

Isle of Wight Council

Procurement Strategy

2016-2019

DRAFT

1. Introduction

The Isle of Wight Council's vision is to ensure that ***‘the Island is a great place to live, work and visit’***. This Strategy is aimed at supporting the Council in achieving its corporate priorities and delivering its vision by promoting effective procurement and contract management across the whole Council.

In current times of austerity the Council has been forced to implement extreme measures to live within its means. This means making sure that for each and every pound we spend or invest, we are achieving best value and maximising our return, especially in terms of outcomes for the people we serve.

The Council recognises that an effective procurement strategy is fundamental to achieving organisational success for the Council and is instrumental in the delivery of the Council's Corporate Plan, its priorities and objectives because it:

- has a direct impact on overall spend, savings, value for money and the cost of service provision on the Island;
- can help to shape the delivery of services to meet the needs of residents, communities and customers;
- provides a mechanism for delivering key policy objectives, including sustainability, partnership working, equal opportunities and economic development;
- operates within a complex regulatory framework that must be adhered to;
- is an area of potentially high risk, with impact on service, financial and legal issues and the reputation of the Council.

There have been some significant changes since the last Strategy was published, namely:-

The new Public Contracts Regulations 2015 came into force at the end of February 2015. These are intended to make procurements quicker, simpler and less costly to run.

On the 1 June 2016, the Council introduced a revised set of internal rules governing the conduct of procurement – ***the Contract Standing Orders (“CSO’s”)*** – which forms a part of its Constitution. The new CSO's contain a number of changes, the biggest ones being; the introduction of an e-tendering system, a new competition threshold for contracts with a whole life value between £10,000 - £25,000 and also, in a bid to support the local supply market they now include a provision that for contracts with a whole life value of below £25,000 Officers should use an Isle of Wight based supplier if they offer best value. Contracts above £25,000 are subject to open market competition and will encourage local benefits through the application of the Public Services (Social Value) Act 2012.

The Local Government Association has published a new National Procurement Strategy for Local Government in England 2014 which sets out a vision for local government procurement and encourages all councils in England to engage with the delivery of outcomes in four key areas; making savings, supporting local economies, leadership and modernising procurement. The Council's Strategy is consistent with the themes from the National Procurement Strategy <http://www.local.gov.uk/web/lg-procurement>

More generally, the Council has continued to respond to the Public Services (Social Value) Act 2012 which requires all service contracts governed by the Public Contracts Regulations 2015 to be subject to appropriate social value criteria. The Act requires that contracting authorities should consider not only how to improve the economic, social and environmental well-being of the local area served by them, but also how to undertake the process of

procurement with a view to securing that improvement and measuring it during the life of the contract. The Council has taken this a step further and has included within its CSO's the requirement to informally apply the Act to all contracts with a whole life value of over £25,000, where appropriate.

On the 23 June 2016 the UK voted to leave the European Union. The long term impact this will have on public sector procurement in the UK is not yet known. In the short term the current rules will continue to apply until the UK formally leaves the EU and following that, the Public Contracts Regulations 2015 will continue to regulate public sector procurement until such time that they are reviewed by UK government.

This Strategy is intended to provide a high-level view about our direction of travel and the principles that we will follow. We hope that you will find this a useful document as you engage with us in the future.

2. What is Procurement?

Procurement is the process of acquiring goods, works and services from a third party.

Public sector procurement is governed by the Public Contract Regulations 2015 which are the UK regulations that implement the EU Public Contracts Directive 2014. These apply to the majority of procurements with a total value over a specified threshold.

Where procurements are not covered by the UK regulations, they are still subject to EU Treaty principles and the Council's own CSO's.

Competitive procurement remains the cornerstone of the Council's procurement approach as this is considered to be the fairest way of awarding contracts and will deliver value for money for the Council and its community in the most transparent way. There may be circumstances where a direct contract with a sole supplier will be appropriate; however, no direct contracts will be placed where it will put the Council in contravention of the requirements of the Public Contract Regulations 2015.

3. Purpose of the Strategy

The Council historically spends approximately £120m a year with suppliers and third parties and £15.3m on capital infrastructure and we need to maximise value from this expenditure.

The principle purpose of the Procurement Strategy will be to set the overall context for procurement and contract management in the Council and, by building on existing elements of good practice, to map the future developments and likely improvements in the way the Council approaches its procurement and contract management activities as a whole.

We have maintained a simple Procurement Strategy to remove unnecessary complexity from processes and procedures and to retain only those that add value to the services we deliver. This Strategy is based around four key themes and sets out how we will:

- Make procurement easier for suppliers and the Council alike;
- Increase the professionalism and commercial skills of those carrying out procurements and managing contracts for the Council;

- Give opportunity to local and Small and Medium Enterprises (“SME”) suppliers to participate by increasing visibility of our procurement plans and opportunities;
- Maximise innovation, sustainability and collaboration in our procurement activities;
- Promote sustainability, encourage social and economic benefits whilst minimising the environmental impact.

4. The Vision for Procurement

The vision is to enable the Council to procure what it needs to deliver the best services possible within its available resources. To do this we have adopted the following four themes for the period covered by the Strategy:

Theme 1

Strategic: *To use sound procurement and contract management practices and innovative solutions to make savings and achieve value for money, making use of clear and detailed procurement/purchasing data, collaboration and partnership opportunities where appropriate.*

The Council is dealing with significant financial pressures resulting from reductions in government funding and rising demand. This means using spending power wisely and strategically and setting targets for procurement and contract management.

Theme 2

Supporting Local Economies: *To use the procurement process to promote sustainability, encourage benefits to society and the economy, providing greater access to SME’s and Voluntary and Community Organisations and Social Enterprises (“VCSE’s”), whilst minimising damage to the environment through the promotion of social value in contracts (such as the creation of apprenticeships and local supply chains).*

The Council has a desire to maximise the economic, social and environmental benefits to communities from every pound that is spent, and we believe that spend with SMEs and VCSEs can make a very significant contribution to local economic growth. This includes Social Value Act duties. The Council commits to removing barriers faced by SME’s and VCSE’s bidding for Council contracts.

Theme 3

Leadership: *To continue to embed professional procurement and contract management skills across the Council and promote involvement/engagement with national and local discussion groups.*

To be able to deliver this Strategy, procurement needs to demonstrate leadership to increase its impact and influence across the Council and the wider Public Sector.

Theme 4

Modernising Procurement: *To use sound procurement and contract management practices to generate income, encourage supplier innovation and to eliminate anything that does not add value to the procurement. This will be supported through the use of e-procurement technology.*

To rise to the challenge of this Strategy, procurement needs to modernise in terms of scope, use of technology, practices and procedures.

Actions

The actions that we will take to deliver these Themes are set out in the Action Plan for the service at **section 6**.

5. Our Procurement Principles

Fundamental to this strategy are our Procurement Principles. These are the principles that will guide how we conduct and further develop our procurement and contract management activities.

General

Throughout any procurement the Council will be clear about the outcomes and objectives it wants to achieve.

The Council's required outcomes from each procurement project will be properly assessed in relation to the Council's priorities, other statutory requirements and affordability.

The assessment of risk associated with each procurement project will aim to achieve a balance with commercial outcomes and placing risk where it is best managed.

Wherever possible, requirements will be expressed in terms of outcome and performance to provide scope for bidder innovation.

Value for money

The Council will aim to increase value for money and reduce processing costs.

The Council will take a long-term strategic view of the procurement of its requirements, including the potential for innovative funding and the opportunity for working with other authorities especially for goods and services which can be procured more cost-effectively in a collaborative group.

Sustainability

Any procurement decision will aim to minimise harm to the environment and to promote conservation of natural resources.

The local supply base

The Council will support local businesses through a range of initiatives including:

- Making it simpler to do business with the Council;
- Reduce the bidding burden on suppliers;
- Have regard to the impact on small/local firms of the way in which a procurement is structured;
- Providing clear information about selling to the Council on our website;

- Using local advertising portals such as the South East Business Portal <http://www.southeastbusinessportal.co.uk/> to focus the attention of locally based firms.

Relationships with suppliers

In longer-term contracts, the Council will incorporate provisions for continuous improvement both within the contracted service and to the benefit of the community it is serving.

Where appropriate, the Council will challenge suppliers to identify ways in which they can contribute to improving the economic, social and environmental well-being of the Isle of Wight.

Equality

Procurement processes and documentation will reflect the Council's Equalities and Diversity Policy.

Equality issues must be considered as a key requirement in any contract which involves direct contact with the public or where the supplier is acting on the Council's behalf in a public environment.

Our conduct

In all our dealings in the procurement process, the Council will preserve the highest standards of honesty, integrity, impartiality and objectivity and shall comply with the Council's Codes of Conduct at all times.

In selecting suppliers the Council will generally evaluate offers received on the basis of the most economically advantageous tender (MEAT) and will take into account, where appropriate, whole life costing seeking an appropriate balance between cost and quality.

In any procurement the Council will ensure that its approach to the market is consistent with these principles.

6. Action Plan

The table below summarises the actions and initiatives planned over the Strategy period to achieve the outcomes set out in the Vision for Procurement at **section 4**. A target date for completion has also been included:

PROCUREMENT ACTION PLAN October 2016 – October 2019

Strategic Theme	Action	Target Date
Strategic	Implement a corporate approach to contract management, maximising value from contracts through proper relationship management by centralising contract management activity and implementing a system to monitor contract performance.	In progress
	Move to category management delivery model for procurement and contract management activity.	In progress
	Review performance monitoring by participating in national benchmarking exercises.	Annually
Supporting Local Economies	Revise guidance on the Council's website about doing business with the Council.	November 2016
	Refresh and publish online a Forward Plan of proposed procurements to promote future contract opportunities.	March 2017
	Engage with relevant stakeholders and service users to ensure that needs analysis and design of specifications reflects community requirements and recognises the contribution of existing local services.	Ongoing
	Appoint a Social Value champion to provide leadership on issues relating to social value.	January 2017
	Run a series of workshops with the supply base i.e. "Tendering for Council Contracts".	April 2017
Leadership	Develop and deliver a targeted training programme for officers undertaking procurements.	January 2017
	Develop and deliver a targeted training programme for officers managing contracts.	May 2017

	Attend regional procurement forum meetings.	Ongoing
	Review impact of evolving procurement legislation and make necessary changes to existing approaches.	Ongoing
Modernisation	Review scope for and deliver framework agreements accessible to local partner organisations to consolidate spend.	In progress with first to go live in November 2016
	Revise template documents and guidance with intention of promoting scope for innovation by the market in appropriate procurements.	December 2016
	Further development of the e-tendering system to include supplier evaluation and contract monitoring.	April 2017
	Explore innovative contract delivery models, particularly around the use of Dynamic Purchasing Systems, Approved Supplier Lists.	In progress

DRAFT