

REPORT TITLE: PROCUREMENT AND CONTRACT MANAGEMENT STRATEGY  
2020-2025

11 MARCH 2020

REPORT OF CABINET MEMBER: Cllr Neil Cutler, Deputy Leader and Cabinet  
Member for Finance and Risk

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WARD(S): ALL

PURPOSE

To present the Procurement and Contract Management Strategy 2020-2025 to  
Cabinet for approval.

RECOMMENDATIONS:

1. That Cabinet approve Procurement and Contract Management Strategy 2020-2025.

**IMPLICATIONS:****1 COUNCIL PLAN PRIORITIES****1.1 Tackling the climate emergency and creating a greener district**

Suppliers to the council and the supply chain have an impact on carbon usage and the strategy sets out principles that we will adopt and actions that will be taken to minimise this impact.

The Strategy will Support the Climate Change emergency by:

- Mandating that procurements where the evaluation is based on most economically advantageous tender to include a minimum of 10% to Environmental and Social Value evaluation criteria
- Encouraging suppliers to actively contribute to offer solutions for delivering requirements innovatively that have a positive and measurable impact on the environment and the community
- Using pre-market engagement to consider the costs and benefits of environmentally preferable materials, systems or services

**1.2 Homes for all**

The new strategy will support the procurement of new home developments and robust contract management to ensure we are maximising budgets and delivering value for money.

**1.3 Vibrant local economy**

One of the aims of the Strategy is to encourage local and small businesses to bid for contract opportunities. We will:

- Work with local businesses and partners such as the Federation of Small Businesses (FSB) to improve their and their members' understanding of the council's procurement process and how they can access opportunities
- Provide tendering opportunities that are suitable for Small and Medium Enterprises (SMEs) and the Voluntary, Community and Faith Sector (VCFS) as appropriate
- Consider whether non advertised opportunities would be of interest to local suppliers and/or third sector organisations and, if so ensure that at least one of the suppliers invited to quote is local and/or a third sector organisation
- Publish a 12 – 18 month procurement pipeline on our website to better inform potential suppliers and assist their planning

#### 1.4 **Living Well**

Good procurement and contract management practices will help ensure that services work for all and respond to customer and resident needs.

#### 1.5 **Your services, your voice**

The strategy promotes open, fair and transparent procurement process and a performance management culture in contract management which will strive for cost effectiveness and continuous improvement.

### 2. FINANCIAL IMPLICATIONS

None as a direct result of adoption of this Strategy but good procurement and contract management will achieve best value in contracts.

### 3. LEGAL AND PROCUREMENT IMPLICATIONS

The Strategy is in accordance with the best value statutory duty under s3(1) Local Government Act 1999 – to make arrangements to secure continuous improvement in the way in which its functions are exercised having regard to economy, efficiency and effectiveness. Under Best value authorities should consider overall value which includes economic, environmental and social provision which the strategy supports.

### 4. WORKFORCE IMPLICATIONS

None.

### 5. PROPERTY AND ASSET IMPLICATIONS

None.

### 6. CONSULTATION AND COMMUNICATION

The draft Strategy was presented to Business and Housing Policy Committee on 11 February 2020 for comments. The Strategy was well received and Members welcomed the opportunity to comment. There was discussion and questions around how we can leverage the technical expertise that members may have in the procurement process, collaboration with other organisations, strengthening the focus on social value and the balance and interdependencies between procurement and contract management.

### 7. ENVIRONMENTAL CONSIDERATIONS

The Strategy focusses heavily on supporting tackling the Climate Emergency. Where an evaluation model is based on the most economically advantageous tender, a minimum of 10% to environmental and social value will be included in the evaluation criteria.

## 8. EQUALITY IMPACT ASSESSEMENT

The Procurement Team are mindful of the impact that individual procurements may have upon specific equality groups and the risk of direct or indirect discrimination when these are undertaken. Equality Impact Assessments (EqIA) are carried out as part of the procurement process in accordance with the corporate guidance. These impact assessments are carried out by the appropriate responsible officer/s in the respective service area rather than the officers within Procurement Team, as they have the specialist information of the service users involved and their specific needs.

## 9. DATA PROTECTION IMPACT ASSESSMENT

All personal information collected as part of a procurement process, including that contained in contract documentation will be held in accordance with the Council's Data Protection Policy and comply with the six Data Protection Principles set out in Article 5(1) of the General Data Protection Regulation (GDPR) and sections 35 to 40 of the Data Protection Act 2018 (DPA).

## 10. RISK MANAGEMENT

<b>Risk</b>	<b>Mitigation</b>	<b>Opportunities</b>
<i>Property None</i>		
<i>Community Support None</i>		
<i>Timescales None</i>		
<i>Project capacity  Lack of resources and professional experience and knowledge</i>	New procurement team are in place to support colleagues and embed best practice	In time we may be able to offer a service to other local authorities and/or public bodies
<i>Financial / VfM  The council has a large spend with third party suppliers and we need to ensure that we obtain good value in our contracts</i>	Utilising a robust Procurement and Contract Management Strategy will increase opportunities to achieve value for money and drive continuous improvement	Smarter procurement and contract management will realise savings
<i>Legal  Serious consequences if we contravene Public Contract Regulations 2015 (PCR2015)</i>	New procurement team and internal legal advice in place to support and guide colleagues	

<i>Innovation</i>  <i>PCR2015 could stifle innovation</i>	Forward thinking Strategy based on best practice and a team in place who understand how to navigate the Regulations to drive innovation	Innovation built into process and practices
<i>Reputation</i>  Procurement challenges and supplier failures will have a negative impact on the council's reputation	New procurement team and internal legal advice in place to support and guide colleagues	More publication of positive messages
<i>Other</i>		

#### 11. SUPPORTING INFORMATION:

The council's procurement activity is governed by Contract Procedure Rules and the Public Contracts Regulations 2015 (PCR2015). While these set out the rules and legislation that must be followed when conducting procurement exercises, they do not set the strategy and vision of what we want to achieve from our procurement and contract management arrangements.

This Strategy sets out how the council will take steps to direct its external spend on goods, services and works to meet our priorities. Our focus will be on the work we need to do to achieve savings, meet our legal obligations and to deliver wider local economic, environmental and social benefit in communities.

As part of the organisational restructure last year, the council now has internal procurement resource to support and provide professional guidance to officers. This is an opportune time to review the need for a strategy and accompanying action plan.

The proposed strategy sets out aims and four guiding principles to support the delivery of best value through planned and responsive procurement and contract management that contributes to achieving the council Plan priorities and meets the needs of our customers and local businesses.

Our Procurement and Contract Management Strategy aims to:

- Understand our spend profile in order to identify savings and mitigate risk in terms of non compliance
- Develop and embed effective end-to-end procurement and contract management
- Operate within the legal framework
- Support the Climate Change Emergency by requiring social and environmental factors to be considered in all procurements

- Encourage local and small to medium businesses to bid for contract opportunities
- Ensure fairness and clarity in the sourcing of suppliers

The four guiding principles are:

- Value
- Compliance
- Environmental and Social
- Fairness

The accompanying Action Plan to the strategy will be reviewed and updated annually and will be discussed at regular meetings between the Strategic Director of Resources and Cabinet Member.

## 12. OTHER OPTIONS CONSIDERED AND REJECTED

It is not a statutory requirement to have a strategy but to do so provides a clear link to council Plan priorities and contributes towards meeting these and also provides direction to officers in the procurement and contract management lifecycle.

The council could decide not to have its own strategy and adopt the LGA's National Procurement Strategy 2018, but this would not reflect our own local priorities.

### BACKGROUND DOCUMENTS:-

#### Previous Committee Reports:-

BHP009 - Business and Housing Policy Committee, 11 February 2020.

#### Other Background Documents:-

None.

### APPENDICES:

Appendix 1 –Procurement and Contract Management Strategy 2020-2025

Appendix 2 - Action Plan

APPENDIX 1



**Procurement & Contract Management Strategy**  
**2020 – 2025**

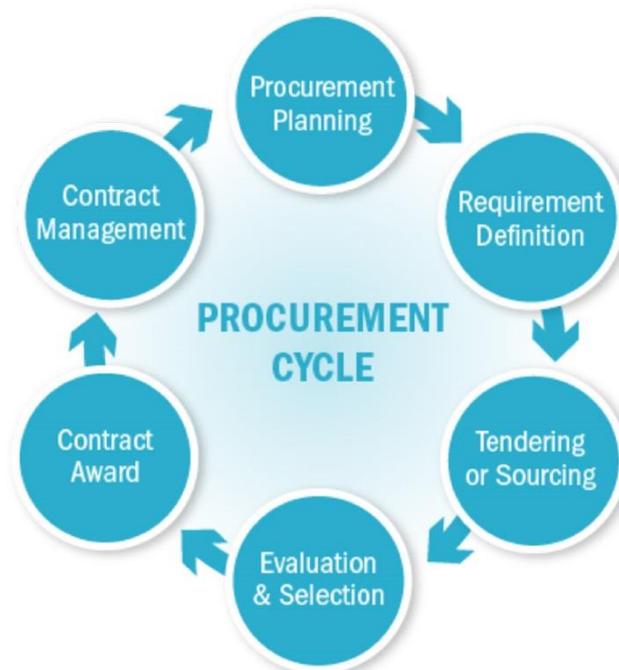
## 1. Introduction

This strategy sets out how the council will take steps to direct its external spend on goods, services and works to meet our priorities. Our focus will be on the work we need to do to achieve savings, meet our legal obligations and to deliver wider local economic, environmental and social benefit in communities.

Procurement is about making effective commercial choices in the process of acquiring works, goods and services. Contract management is the process of systematically and efficiently managing contract creation, execution and analysis for maximising operational and financial performance and minimising risk.

In this strategy, the terms procurement and contract management has the widest possible meaning, covering all aspects of securing services, products or works on a whole life basis and managing contracts once in place. This is from the identification of need through to the end of a service contract or the end of the useful life of an asset and its disposal.

Effective contract management is a necessary condition for successful end-to-end procurement and supplier performance. It is therefore critical that the procurement stage includes full consideration of how the contract will be managed and that performance management mechanisms proportionate to the size and risk of each contract are established and contract conditions determined.



The central Procurement Team (established September 2019) are responsible for driving change throughout the organisation and to embed a consistent, best practice approach to procurement and contract management.

The strategy sets out the principles and commitments by which we will conduct our procurement and contract management activity throughout the contract lifecycle. This will support the delivery of best value through planned and responsive procurement and contract management that contributes to achieving the council Plan and meets the needs of our customers and local businesses.

Best value is a statutory duty under s3(1) Local Government Act 1999 – to make arrangements to secure continuous improvement in the way in which its functions are exercised having regard to economy, efficiency and effectiveness. Under Best value authorities should consider overall value which includes economic, environmental and social provision.

The Council Plan priorities are:

- Tackling the climate emergency and creating a greener district
- Homes for all
- Vibrant local economy
- Living well
- Your services. Your voice

In June 2019 Winchester City Council declared a Climate Emergency and is committed to a carbon neutral Winchester City Council by 2024 and a carbon neutral District by 2030. Suppliers to the council and the supply chain have an impact on carbon usage and we will work with and challenge suppliers to minimise this impact.

The council's priorities are key factors in determining procurement approaches and specifications.

The Public Contracts Regulations 2015 (PCR2015) principles of Openness, Fairness, Transparency and Equity in public sector procurement are fundamental to how we operate and underpin this strategy.

The accompanying Action Plan to this strategy will be reviewed and updated annually.

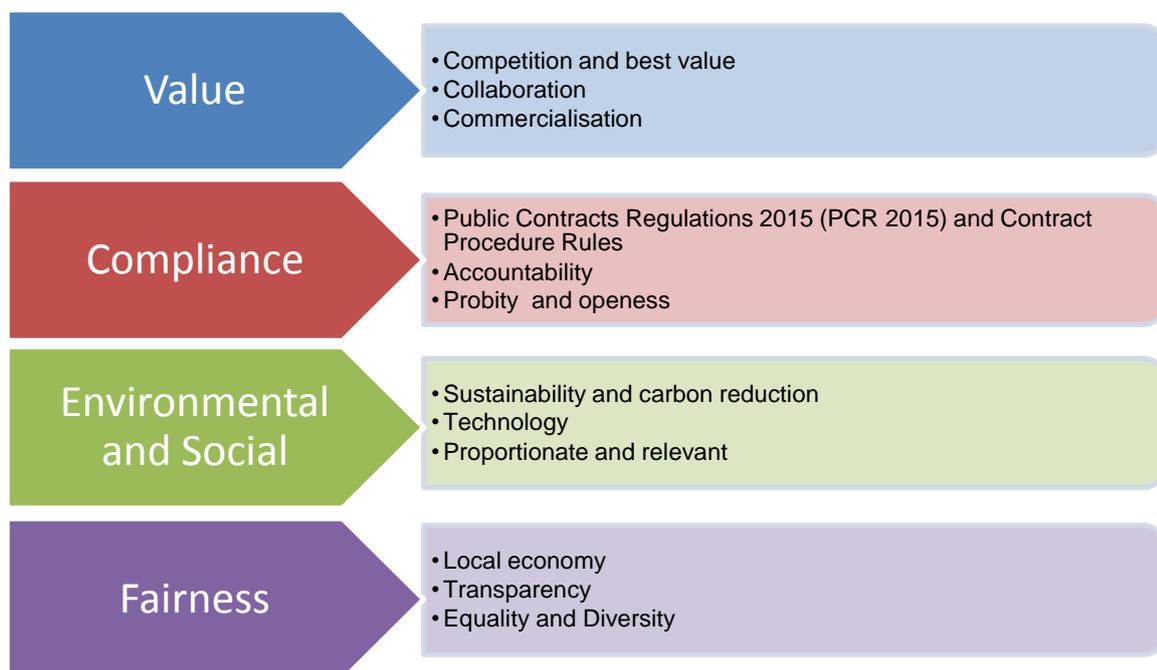
## 2. Our procurement & contract management principles

Our Procurement & Contract Management Strategy aims to:

- Understand our spend profile in order to identify savings
- Mitigate risk in terms of non- compliance
- Develop and embed consistent and effective end-to-end procurement and contract management that delivers value for money and contract compliance
- Operate within the legal framework
- Support the climate change emergency by requiring environmental and social factors to be considered in all procurements
- Encourage local and small businesses to bid for contract opportunities

Ensure fairness and clarity in the sourcing of suppliers.

There are four guiding principles which form the key elements of our approach to procurement and contract management activity:



### 3. Our commitments

In implementing the above principles into our procurement and contract management practice, we commit to:

#### **Value**

- Better understand our supply base and spend profile to help identify areas for smarter procurement
- Explore opportunities for collaborative procurement with partners and use frameworks where appropriate
- Adopt clear, consistent and streamlined processes and documentation to encourage competition and utilise e-procurement
- Use pre market engagement to test assumptions with the supply market and to seek their ideas on achieving better outcomes from contracts including contributing towards reducing carbon usage in the District
- Adopt a risk based, proportionate approach to procurement and contract management and ensure that contracts are delivering value and innovation throughout their life cycle
- Identify our strategic suppliers and working in partnership approach to strive for continuous improvement in the contract lifecycle by adopting a collaborative approach

#### **Compliance**

- All procurements undertaken in accordance with PCR 2015, our Contract Procedure Notes and best practice
- Ensure our contract opportunities are widely advertised in accordance with the requirements of PCR 2015 and in line with the thresholds set by our own Contract Procedure Rules
- Maintain and publish a comprehensive and up-to-date Contracts Register
- Make appropriate resources available to meet our principles, including provision of guidance, awareness raising and training for employees and suppliers

#### **Environmental and Social**

- Promote delivery of social value (The Public Services (Social Value) Act 2012) through our supply chain to support the community. By Social Value we mean; delivering skills training, apprenticeship opportunities and graduate programmes, broader community support, improved environmental outcomes and generating benefits to the local economy

- In all procurements where the evaluation is based on most economically advantageous tender, a minimum of 10% to environmental and social value will be included in the evaluation criteria
- Encourage suppliers to actively contribute; by offering solutions to deliver Council requirements innovatively having a positive and measurable impact on the environment and the community
- Using pre-market engagement to consider the costs and benefits of environmentally preferable materials, systems or services

## **Fairness**

- Work with local businesses and partners such as the Federation of Small Businesses (FSB) to improve their and their members' understanding of the council's procurement process and how they can access opportunities
- Provide tendering opportunities that are suitable for Small and Medium Enterprises (SMEs) and the Voluntary, Community and Faith Sector (VCFS) as appropriate
- Consider whether non advertised opportunities would be of interest to local suppliers and/or third sector organisations and, if so ensure that at least one of the suppliers invited to quote is local and/or a third sector organisation
- Publish a 12 – 18 month procurement pipeline on our website to better inform potential suppliers
- Promote and endorse the requirements of the Equality Act 2010 and the Modern Slavery Act 2015 through our procurement activity and contractual arrangements
- Treat suppliers fairly and equally at all times and act impartially and objectively and with integrity and honesty throughout the procurement process

## APPENDIX 2

Principle	Action	Owner	Target Date:
<b>1. Value</b>			
a)	Full Spend Analysis and contract landscape exercise to identify strategic suppliers and inform the team work plan of potential areas for smarter procurement, collaboration and / or savings	Service Lead – Transformation and Procurement	April - 2020
b)	Deliver against the annual work plan	Service Lead – Transformation and Procurement	April - 2021
c)	Monitor spend and the number of local SME/ 3rd sector organisations the council contracts with and establish a baseline target to increase spend and engagement year on year	Service Lead – Transformation and Procurement	Q1 2020
d)	Review how we currently provide support to local SMEs and third sector organisations	Service Lead – Transformation and Procurement	September - 2020
e)	Commence use of e-procurement system	Service Lead – Transformation and Procurement	April - 2020
f)	Review current contract management arrangements with strategic suppliers and work collaboratively with Service Leads to ensure contracts are delivering best value	SLT	Q1 2020
g)	Develop and embed Contract Management guidance	Service Lead – Transformation and Procurement	September - 2021
h)	Encourage and promote early supplier engagement, soft market testing and	Service Lead – Transformation and	April - 2020

	challenge the 'status quo'	Procurement	
i)	Embed a corporate approach to measuring the benefits achieved through procurement of what has been achieved – in cash savings and non-financial terms	Service Lead – Transformation and Procurement	April - 2020
j)	Develop a risk model to assess each procurement project and subsequent contract the result of which will determine the procurement process and contract management approach		April - 2020
k)	Develop Key Performance Indicators (KPIs) to monitor as a minimum: <ul style="list-style-type: none"> <li>• Local spend</li> <li>• Spend with SMEs</li> <li>• Spend with VCS</li> <li>• Off contract spend</li> <li>• Savings (procurement and contract management)</li> </ul>	Service Lead – Transformation and Procurement	April - 2020
<b>2. Compliance</b>			
a)	Contracts Register – update quarterly with details of contracts over £5k	SLT	On-going quarterly
b)	Internally promote the use of Contracts Finder and the council's website to advertise contract opportunities and resulting contracts to improve transparency	Service Lead – Transformation and Procurement	April - 2020
c)	Procurement and Contract Management Training (Officers and Elected Members)	Service Lead – Transformation and Procurement	December - 2020
d)	Develop template documents and guidance based on end-to-end procurement and contract management and publish on	Service Lead – Transformation and Procurement	June - 2020

	SharePoint		
<b>3. Environmental and Social</b>			
a)	<p>Develop clear guidance on including environmental and sustainability criteria in tender documents and evaluations to include:</p> <ul style="list-style-type: none"> <li>• Setting clear measurable targets</li> <li>• Consideration of electric vehicles</li> <li>• Use of recycled and/or environmentally friendly products</li> <li>• All council facilities run by external providers to have a 'no single use' plastics policy</li> </ul>	Service Lead – Transformation and Procurement	April -2020
b)	<p>Develop clear guidance on including Social Value in tender documents and evaluations including:</p> <ul style="list-style-type: none"> <li>• Setting clear, measurable targets</li> <li>• Creating apprenticeships</li> <li>• Employing local people</li> <li>• Providing training opportunities</li> <li>• Supporting the local economy</li> <li>• Paying the Real Living Wage (Living Wage Foundation) as a minimum</li> </ul>	Service Lead – Transformation and Procurement	April - 2020
c)	<p>Work with client areas to identify existing contracts that have a large impact on carbon usage and meet with suppliers to discuss how this could be positively impacted</p>	Service Lead – Transformation and Procurement	December - 2020
<b>4. Fairness</b>			

a)	Publish a 12 – 18 month Procurement Pipeline on the website and promote to potential suppliers	Service Lead – Transformation and Procurement	September - 2020
b)	Review the external website to ensure clear and concise supplier guidance	Service Lead – Transformation and Procurement	April - 2020
c)	To further develop the external website to improve accessibility and customer experience	Service Lead – Transformation and Procurement	September - 2020
d)	Strengthen links with the Federation of small businesses (FSB) and other organisations representing small, local business	Service Lead – Transformation and Procurement	September - 2020 onwards