

Sustainable Procurement & Commissioning Strategy

2016-2019 (updated January 2019)

1.0 Introduction

The Sustainable Procurement and Commissioning Strategy 2016-2019 ('the Strategy') sets the framework for South Lakeland District Council ('the Council') to purchase goods, services, and works to deliver value for money and to meet the needs of local citizens. It incorporates the most appropriate elements of best practice in structure, policy and procedure, and will remain sufficiently flexible to respond to both internal and external change.

In keeping with the ambition of the Council's need-led approach and aligned with the National Procurement Strategy 2018, this procurement strategy sets high standards for South Lakeland District Council. Delivery will require commitment, action and buy-in from members, staff and suppliers if South Lakeland's citizens are to receive high quality and cost effective services.

This document should be read in conjunction with the Council's Constitution Rules of Procedure Section 4 which details the contract procedure rules to be followed. Additionally, the Council's procurement Toolkit provides guidance and templates which are available to support staff in meeting their procurement responsibilities.

Procurement and Commissioning

Procurement is defined as the process of acquiring goods, works and services and covers the full lifecycle from the initial concept to the end of useful life of an asset or service. It has a wider scope than 'purchasing' or 'buying'; as a public authority it concerns securing products and services that best meet the needs of the community whilst taking into account the fundamental principles of efficiency, economy and effectiveness.

Commissioning can be defined as securing services that essentially address the needs and wishes of the service user as determined through research and planning.

Procurement and commissioning are interrelated functions that at a basic level combine the identification of a need through stakeholder and customer engagement with the ultimate goal of sourcing the most appropriate delivery option based on the intended outcome. Throughout this Strategy the term 'procurement' will encompass both concepts.

SLDC's Vision and Values

South Lakeland District Council is committed to 'working together to make South Lakeland the best place to live, work and explore'. Responsible and innovative procurement can support this vision by embedding the Council's values of empowering people, excellence, and openness and transparency whilst delivering value for money and meeting citizens' needs.

We will deliver the Council Plan by working across boundaries to deliver to communities, creating the right balance across all ages, reducing inequalities where no one is left behind and by creating the right balance between a sustainable and inclusive economy.

There is a substantial challenge ahead with the current economic climate placing public sector finance under increasing pressure and scrutiny. In response, obtaining value for money and creating opportunities for economic growth will be at the forefront of all procurement activity. As an enabling authority this is fundamental to our business processes.

This Strategy is informed and supports the values and priorities of the Corporate Strategy in full. It will be reviewed annually to reflect the evolving needs of the Council.

Purpose of the Strategy

The Strategy provides a framework for a strategic approach to procurement throughout the Council. It emphasises the importance of procurement decisions and will be communicated widely to Members, officers, partners, suppliers, stakeholders and the community.

It is designed to ensure compliance with existing procurement legislation, predominantly the EU Procurement Directives, and reflects all related legislation and national policy drivers including the Social Value Act, Localism Act, advances in Equalities legislation, National Procurement Strategy, Transformational Government Agenda, the 'Roots' Review and the Sustainable Task Force's Report '*Procuring the Future*'.

The importance of sustainable procurement is emphasised; using procurement to support wider social, economic and environmental objectives in a way that offers real long term benefits. The Strategy is constructed to highlight our commitment to a more sustainable district, and to enable us to demonstrate improvement in delivering sustainable outcomes through effective procurement practices.

Ultimately the Strategy paves the way for the Council's contribution to the broader public procurement landscape – one which promotes the needs of the South Lakeland community,

fosters innovation and efficiency, and uses procurement to develop and shape the local economy.

Intelligent procurement is vital not only in improving the quality and cost effectiveness of services across the district, but in demonstrating the type of authority the Council wants to be and shaping how we are perceived by our stakeholders.

2.0 Procurement in Context

Value for Money

The Local Government Act 1999, which was later reinforced by the Best Value Statutory Guidance 2011, placed a duty on all Local Authorities to secure Best Value, with strategy and good procurement skills widely recognised as essential to delivering value for money.

National Context

Throughout the public sector, there is a growing demand for services and falling funding levels. This has meant that authorities must find ways better ways of using resources such as increased **collaboration**, creation of **Shared Services**, moves to **standardisation** of requirements, purchases, processes and documentation, and increased levels of **challenge** and requirement for **competition** in procurement.

Authorities are required to **evidence continuous performance improvement** through inspections, audits, spending reviews and national procurement targets. This has led to authorities needing to prioritise and adequately resource **contract management** as a mechanism for ensuring value for money is consistently delivered and that demonstrable **continuous performance improvement** becomes a core requirement of all contracts.

Competitive markets and **variety** of service provision options are very important in supporting value for money and choice for customers. This has driven an increased focus on **market stimulation** and **supply chain** management to ensure a **sustainable mix** of suppliers from all sectors in the long and short term.

Changes in **customer demographics, expectations and complexity of requirements** (particularly for vulnerable customers) has highlighted the need to **mitigate and manage risk** to ensure continuity of quality service delivery to customers and to **challenge traditional assumptions** of service provision and 'Make or buy?' decisions. Robust business cases and options appraisals should be used to **stimulate innovation and improvement** when selecting in-house or outsourcing of service provision and ensure **long term consequences** of decisions are considered and addressed.

Developments in **Technology** and extension of its use in service delivery is leading to **mobile working** and **automation** of transactions. This reduces the effect of **geographical**

limitations, aiding **process efficiency** and supporting the extension of **collaboration** opportunities from a sub-regional to an (inter)national level.

Mounting emphasis on the importance of **sustainability** of communities and reducing **environmental impact** in all activities with **environmentally positive options** being taken wherever viable and a similar approach encouraged throughout the supply chain, and work with organisations such as Business Link and Chambers of Commerce, to support local companies, Small to Medium Enterprises (SME's) and Voluntary, Charity and Social Enterprises (VCS) organisations to **develop transferable skills** and ability to win business.

There is a growing need for access to **experienced, trained and adaptable procurement professionals** with strong business skills and 'intelligent purchasers' within service delivery units to support the increase in procurement, contract management, and supply chain and market development activities. This requires formalised approaches to **skills & capacity building and management** in order to ensure development of **professionals for the future** and make provision of training and skill development **tailored to the differing roles** of purchasers across local government.

Greater **citizen involvement** in decisions regarding resource allocation and service provision decisions is required. This can **reduce the autonomy** of service delivery units and requires the **balancing of customer choice, needs and expectations**.

Public procurement in the UK is governed by legislation set out in the EU Procurement Directives and enforced nationally by the Public Contracts Regulations 2015. These provide a legal obligation to comply with the EU Treaty based principles of non-discrimination, equal treatment, transparency, mutual recognition and proportionality. This is accompanied by other relevant legislation including the Freedom of Information Act 2000, Data Protection Act 2018 and the General Data Protection Regulation, Equalities Act 2010, Localism Act 2011, Social Value Act 2012 and the Bribery Act 2010.

The Council's approach is to adopt best practice in complying with legislation, supporting the National Procurement Strategy for Local Government England 2018, and utilising tools such as the Sustainable Task Force's Flexible Framework to embed sustainability as a core business consideration.

Local Context

Procurement at South Lakeland District Council is governed by the Council Constitution, predominantly the Contract Procedure Rules and Financial Regulations, and all other internal policy and procedures. It also supports the Cumbria Compact and the various regional procurement initiatives across the North West.

The Council understands that in addition to national drivers, local factors are of primary importance in ensuring positive results for the South Lakeland community.

Partnership Working

South Lakeland District Council recognises the benefits of working with partner organisations including Cumbria County Council, other Cumbrian district councils, the NHS, Cumbria Constabulary and the Lake District National Park Authority. The Council has also carried out many joint procurement exercises with neighbouring authorities.

Going forward it is intended that the Council will work closer with partners and other organisations to optimise service delivery and stimulate economic growth.

3.0 Our Commitment

The needs of the community will be fundamental to the decisions we make with innovative and agile procurement practices adopted to support the local economy and deliver more sustainable outcomes.

In order to maintain the Council's reputation and reflect the expectations we have of our suppliers all procurement activity will be undertaken to the highest standards of probity and professionalism. Members and officers will not only be fair and ethical, but will avoid conduct that is capable of being placed under adverse interpretation.

Procurement will therefore be undertaken in compliance with the following principles:

All procurement activity will comply with the EU Treaty and Procurement Directives, UK Legislation, the Council Constitution and all other relevant policies and procedures

Procurement will be fair, open and transparent and undertaken to the highest standards of probity, integrity, honesty and professionalism

The Council will undertake procurement activity using the most efficient and effective methods and will select the most appropriate delivery mechanisms to ensure value for money

All procurement activity will include due consideration of social, economic and environmental factors and will be assessed on whole life costing

Robust contract management will support improved service delivery through continuous improvement in the quality of goods, works and services

4.0 The Council Priorities

Procurement activity will be coordinated and focussed to support the delivery of corporate priorities by:

Encouraging a sustainable economy

- Encouraging local suppliers to bid for Council contracts

- Writing contract specifications for goods that will make a positive impact on the local economy and community

Creating the right balance across communities at delivers affordable homes to meet need

- Supporting service areas in key procurement activity

Protecting, enhancing and improving our environment

- Delivering environmental and social outcomes from procurement activity, e.g. reducing energy consumption; reducing carbon footprint.

Reduces inequalities

- Engaging with the community to understand their needs
- Commissioning services which are environmentally and socially responsible
- Delivering real value for money for the residents of South Lakeland through our procurement decisions

In order to support the Council's ambitions this Strategy includes the following procurement priorities:

4.1 Making Savings

South Lakeland District Council is dealing with significant financial pressures resulting from reductions in government funding and rising demand. This means using spending power wisely and strategically by the effective use of:

4.1.1 Category Management of key areas of spend – like energy, ICT and construction, This can help to reduce the cost of buying goods and services, reduce risk in the supply chain, increase overall value from the supply base and gain more innovation from suppliers. When applied effectively, this seeks to reduce demand, simplify the way we buy and aggregate spend across the entire council or multiple organisations. The results can be significantly greater than traditional transactional based purchasing.

4.1.2 Partnering and collaboration – identify further opportunities to aggregate spend through effective collaboration with other public bodies and Public Buying Organisations (PBO's). Explore options relating to sharing services or posts with appropriate partners.

4.1.3 Strategic Contract and Supplier Engagement and Management

Implement a corporate approach to strategic contract and supplier management to obtain best value from supply chains through:

- Measuring contract outputs and key performance indicators to ensure competitiveness over the contract
- Ensuring visibility of supply chains
- Expecting main contractors to act fairly with supply chains and mandate timely payment to subcontractors through contract clauses
- Developing and sustaining a capacity for good contract management
- Scrutinising strategic contracts post award to develop strategic relationships and ensuring performance improvement, cost reduction mitigate risk and harness innovation. Ensuring improved outcomes for the public, adding social value and innovation
- Monitoring and enforcing compliance to 'on contract' spend
- Developing and agreeing exit strategies within all major contracts

This will help to identify and manage the council's and the suppliers' risks, and achieve savings and continuous improvement throughout the life of the contract.

4.1.4 Performance and Transparency through effective monitoring of targets

4.1.5 Risk and Fraud Management

Understand and develop a proportionate risk management approach by:

- Integrate and manage risk in the Procurement and delivery processes.
- Proactively auditing contracts to check for fraud
- Including whistleblowing policies as part of contract conditions

4.1.6 Demand Management

Costs and oversupply are reduced through the implementation of demand management techniques within the procurement and commissioning cycle through:

- Engaging with citizen's, customers, and users and building in a demand management approach before procurement begins
- Seeking alternative mechanisms to procure citizen's needs
- Engaging with suppliers to ensure a greater understanding of the market place

4.2 Supporting Local Economies

4.2.1 Economic, Environmental and Social Value

The Council will focus on providing the maximum benefit to its citizens from every taxpayer pound that is spent and will take responsibility for generating economic, environmental and social growth in local communities through:

- Considering how to obtain social value in all tenders

- Considering sustainability at the 'identify need' stage of the procurement cycle
- Consider and ensure that social value is utilised where appropriate in the tender process

4.2.2 Improving access for SME's and VCSE's through:

- Pre-market engagement
- Ensuring that strategies for developing procurements into lots does not create unwanted barriers for smaller businesses
- Use of electronic portals to advertise tender opportunities
- Promoting skills development to provide local organisations with the tools to compete effectively.

4.3 Leadership

4.3.1 Commitment from the top, through:

- Procurement is recognised as strategically important by the Chief Executive, members and senior officers within the Council
- Designation of a member champion for procurement.
- The Chief Finance Officer takes overall strategic responsibility for procurement and ensures full value is extracted from all procurement decisions
- The procurement strategy is linked to the corporate strategy

4.3.2 Seeing procurement as part of a **strategic commissioning** cycle requiring stronger engagement and alignment of procurement with commissioners. Identify strategic outcomes in relation to assessed user needs, and design and secure appropriate services to deliver these outcomes.

4.3.3 Procurement **Training** to develop a more commercially-focussed procurement culture through building procurement competencies. Ensuring staff are equipped with knowledge, training, and practical skills and empower them to deliver intelligent procurement.

4.4 Modernising Procurement

To rise to the challenge local government procurement needs to modernise in terms of scope, use of technology and practices and procedures by:

4.4.1 Procurement activities helping the Council to respond to financial pressures through creation of **commercial opportunities and income generation**.

4.4.2 Using **outcome specifications** and other methods to encourage supplier innovation.

4.4.3 Ensuring **terms and conditions** are flexible enough to allow for changes in technology and enable innovation during the life of the procurement

4.4.4 Further developing appropriate **e-procurement** and other solutions in procurement practices, e.g. e-invoicing to make best use of technology and to make it easier for partners and suppliers to work with the Council.

4.4.5 Taking advantages of the **opportunities presented in the EU Directives** which allow council procurement processes to be quicker, simpler, and less costly to run.

4.4.6 Develop strategic relationships with the professional buying consortia and other Public sector organisations which can deliver leading-edge practice in category management, and reduce duplication of effort through the utilisation of appropriate framework agreements.

5.0 Embedding Delivery

In keeping with the ambitions of the Corporate Strategy and the emphasis placed on public sector procurement by the Government, this Strategy sets high standards for the Council. Delivery will require commitment and willing from Members, officers and suppliers if the South Lakeland community is to truly benefit.

Contract Management Group

To re-enforce our commitment to continual improvement through robust contract management a Contract Management Group will meet regularly. The group will rely on the participation of all officers who monitor key contracts and arrangements across the Council, and will look at developing current contract monitoring procedures, share best practice and ensure a more pragmatic approach to contract management.

6.0 Monitoring and Review

The Council's Procurement and Contracts Manager will take ownership of the Strategy with overall responsibility for maintaining, monitoring progress, and developing it.

Monitoring

Implementation of the Strategy will be supported by the Sustainable Procurement and Commissioning Action Plan which includes measurable targets for delivery. These targets will be placed on the Council's performance management system which will be utilised to monitor progress and demonstrate transparency and accountability. This will be updated in line with any developments of the Strategy in support of continuous improvement across the procurement function.

Progress against the Strategy will be reported to Senior Management quarterly and Cabinet annually. Alignment with corporate rules and objectives, and compliance with legislation will be monitored by the Procurement Team.

Review

The Strategy will be reviewed annually to ensure it meets the needs of all stakeholders including elected members, officers, public and private sector partners, local and third sector organisations, and the South Lakeland community.

In addressing the fast pace of change in local government the Council will adopt a more innovative approach to procurement built on an ethos of continuous improvement.

7.0 Seeking Improvement

In order to support this Strategy it is vital that good practice is shared across all service areas and common standards are adopted. Continual improvement and innovation across the Council is essential if we are going to exceed customer expectation and deliver improved quality within budget.

The Procurement Team will:

- Constantly monitor procurement performance against leading authorities and organisations, and create a culture of continuous improvement
- Provide professional support, advice and informed knowledge to members and staff on procurement matters in order to contribute to the wider Corporate Plan
- Raise procurement standards across the Council and our partners throughout the contract lifecycle, with specific emphasis on contract management to ensure the full benefits of procurement are realised