efficient procurement of services, supplies and works
- The Corporate Plan states that the Council 'is committed to demonstrating value for money by delivering excellent services that reflect the needs of our communities' this will be embedded into the procurement strategy
- Customer focus is central to the way in which the Council operates and must involve the right stakeholders at the appropriate stages of procurement. Stakeholder input should be carefully planned and officers should identify a complete list of stakeholders, where they should be involved in the procurement timetable along with the extent of their involvement.
- Procuring Officers will consider who to involve at the appropriate stages of procurement, establishing the level of commitment required up front will help to ensure the correct identification of requirements, reduce costly post contract variations as well as obtaining the buy-in of key bodies and individuals with regard to the procurement decisions that are made. Stakeholder engagement is an important element of achieving value for money.
- The underlying theme of the Council's plans and strategies is to improve the delivery, efficiency and quality of services in order to meet the Council's priorities.
- The Council is committed to eliminating discrimination in its procurement process, service delivery and employment on the grounds of race, gender, disability, age, sexuality, religion, belief, being a transsexual person, having just had a baby or being pregnant and being married or in a civil partnership.
- Safeguards will be built into relationships with contractors and service providers to ensure that the Council complies with the Equality Act 2010 and the public sector equality duty. In order to comply with the duty the Council must ensure it can demonstrate that due regard has been given to the needs described in the legislation in the decision making process.
- From 1st February 2014 Stevenage Borough Council is ensuring that every Council employee earns at least the Living Wage. Initially this scheme will be implemented across the Council's employees however the Council's vision is much wider and we are therefore pro-actively encouraging contractors and sub-contractors of the Council to adopt the Living Wage.
- In all their dealings, Members and officers will preserve the highest standards of honesty, integrity, impartiality and objectivity. This includes compliance with the Council's Constitution, Financial Regulations, Contract Standing Orders, the Member Code of Conduct and the Employee Code of Conduct.

- Procurement can be the target of anti-competitive, fraudulent and corrupt activities. The Council will take steps to minimise the opportunity for these and use clear policy statements and codes of conduct which are easily accessible by Members, staff and the public.
- The Council will establish standards of competency in procurement and contract management and will take steps to ensure that Members and Officers receive training and development they need to operate to the relevant standard.
- The Council is committed to valuing and developing staff to ensure that there are suitably qualified and experienced personnel that understand the sphere in which they operate and are able to provide quality services to local residents.
- Wherever practicable the Council will seek to work with any relevant consortia, frameworks or collaborative opportunities to procure its requirements. Corporate and framework contracts can widen the scope of its experience, save money through lower unit costs in addition to general efficiency savings arising from streamlined ordering and invoicing arrangements.
- Stevenage Borough Council will continue to review and rationalise its supply base and, where appropriate focus on the management of relationships with key suppliers. The Council will work with key suppliers to consolidate invoices, deliveries and payments to reduce processing costs and eliminate costs, this has the potential to improve quality, environmental performance and generate new solutions through the supply chain
- The Council will work with its suppliers to encourage the development of apprenticeship schemes through the procurement process and contract management.
- All services commissioned by the Council must operate within the requirements of the Council's Safeguarding Children Policy and meet the relevant legislative standards.
- Where procurement involves the potential transfer of employees then the Council shall take every care to ensure that the exercise is handled in accordance with the advice and guidance published by Communities and Local Government. Transfers of employees includes the transfer to external contractors of workers currently employed by the Council and also the transfer of workers where Council let Contracts are re-tendered, what are often referred to as 'second generation transfers'.

# The Future for Stevenage Procurement

In the future, Stevenage Borough Council will continually update procurement processes to ensure that procurement at Stevenage is fit for purpose.

Stevenage Borough Council has three outcomes and priorities in the Corporate Plan Sharing the Dividends for 2013 – 2018 which are:

## **A Vibrant Town**

- Improve the economy and encourage financial resilience
- Regenerate the town centre and neighbourhoods

## **A Quality Environment**

- Provide affordable homes and housing growth
- Help people feel safe

## **An Excellent Council**

- Deliver value for money
- Put residents first

These areas will provide our long term focus and resources will therefore be moved (as far as practicably possible given the limited flexibility of the existing budgets) and redirected towards activity that specifically takes these issues forward. The Corporate Procurement Strategy will be reviewed in line with the Council's Corporate Strategic Plan.

The Council and its suppliers and partners will consult with and actively listen to customers and stakeholders when making decisions that will affect them. Stevenage will require all its suppliers, contractors and partners to adopt a customer care approach at least equal to and compatible with the Council's own policy in this area.

Procuring officers will remain committed to how Stevenage Borough Council encourage and do business with a diverse and competitive supply market, including working with small firms, social enterprises, ethnic minority businesses, voluntary and community sector suppliers and encouraging apprenticeship schemes.



# Summary Action Plan

Stevenage Borough Council will remain committed to the Council's high level ambitions and priorities. Within the three key priority areas, we have a number of goals for the future as listed below:

Item	Subject	Action	Priority (1 is High & 3 is Low)	Target
<b>1</b>	<b>Professional Procurement</b>			
<b>1.1</b>	E-Procurement	Encouraging the use of the E-tendering system for Band 2 level procurements	2	Mar-15
Outcome/s		A Vibrant Town: Deliver value for money & transparency and mitigation of risk		
<b>1.2</b>	Training	Develop and deliver procurement training to staff across the Council	1	Ongoing
Outcome/s		Mitigate risk, promoting procurement principles		
<b>1.3</b>	Corporate Procurement Strategy and Contract Standing Orders	Review and update the Corporate Procurement Strategy and Contract Standing Orders	1	Annually
Outcome/s		Align procurement with corporate objectives and current legislation		
<b>1.4</b>	New EU Procurement Directive	Update documents and offer specialised training to help staff understand the new legislation	1	Mar-15
Outcome/s		Align procurement with current legislation		
<b>2</b>	<b>Value for Money</b>			
<b>2.1</b>	Savings	As published in the annual procurement work plan	1	Annually
Outcome/s		An Excellent Council: Deliver value for money		
<b>2.2</b>	Key Suppliers	Identify Council's top 20 suppliers and monitor value for money	1	Annually
Outcome/s		An Excellent Council: Deliver value for money		
<b>2.3</b>	Collaboration	Improve links with neighbouring authorities	1	Ongoing
Outcome/s		A Vibrant Town: Improve the economy and encourage financial resilience & An Excellent Council: Deliver value for money & Put residents first		
<b>3</b>	<b>Social/Environmental Benefits</b>			
<b>3.1</b>	Small Medium Enterprises (SME's – to include voluntary and community sector service providers)	Support SME/Meet the Buyer Events/ advertising new tendering opportunities on social media	1	Ongoing
Outcome/s		A Vibrant Town: Improve the economy and encourage financial resilience		
<b>3.2</b>	Sustainability	Explore opportunities for sustainable procurement through the CAST group	3	Bi-Annually
Outcome/s		A Vibrant Town: Improve the economy and encourage financial resilience		
<b>3.3</b>	Social Value	Work with departments to ensure procurements consider social value principles in procurement	2	Ongoing
Outcome/s		A Vibrant Town: Improve the economy and encourage financial resilience		

# Monitoring

The effectiveness of the strategy will be monitored and reviewed by the Contracts and Procurement Group on a quarterly basis in line with the action plan above which outlines a range of targets and objectives to be met. Where targets are listed as ongoing they will be monitored on a quarterly basis by the Resources Portfolio Holder. New targets will be set in the context of an overriding need to achieve annual cashable efficiency savings.

The success of the strategy will be measured by Procurement's contribution to savings to be made by the Council for the future and by ensuring that the Council mitigates risk in the area of procurement.