

Procurement Strategy 2013 - 2017

Delivering Social Value for our Community



Making Bath & North East Somerset an even better place to live, work and visit



“Our new strategy for Procurement is ‘Think Local’. By helping to develop the local economy we can make significant improvements to the economic, environmental and social wellbeing of the communities we serve. Carbon footprint will be reduced and we will be supporting our own

small and medium enterprises. We will get value for money for the £190M we spend on goods, works and services every year.”

**Councillor David Bellotti,
Cabinet Member for Community
Resources**



The ground floor north wing of the Guildhall will open summer 2013 as a co-working hub for local businesses. These innovative arrangements will provide a springboard for developing even closer links with the local business community.



The redevelopment of the previous council office site in Keynsham provides new shops, a library and new council offices. On completion of the project, the council will condense its office space from 12 buildings to just four. The move will significantly reduce running costs, while the Council will reduce carbon footprint in its buildings by up to 70%. As part of the agreement with the Contractor a 'Meet the Buyer' event was held and around 50 new opportunities for local people were created such as work experience placements, graduate and apprentice placements, new jobs, training and qualifications.

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Procurement Strategy 2013 – 2017

1. Introduction

Bath & North East Somerset Council strives to deliver excellent services to local people and make our area *the* place to live, invest, and visit in the UK. We realise that by helping to develop the local economy we will make significant improvements to the economic, environmental and social wellbeing of the communities we serve. Our strategy is therefore to first 'think local' in relation to the goods, works and service we procure.

There are significant financial challenges the Council and its partners must overcome and to achieve this we will require sensible management of our budget and effective engagement and partnership working with local providers and organisations.

The Council spends around £190M each year on commissioning goods, works and services and in meeting the challenges we face it will move to a more localised approach with citizens and customers at the centre of what we do. Citizens are becoming empowered with identifying and specifying what services they need and as such we will need to provide a mixed economy as a provider and commissioner of services. Reduced resources necessitate changes to the way officers work across all services and these changes will require more consistency to enable the adoption of best practice and increased synergies from a common approach to commissioning and procurement.

The increasingly regulated environment in which the Council operates requires greater emphasis on training

so that officers are aware of best practice, the constraints within which they can work and when and where to seek expert help. The Council also has an important role in helping service providers understand the complexities of public sector procurement. Building capacity through training and skills development is a key theme of this strategy.

Transparency continues to be a key government objective. Legislative requirements now include consideration to be given to a wide range of measures such as; localism, including the right to challenge, the right to buy, equalities, freedom of information, sustainability and carbon reduction issues. EU procurement rules are also in the process of change. More direct engagement and consultation with our local communities and a more open approach to innovating methods of service delivery will be clear imperatives in the foreseeable future.

Consistent, efficient commissioning and procurement across the Council will require good communication and a one-council approach between Council services. Co-ordinating this work necessitates strong relationship management skills and a recognition that categories of expenditure cut across service area boundaries. Business Relationship management and new technology will play a key role in identifying new opportunities, where support is needed and where collaborative projects will deliver local benefits.



2. Strategic Plan

This strategy covers the period 2013 – 2017 and sets out how the Corporate Commissioning and Procurement support function will help to achieve the Council's corporate improvement objectives.

We will do this based around five key principles

i Economic, Environmental and Social Wellbeing

'We will prioritise Social Value for our community. This means targeting opportunities for the local economy, providing for a sustainable future and supporting the vulnerable'

What outcomes will this deliver? -

- Priority for local suppliers who will be targeted to bid for Council business;

- Support to stimulate local jobs, growth and economic development for SME's, i.e. new co-working hub for small business in the guildhall;
- Sustainable solutions sought to address local needs;
- To be fair and non-discriminatory and give support to groups and communities judged to be vulnerable;
- Decisions on major initiatives to be based on whole life costs that take account of longer term impacts, i.e. reducing our carbon footprint;
- Consultation with service users, stakeholders and potential providers to ensure 'social value' is measurable and understood



The local community have benefited from a £42 million investment in Writhlington School. The School was recognised as the best new-build secondary school in the country in 2012 by the British Council for School Environments.

ii Collaboration and Consolidation

‘We will always aim to think innovatively and work across organisational and service boundaries. This means identifying opportunities with partners and a one-council approach to our sourcing needs’

What outcomes will this deliver? -

- Working as one-council with cross service categories to manage needs more effectively and not as single silos;
- Working in partnership with other public sector organisations and local businesses in the B&NES area to widen cross-service opportunities;

- Working collaboratively throughout the South West in sectors where the local market place either cannot provide a service or has not yet fully developed;
- Wider cross sector working will be facilitated through the use of integrated teams to reduce costs;
- Rationalising our national supplier base and reducing our contract management and processing costs and focussing on relationships of value at a local level;
- Consolidating our contracts, reducing costs and using more collaborative arrangements, especially in the local market place;
- Thinking innovatively with our partners to become an ‘intelligent’ client and drive continuous improvement throughout the supply chain.



Supporting local partners with our new one stop shop

iii Cost reduction and control

‘We will always aim to deliver value for money to the taxpayer. We will provide clarity on expectations, be commercial in our approach and drive efficiency and benefits out of our systems’

What outcomes will this deliver?

- Pro-actively add value by managing our key relationships with partners and suppliers and adopt a commercial attitude to delivering benefits from our contracts;
- Common and consistent price/quality evaluation models will be adopted with de minimis limits set for specific categories of work and social value;

- Reducing processing costs, increasing management control and enhancing intelligence through improved and increased use of technology;
- Targets for cashable and non-cashable savings to be built in to each initiative and monitored against evidence based plans.



iv Knowledge and Skills

‘We will use intelligent information and analysis to understand our market place and create a workforce with the right capacity and skills to exploit this knowledge for our community’

What outcomes will this deliver?

- We will be able to understand what our local economy and the national market place can deliver and where it needs to be stimulated to encourage growth;
- We will be able to analyse our spend against existing categories and market places using new technologies to identify new opportunities to achieve savings and growth;
- All procurement and commissioning staff will be required to have a richer understanding of our community and the local economy and how to support it. They will be given the opportunity to undertake enhanced training to improve skills and capacity, ensure they have a sound understanding of how

the local economy works and a good grasp of the marketplaces which serve community needs;

- The structure of the Procurement and Commissioning support service will be enhanced to bring together representatives from each of the main spending groups across the Council into a virtual team with split reporting lines to both the corporate centre and the service specific Directorate;
- This ‘matrix management’ arrangement will have the dual benefit of increasing the capacity of the core team, whilst allowing staff to retain service specific knowledge through continuing to spend time in their respective service areas.



v. *Transparency and Accountability*

‘We will provide a fair, consistent and proportionate framework of governance, rules and guidance to enable us to be transparent and accountable for our decisions’

What outcomes will this deliver? -

- We will introduce a new Commissioning and Procurement framework which will bring a fundamental change to the way in which contracts are developed awarded and managed. At the heart of the process we will be listening and engaging with our community to ensure we support the Councils vision;
- The framework will provide opportunities to regularly refresh staff understanding of best practice. It will be web based to enable easy and efficient ways to understand processes that need to be adopted consistently, to ensure compliance with new and increasingly complex legislation;
- Three new gateways will be introduced to provide check points for review and approval before significant Council resources are committed;

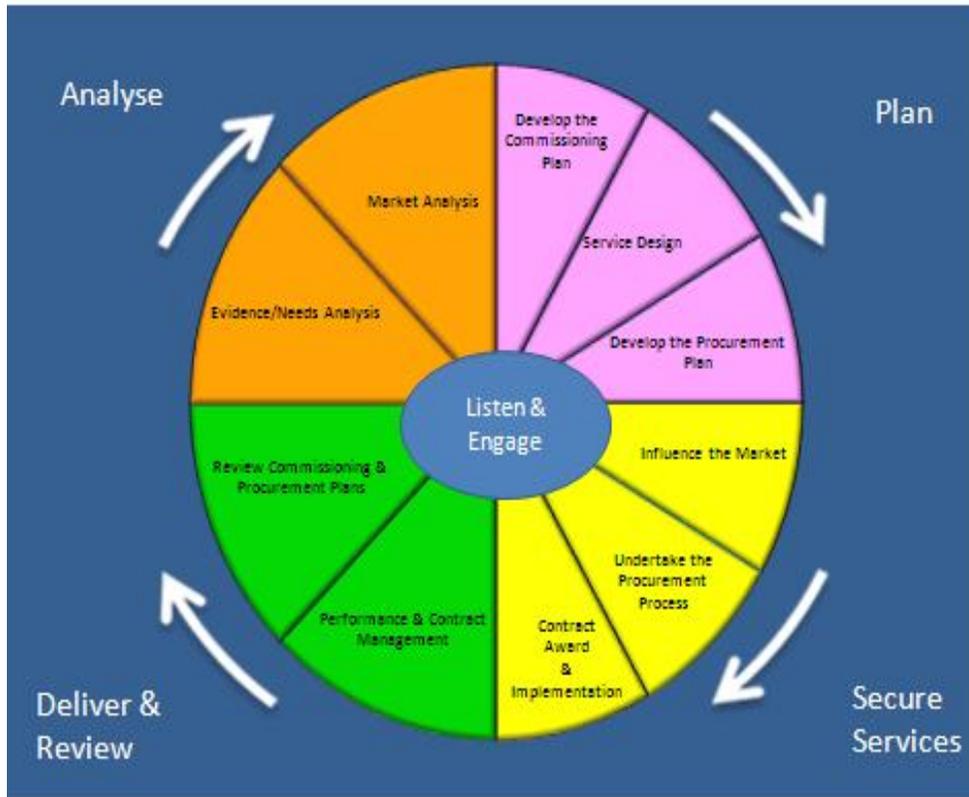
- Governance arrangements will provide an opportunity for input from elected members at an early stage so that political considerations may be taken into account and accountability to citizens can be demonstrated;
- Transparency to the public is enhanced through the publication of our Commissioning Intentions each year and free access to opportunities to win Contracts and Services from the Council through our web based systems;
- Free E-Tendering will be provided to businesses and full transparency on the process for contracts awarded will also be freely available for anyone to view via the Council’s Contract portal;
- ‘Dashboard reports’ will be created and enhanced to capture key procurement and commissioning performance measures and reported corporately.



3. Commissioning and Procurement Framework

At the centre of this strategy is a framework for officers and members to follow. It will require evidence based decision making, based on active listening and engagement with stakeholders. When measuring value for money, social, economic and environmental benefits are now factored into decision making to enable a real emphasis on supporting the local economy.

Overview of process:



The Framework is the standard process followed by all officers when commissioning goods works and services for the Council. The cycle is broken down into four key stages underpinned by a central requirement to continuously listen and engage throughout the process. Gateways also form part of the process allowing decision makers to authorise the initiation of Commissioning and Procurement projects, the outline plan and the decision to award contracts

1. **Analyse** - understanding the priorities, values and purpose of the activity, the needs to be addressed and the environment in which the commissioned activity will operate
2. **Plan** - identifying the gaps between what is needed and what is available, and planning how these gaps will be addressed within available resources.
3. **Secure Services** - ensure that the services needed are delivered as planned, to efficiently and effectively deliver the priorities, values and purpose set out in the commissioning strategy
4. **Deliver and Review** – Manage contracts intelligently and deliver the benefits of the arrangements. Carry out reviews of the delivery of services and assess the extent to which they have achieved the purpose intended.

'Think Local' Case Study – B&WCE

The Council played a key role in helping a group of people interested in the provision of renewable energy set up Bath & West Community Energy as a community benefit society. It raised £722,000 through a community share issue from more than 200 investors, who each invested at least £500, and £750,000 through a conventional loan.



If we had followed a traditional procurement route none of these local benefits would have been delivered

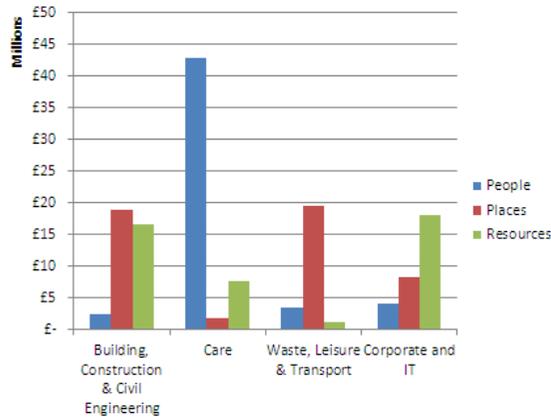
It used the money to install solar panels capable of providing 612kW of energy, which can be sold to energy companies. The scheme qualifies for the feed-in tariff, the government incentive that encourages renewable energy in the UK.

This arrangement and the on-going support from the Council has directly enabled or contributed to:

- *The installation of Solar PV roofs on 5 local schools and 1 rugby club, reducing their energy costs and carbon emissions;*
- *BWCE securing their first £1million loan from Scottish & Southern Energy (SSE);*
- *Launch of BWCE first community share offer for PV projects, which went on to raise £720K – at the time the highest amount raised for PV investment via community shares;*
- *BWCE being awarded 'Best Community Initiative' at the Regen SW Green Energy Awards in 2012;*

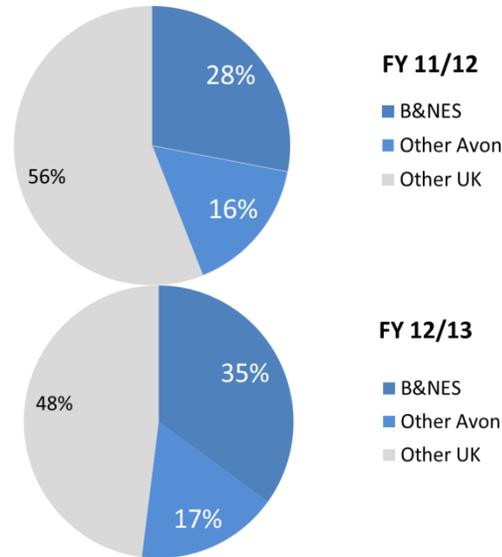


What does the Council spend its budgets on?



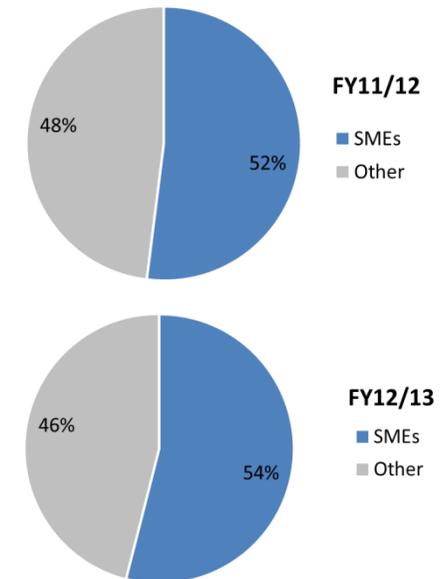
Distribution of the Council's £190m budget spent each year on supporting our local communities. The Council is determined to protect priority front line services whilst maximising opportunities for introducing greater efficiencies in managing these budgets.

What proportion of Council business is awarded to local suppliers?



The value of business won by local suppliers is increasing year on year and this trend is set to continue. In 2013 around 40% of all B&NES suppliers were locally based.

What proportion of business is awarded to SME's?



Small and medium enterprises represent the largest share of the Council's supplier base and the proportion is increasing. In 2013, 54% suppliers were designated as SME's.

4 *Making it happen*

‘Critical to the success of this strategy will be leadership and commitment to make it happen. We will support senior managers and members through the new processes and adopt a culture of continuous improvement’

4.1 Leadership engagement:

- 4.1.1 Cabinet, Strategic and Divisional Directors will be required to use the new processes, which will be controlled through new gateways. This will ensure best practice is followed within each of the portfolios, especially for ‘significant projects’ (project significance determined by total value or risk assessment).
- 4.1.2 The three new gateways for approval and review will allow for early engagement by Cabinet Members, users and stakeholders. This will ensure corporate control over the whole framework is managed effectively, to enable the key principles outlined in the strategy to be delivered;
- 4.1.3 This will allow Common approval processes to be structured into the commissioning and procurement cycle
- 4.1.4 Gateways will be controlled by a group of Divisional Directors who will meet to review and approve all new significant procurement projects to ensure Council resources are appropriately prioritised;

- 4.1.5 Regular reviews of project progress and delivery against proposals will be required with responsible officers held to account for actions taken.

4.2 Responsible Officers

- 4.2.1 The use of the commissioning and procurement cycle is mandatory for any contract or commission. However it will be enforced in full for any initiative above £100,000 or where risks and opportunities to the local Community are judged to be significant.
- 4.2.2 Local suppliers must be approached first for quotations for any commission below £25,000. This limit will be subject to review.
- 4.2.3 Responsible Officers will be encouraged to ensure the documentation and processes used are proportionate and relevant. To assist this, templates within the framework indicate essential elements for inclusion together with discretionary items dependent on the level of expenditure and risk. A proportionate approach based on risk is therefore expected.
- 4.2.4 Commissioning intentions will be communicated, registered and published in advance and suitable project support for strategic procurement activities will be determined (including the benefits of collaborating with other buying organisations).
- 4.2.5 Responsible Officers are required to complete basic training in the use of commissioning and procurement tools prior to gaining a ‘licence to procure’.

4.2.6 The training needs assessment process initiated prior to the start of this strategy will be used to inform the range and content of commissioning and procurement training that will be delivered over the period covered by the strategy. This will be refreshed on a regular basis to ensure training remains relevant to user needs.

4.3 Use of Technology

4.3.1 Contract letting and ordering procedures have been standardised to eliminate obsolete work practices including paper based bid processes and verbal/nonstandard ordering. Procurement technology and finance systems are used to drive compliance and ensure these changes happen.

4.3.2 'Procure to pay' systems and work on integrating the Financial Management System into procurement process will continue over the period covered by this strategy as will improvements to purchasing card systems and their usage.

4.3.3 Only those officers trained and meeting basic competency requirements will be able to take responsibility for letting contracts / make use of procurement systems (to be known as 'licence to procure' – see above).

4.3.4 Interoperability with other south west organisations in relation to their financial and procurement systems will be explored and developed. This will allow for existing

systems to be deployed and retained but common data to be entered and extracted.

4.3.5 The importance of driving up the quality of data to improve data analysis capability (both input and output) is recognised and this will continue to be a key area for development.

4.3.6 The existing Information Management monitoring and case allocation software will be adapted to provide an electronic monitoring system for any expressions of interest received in relation to the 'Right to Challenge' legislation.

5 *How will we measure whether the strategy is working?*

5.1.1. A series of targets designed to measure the effectiveness of the Council's procurement and commissioning strategy will be agreed within the first six months and then monitored quarterly through the Corporate Performance Management framework;

5.1.2. Performance against these targets will be reported to agreed timeframes and actions will be taken or modified as necessary in order to ensure the strategy successfully delivers the actions identified above;

5.1.3. Examples of proposed targets include:

- Increase in percentage of council contracts being awarded to local businesses;
- Value of savings delivered both in terms of monetary value and social value for the community;
- Location and type of organisations that have been awarded contracts, and their proportionate share of business tracked over the following three years;
- Order compliance (corporate contracts used, orders raised in advance of invoice, off contract expenditure) and other governance considerations;
- Number of officers trained and licenced to use the procurement system;

- Consolidating number of national suppliers and contracts;
- Number of SME's both locally and nationally;
- Payment speed and more safer and secure payment systems;
- Delivery of benefits from contract management arrangements and achievement of savings targets;
- Specific procurement and commissioning data broken down by category and over the Council

6 *Actions plans to deliver the strategy*

	Driver	Actions to be taken
1.	<i>Economic, Environmental and Social Wellbeing</i>	
1.1	Stronger communities will be built through the development of sustainable solutions.	<ul style="list-style-type: none"> • Economic, Environmental and Social considerations will be included in Service contract evaluation criteria and in other contracts wherever appropriate. • Guidance and training will be provided to Commissioners and Service Providers on how this can be achieved including examples of the range of added value options that might be included in bids.
1.2	Economic, Environmental and Social wellbeing needs will be established and prioritised.	<ul style="list-style-type: none"> • Research will be undertaken so that appropriate guidance can be given to staff when constructing tender documentation and evaluating bids
1.3	Improvement needs are understood well defined and communicated	<ul style="list-style-type: none"> • A continuous programme of engagement with service users, stakeholders, potential providers and all other parties involved will be undertaken. This will help ensure that all aspects of social value are appropriately addressed.
2.	<i>Collaboration and Consolidation</i>	
2.1	Ensure the purchasing power of the Council is maximised	<ul style="list-style-type: none"> • All Commissioners and Procurers are required to consider options for collaboration in the local B&NES area. Where the local market place is unable or cannot deliver a product or service then we should consider collaborating with other external buying organisations, especially in the South West.
2.2	Sharing workloads, ideas and best practice	<ul style="list-style-type: none"> • Responsibility for undertaking projects will mostly be delivered by a 'virtual team' of commissioning and procurement staff working across services. • This virtual team will periodically come together as part of a corporate group and review opportunities for internal collaboration and the sharing of resources.

	Driver	Actions to be taken
2.3	Similar requirements across services to be consolidated where appropriate	<ul style="list-style-type: none"> • Category management principles will be applied to methods of working. This will avoid duplication of resources, maximise improvement opportunities and service value.
2.4	Collaboration with other Sectors	<ul style="list-style-type: none"> • Efforts to be focussed cross sectors, i.e. Universities and Utilities, where combined working will deliver improved opportunities in the local economy. The Bath and North East Somerset appointed Partnership Manager will ensure governance arrangements are effective and mutual benefit is obtained by any participating agencies.
3.	Cost Reduction and Control	
3.1	Improve operational efficiency and make collaborative working easier.	<ul style="list-style-type: none"> • Ways of exchanging data between buying organisations and with suppliers will be explored. • Processes will be reviewed to ensure the time and effort required by suppliers to bid for work for more than one organisation is reduced.
3.2	The wide variation in price/quality evaluation criteria will be reduced and the right emphasis made on Social Value.	<ul style="list-style-type: none"> • Standard price and quality weightings will be introduced as a starting point, however in all cases these can be varied up or down depending on the sector and need; • As a guideline the weighting proportion should be 50% price and 50% quality for contracts in the care sector and 60% price and 40% quality for all other contracts; • Quality criteria include a range of technical characteristics, customer service, innovation, product and service standards and Social Value. • It will be expected that Social Value, i.e. recognising the local economic, environmental and social improvements that can come from each procurement, such as new jobs, apprenticeships and reducing carbon footprint, should as a guide be a minimum of 20% of all marks within any price/quality model; • The new gateway processes will allow the right challenges to be made to ensure the appropriate weighting is agreed and approved.

	Driver	Actions to be taken
3.3	Best value to be obtained consistently throughout the life of the contract.	<ul style="list-style-type: none"> Although the relative weighting of price versus quality will be lower in the case of some contracts, it will continue to be a requirement for staff to take a 'commercial' approach to commissioning.
3.4	Adherence to contract terms	<ul style="list-style-type: none"> Contract management skills will be enhanced across the Council through increased training and the sharing of best practice. This will help to ensure contractors work jointly with the Council to continuously improve services.
4.	<i>Knowledge and Skills</i>	
4.1	Business relationship management	<ul style="list-style-type: none"> The Corporate Commissioning and Procurement Service will work with service areas to agree respective responsibilities to ensure there is mutual understanding of requirements.
4.2	Using the commissioning and procurement framework	<ul style="list-style-type: none"> Usage will be kept under continuous review to ensure best practice is followed and the benefits of improved technology are harnessed
4.3	Usage of other available support systems and technology	<ul style="list-style-type: none"> The use of improved procurement technology and other commissioning tools and templates will be monitored through a rigorous compliance process. This will draw attention to any lapses and indicate any necessary corrective action.
4.4	Need for an on-going procurement training programme to support officers undertaking commissioning and procurement.	<ul style="list-style-type: none"> Training will be accessible as a corporate training event delivered periodically according to need, be backed up with on-line learning. Individual support covering operational procedures will be delivered face to face by the Corporate Commissioning and Procurement Service and will be backed up with on-line learning resources. All staff will be required to achieve a level of commissioning and procurement competence before using the Councils e-procurement systems. Full access to systems will only be given once training is successfully completed. A regular analysis of Staff Training needs will inform the nature and content of the training programmes and these will be periodically refined, amended or otherwise adjusted to suit training needs.

	Driver	Actions to be taken
4.5	Support for local service providers	<ul style="list-style-type: none"> A mixed economy of service providers will be actively sought, in order to help build capacity locally and contribute to the development and capability of third sector and small and medium enterprises
4.6	Engagement with the Council's citizen and business communities to provide training, support and market development.	<ul style="list-style-type: none"> Misplaced perceptions about barriers to trading with the Council will be overcome through a programme of listening and engagement. to ensure any concerns are addressed.
5.	Transparency and Accountability	
5.1	Approach to procurement and commissioning to be consistently applied	<ul style="list-style-type: none"> The adoption of a standard commissioning and procurement framework model will ensure processes follow a consistent standard
5.2	Commissioning intentions to be freely available	<ul style="list-style-type: none"> All service areas will provide a forward looking annual update on their future programme of commissioning and procurement activity and this will be published on the Council's website. The gathering of this information centrally will help ensure an appropriate level of professional input is given to support the implementation of these plans and provide transparent information to service providers and other Relevant Bodies who may wish to exercise their right to challenge the way in which the Council delivers its contracts.
5.3	Encouraging service improvement ideas	<ul style="list-style-type: none"> All service areas will be encouraged to listen and engage with their potential providers and be prepared to receive ideas on how services may be improved. In this way good ideas can be implemented quickly and thus save organisations the time and effort of following the full regime of the right to challenge process.
5.4	Transparent processes to be followed	<ul style="list-style-type: none"> Training programmes and guidance provided on the Framework will emphasize the importance of following procedures. This will ensure that the Council complies with its obligations to be transparent in all of its commissioning and procurement processes.

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