



Southend-On-Sea Borough Council

Procurement Strategy

2016 - 2019



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Rob Tinlin - Chief Executive and Town Clerk

Southend-on-Sea is one of the largest conurbations in the East of England and is home to an estimated 177,900 residents (2014 figures). It boasts 7 miles of award winning beaches and coastal nature reserves, the longest leisure pier in the world and a thriving tourism economy. Southend-on-Sea is 16.1 square miles in size and with 43 people per hectare is the 8th most densely populated area outside of London. The population is projected to grow to 185,000 by 2020.

Southend-on-Sea faces significant challenges over future years with an ageing demographic, continuing austerity measures, increasing expectations of citizens and environmental pressures. It has a diverse population, with areas of wealth and high quality of life adjacent to areas of chronic deprivation resulting in a ten year gap in life expectancy between the least and most deprived areas of the borough. 2015 figures show that 25.8% of the population were classified as being in the most 20% deprived in England. One in four children in Southend-on-Sea are living in poverty, and the population has higher than the England average rates of obesity, smoking prevalence and disabilities. Southend-on-Sea also faces the challenges of an ageing population, currently 18.9% (33,500) of residents are aged 65 and over (national average being 17.7%), with a projected increase to 20% (37,000) by 2020.

The Council is continually looking at ways it can improve services, save money and generate income. We are working closely with health partners to link health and social care services, we have launched our own energy company, and we have opened a new customer service centre enabling our residents to use self-service facilities more, which will deliver an enhanced service whilst saving the taxpayer money each year.

The Council faces even greater challenges ahead, with an estimated £28m to find over the next three years and a new Government agenda to address. The procurement and contract management of our supplies, services and works is taken even more seriously than ever. We have taken steps recently to centralise procurement activities and performance manage strategic contracts. In addition, we recognise that leveraging our spend and creating a 'SMART City' journey that utilises new technology will create opportunities for both innovation and sustainable growth. Our Corporate Procurement Team is strategically placed to drive improvement within our contracts, deliver significant savings and income generation opportunities.

Introduction:

The Council is accountable to the public for the way it spends public funds. Professional procurement activities contribute to the efficient, effective and economic delivery of services to the public, maximising the benefits from the budget available and supports the Council's strategic objectives.

Procurement covers the total process of purchasing for all bought-in services, supplies and works; from the initial assessment of the business need, to acquisition or extension, and contract management.

With reduced funding from central government it is more important than ever that Southend's Procurement Strategy supports the Corporate Strategy and delivers cost effective, targeted services that meet the identified needs of our Community.

There is a greater need to support the local economy, improve access to potential business opportunities for Small to Medium Enterprises (SMEs), and deliver wider economic and social opportunities for local people.

With a net annual spend of circa £120m on goods, services and works, procurement and contract management are key to achieving efficiencies within the organisation. Value for money and optimum management of scarce resources, without compromising services are paramount to the continued delivery of public services to the citizens of the borough.

This strategy, which covers the period 2016 - 19, details how the Corporate Procurement Team (CPT) will support the Council to respond to the financial challenges while striving to maintain high quality services to citizens and businesses, plus help generate income through strategic supplier relationships.

The CPT is a central resource of procurement professionals who support buying, good procurement practice and management of key systems and processes.

Drivers for Procurement:

Government Legislation – The UK Public Contract Regulations 2015 and Social Value Act 2012 require the adoption of E-Procurement, enhanced access to opportunities for SME's as well the consideration of wider Social Value in Procurement outcomes.

The National Procurement Strategy for Local Government in England 2014, sets out key recommendations to improve procurement activities:

- **Management of key spend areas** - to make savings by maximising the value of spend. This includes developing and using more standard specifications for goods and services. Using spend and supplier analysis to gain a better understanding of local government supply markets.
- **Partnering and collaboration.** By aggregating spend through effective collaboration or by sharing services on common goods and services without compromising the need for social value. Shared procurement services and shared procurement posts should allow all councils to recruit, develop and retain the best procurement resource and avoid unnecessary competition between individual councils for procurement expertise.
- A corporate approach to **contract management.** Councils should demonstrate their effectiveness in gaining most value from contracts. They should obtain best value from understanding and managing supply chains through proper relationship management
- Implementing effective **performance monitoring and transparency.** This includes sharing commercial and performance data on common goods and services. Councils should ensure that published data, under the transparency code, opens new markets up for local business, the voluntary and community sectors, and social enterprises to run services or manage public assets.
- Using outcome specifications and other methods to encourage **supplier innovation** to meet new challenges, including encouraging suppliers to demonstrate innovation through all stages of the procurement cycle.

SBC Procurement Framework

Corporate Priorities 2016/17	<p>SAFE</p> <ul style="list-style-type: none"> - Create a Safe environment - Tackle crime - Look after and safeguard children and vulnerable adults 	<p>CLEAN</p> <ul style="list-style-type: none"> - Promote Green Technology and initiatives to benefit the local economy and environment - Environmental stewardship 	<p>HEALTHY</p> <ul style="list-style-type: none"> - Health and active lifestyles - Good Quality housing - Reduce inequalities and social deprivation 	<p>PROSPEROUS</p> <ul style="list-style-type: none"> - Quality affordable housing - High quality education - Employment opportunities - Enterprise nurtured and Supported - Regeneration 	<p>EXCELLENT</p> <ul style="list-style-type: none"> - Work with communities and partners - Foster town pride - Creative and innovative approach to development of our town 	
Council Focus	State of the art museum and conference facility	Better Queensway commercial/mixed use redevelopment	Model of health and social care – integrates service provision	Airport Business Park and innovation centre	'SMART City' opportunities for innovation and sustainable growth	
Procurement Vision	<p>To be recognised as a leading Local Authority for Procurement, through the adoption of world class procurement practices, and maximisation of the benefits of innovation and new technology. To obtain best value, cost effective and quality services that meet the Councils Priorities and deliver benefit to Southend's Citizens, Economy and Visitors.</p>					
Procurement Objectives	<p>CONTROL SPEND</p> <p>Effective management of spend which is proportionate to the value and risk of that purchase. Maximising cost savings and cost avoidance</p>	<p>EFFECTIVE POLICY</p> <p>Providing clarity of roles and responsibilities, appropriate controls and thresholds, supporting control and assurance</p>	<p>EFFICIENT PROCUREMENT AND SYSTEMS</p> <p>Suite of tools, systems and information to effectively manage and support the end to end procurement process</p>	<p>DELIVERY OF SAVINGS</p> <p>Identification and classification of opportunities for savings, cost avoidance and quality improvements, with the mechanisms to support their delivery</p>	<p>PERFORMANCE MANAGE CONTRACTS</p> <p>Comprehensive and High Quality Contract Management procedures are implemented across all corporate contracts ensuring high quality services and best value</p>	<p>SUPPORTING GOVERNMENT POLICIES</p> <p>Maximising the opportunities for Economic, Social and Sustainability within the community</p>
Procurement Principles	Achieving the best commercial Value	Complying with Regulatory and Legislative Requirements	Meeting Government Acts and statutory duties	Monitoring Sustainability	Maintaining ethical standards	

1. Control Spend

Effective management of spend which is proportionate to the value and risk of that purchase. Maximising cost savings and cost avoidance.

This will be achieved through:

- 80% of spend by value managed by the Corporate Procurement Team
- Negotiating terms and conditions - Effective terms support delivery of the specification including mechanisms for management of non-delivery
- Obtaining best value - Whole life costs central to informed buying decisions, supported by effective market research and benchmarking
- Gatekeeper in Procure to Pay (P2P) System - Monitoring and control ensuring conformance to policy, best value and business justification

2. Effective Policy

Providing clarity of roles and responsibilities, appropriate controls and thresholds, supporting control and assurance.

This will be achieved through:

- User friendly policy for officers to follow - Clear Contract Procedure Rules supported by Procurement

Toolkit and Training to ensure compliant behaviour

- Service driven Corporate Procurement Team providing best practice support - customer focused to support and enable the organisation to deliver outcomes
- Effective relationships and working practices between CPT and Directorates
- Framework of assurance - CPR providing approvals, checks and balances to enable auditing activity and ensure compliance

3. Efficient Procurement and Systems

Suite of tools, systems and information to effectively manage and support the end to end procurement process.

This will be achieved through:

- Electronic System for the management of all tenders, publication of all contracts and Contracts Register
- Management information and Dashboard reports - Identify spend patterns and opportunities to influence & inform buying decisions

- Procurement Toolkit supported by training and advice
- Purchasing Card for low value spend, mandated used of P2P for all other spend
- Adoption of modern innovative procurement practices - that has adopted Procurement Best Practice and seeks opportunity for innovation and improvement

4. Delivery of Savings

Identification and classification of opportunities for savings, cost avoidance and quality improvements, with the mechanisms to support their delivery.

This will be achieved through:

- CPT aligned to Service needs, supporting early engagement thus identifying opportunities at early stages of process
- Holistic approach for categories of spend based on opportunity to deliver improved quality, savings and efficiency
- Service Driven – focusing on service needs and alignment of procurement activity
- Understanding spend data, patterns and opportunities

- Savings targets established and owned
- Partnership and Collaboration – working across the public sector to deliver better outcomes
- Savings through economies of scale, collective buying power, and use of existing frameworks
- Challenging Specifications and Targets - Outcome focused contracts that support effective contract management

5. Performance Manage Contracts

Comprehensive and High Quality Contract Management procedures are implemented across all corporate contracts ensuring high quality services and best value.

This will be achieved through:

- A clear contract management plan with the Contractor from the date of award
- Strong win-win relationships with our Contractors - Collaborative approach ensures that service quality is continuously delivered, innovation is explored and implemented and savings/profit shares are considered
- Regular and meaningful performance data and contract review meetings with Contractors - opportunities are identified and secured, and focus on continuous improvement in terms of service quality and outcomes

- Comprehensive contract administration ensuring that all records are managed and up to date - future specifications are enhanced and based upon up to date knowledge of the Contract. E-Procurement utilised record key events

6. Supporting Government Policies

Maximising the opportunities for Social Value, Economic Sustainability, and benefits for the local community.

This will be achieved through:

- SME engagement targeting uptake and participation in tendering and responding to quotes
- Economic, social and environmental wellbeing is delivered as are the principles in the Social Value Act
- Economic, social and sustainability considerations incorporated into specification and decisions
- Compliance with data transparency and freedom of information acts
- Data Protection is incorporated into tendering and ongoing Contract Management
- Compliance with the 2015 Public Contract Regulations
- Electronic Publication via OJEU, Contracts Finder and E-Procurement System

- Effective data management- pathways to these sites are also available on the Southend Business website and the Council website
www.southend.gov.uk

7. Procurement Principles

Achieving Best Value:

- Strong Terms and Conditions
- Commercial Evaluation
- Benchmarked / Researched
- Negotiation and Leverage

Complying with Regulatory & Legislative Requirements:

- Best use of Public Funds
- Public Contract Regulations 2015
- Open, Fair and Transparent
- Social Value Act

Meeting Government Acts and Statutory duties:

- Bribery Act, Freedom of Information Act, H&S, Environment
- Diversity and Equalities

Monitoring Sustainability:

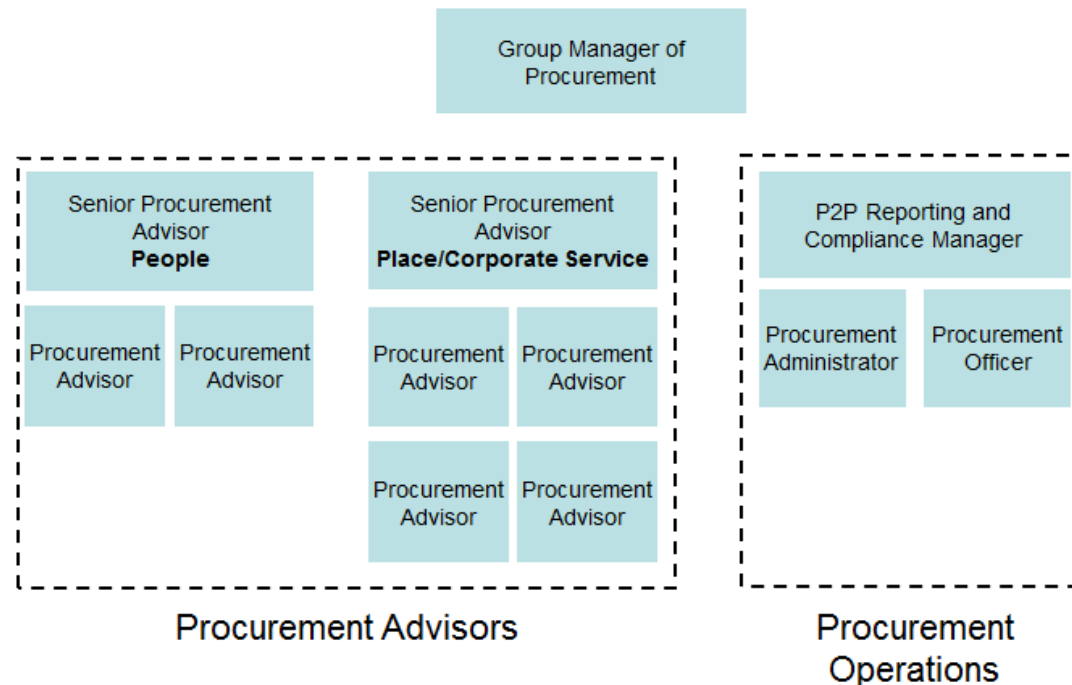
- Local SME Market
- Budget Pressure

Maintaining Ethical Standards:

- SBC Code of Conduct

Our Approach to Procurement:

SBC has an established Central Procurement Team (CPT) responsible for ensuring all procurement activity meets the five core principles and complies with the Council's Contract Procedure Rules (CPR's) and wider Public Contract Regulations 2015.



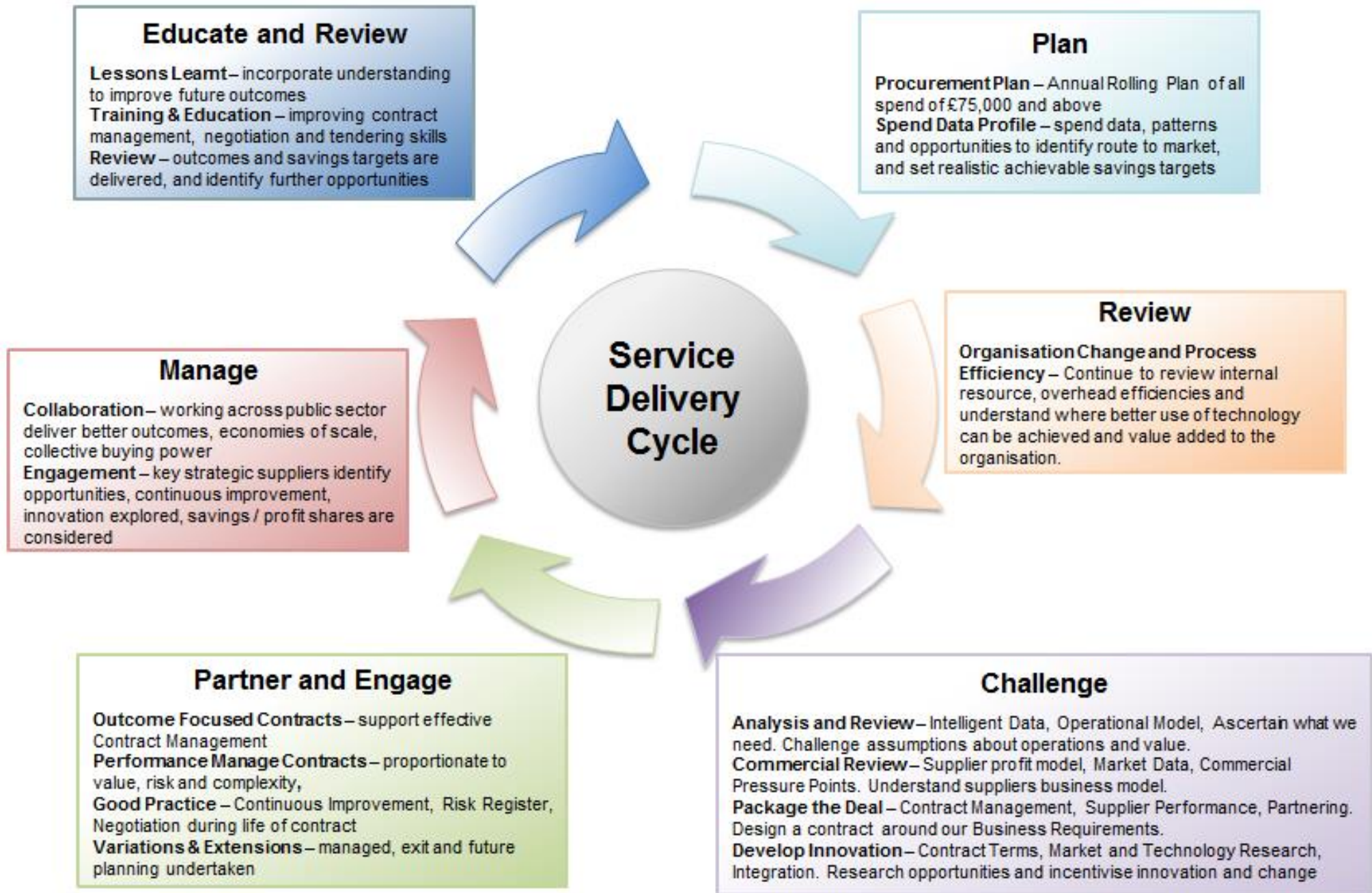
The CPT is aligned to the Directorate Structure within SBC, a central point for all procurement activity - split into two teams:

Procurement Advisors: Manage the procurement of Contracts £75,000 and over, ensure that procurements are in accordance with Public Contract Regulations 2015, support and deliver savings, support effective contract management across the organisation and offer effective Procurement advice. Deliver training to Corporate Contract Managers and Southend's Local Businesses/Suppliers.

Procurement Operations: Management of the environment, systems and processes that support effective procurement. Ensure compliant use of Agresso Procure to Pay and Purchasing Card. Manage the gatekeeper process for spend under £75,000. Deliver training support and advice to ensure that users are compliant to Council Rules. Management of supplier base. Coordination of Freedom of Information Requests related to Contract and Procurement enquiries.

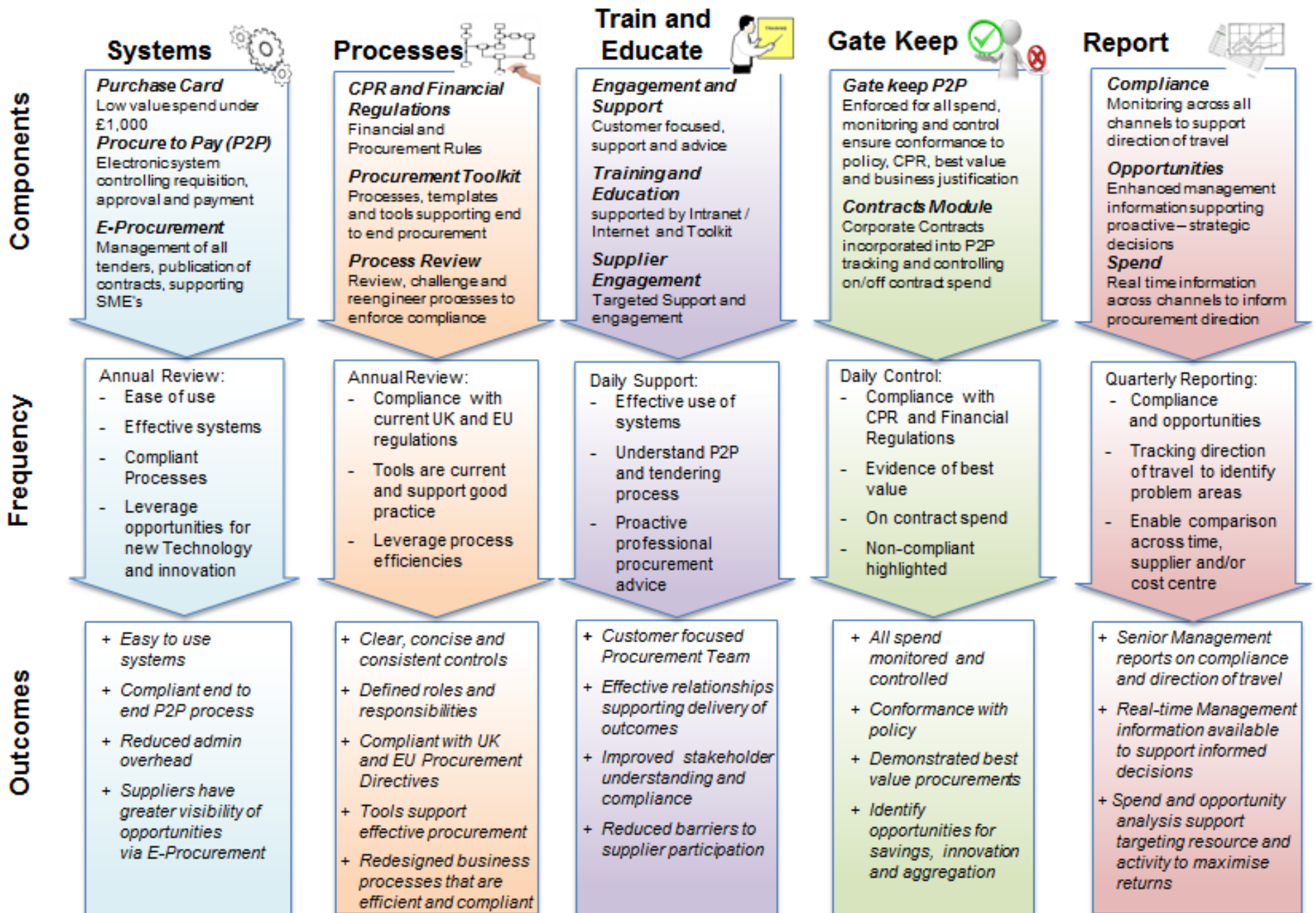
Focusing on the top 80% of spend, proactive planning that ensures effective procurement practice that supports savings, innovation, partnerships and delivery of outcomes

Procurement Advisors



Systems and Processes that are easy to use for customers, whilst providing controls to ensure compliance.

Procurement Operations



Our Commitment to the Council

We will commit to:

- 1) Influence and drive the Council to meet its targets through:
 - Efficiencies in procuring Goods, Services and Works
 - Delivery of Purchasing and Contract Management savings
 - Exploit opportunities for income generation
 - Support the delivery of SMART City
- 2) Develop continuous improvement to Service Quality/Outcomes
 - Effective outcome focused specifications
 - Opportunities for innovation
 - Reduce costs, waste and non-value activities
- 3) Ensure Compliance
 - Purchases in accordance with CPR's
 - No P.O. No Pay Policy enforced
 - Monitoring and control of on/off contract spend
 - Meeting professional, industry and service standards
- 4) Performance Manage
 - Effective Management of Contracts and Suppliers
 - Upskilling - training, mentoring and support
 - Internal and external relationship management
- 5) Customer Service
 - Provision of professional expert procurement advice
 - Supporting the development and redesign of procurement processes to ensure compliance and efficiency
 - Advice, training and support to Council Staff, Suppliers and Partners

How we will do it:

- 1) Annual Procurement Plan approved and fully visible with Contract and Spend Information.
 - Leverage our spend
 - Maintained Contracts Register
- 2) EDTM (Extended Department Management Team) Cost Reduction Workshops
 - Re-tender (could be jointly with other partners /authorities)
 - De-commissioning opportunities
 - Contract management
- 3) Manage Contracts Effectively



- 4) Stakeholder Engagement and Strategic Partnerships
 - Identify Opportunities, collaborative approach to service quality, innovation and savings/profit sharing
 - Working across public sector to deliver better outcomes, economies of scale and collective buying power

How we will measure ourselves:

Principle	KPI	Target
Control Spend	i) % of applicable spend managed by via robust contracts	80%
	ii) % of influenced spend managed by Corporate Procurement Team	80%
	iii) % of procurements between £5,000 and £25,000 with evidence of appropriate quotations	95%
	iv) Opportunities over £25,000 advertised on Contracts Finder	95%
Effective Policy	i) Officers trained in Procurement and CPR	100%
	ii) Number of procurements over £75,000 not on Annual Procurement Plan	Less 10%
	iii) Number of exceptions and emergencies	Less 10%
	iv) Number of unapproved invoices without prior Purchase Order	Less 10%
Efficient Procurement and Systems	i) % of procurements tendered through E-Procurement	90%
	ii) Value of under £1,000 spend ordered on Purchasing Cards	60%
Delivery of Savings	i) Annualised Savings	Targets set annually as part of the service planning cycle
	ii) Actual Savings	
iii) Cost Avoidance		
iv) Future Savings		
Note: other additional savings over and above the annual procurement plan savings		
Performance Manage Contracts	i) % of Contracts Performance Managed by Central Procurement Team	60% growing to 90%
	ii) % of Contracts that show evidence of regular effective supplier management	80%
	iii) Number of significant contract disputes raised against suppliers	2 or Less
	iv) Officers responsible for managing contracts trained in Contract Management	90%
	v) Evidence of Social Value delivered in line with the tender submission	Qualitative assessment
Support Government Policies	i) Number of SME's registered on E-Procurement System	30% of supplier base
Stakeholder and Customer Satisfaction	i) Feedback from Stakeholders on policy and process and how effectively supports good procurement practice	Qualitative assessment
	ii) 360 feedback on support, advice and customer focus provided by Procurement Team	Qualitative assessment