

Procurement Strategy 2020 – 2023

Introduction

Chesterfield Borough is a great place to live, work, visit and invest and we want our communities to share in the benefits of Chesterfield's success. Our Council Plan 2020—2023 sets out our ambitions for the Borough over the next four years, and helps us effectively invest our time, resources and energy to support key services and ensure that our residents, partners and businesses can achieve their full potential.

We spend in excess of £40 million each year on supplies and services from other organisations to help us effectively deliver our Council Plan. Examples of the things we buy include waste collection services, energy, vehicles, catering products, building works, specialist consultancy, seeds and grounds maintenance equipment and IT software. The process by which we do this is called procurement. The procurement process covers the full lifecycle of buying activities, starting with identification of needs and determining our buying approach, through to evaluation of the supplier offers, purchasing the goods, services or works and the subsequent supplier contract management.

Such a large level of spend can strongly influence the success of the borough, helping to strengthen our local economy and improve the wellbeing of local people through the goods and services we choose to buy, the suppliers we select, the influential relationships we maintain with suppliers and through the commercial opportunities we are able to offer within the borough.

As the council continues to operate in a challenging economic environment, savings will always be a major factor for consideration in our procurement evaluation, but this strategy also focuses significantly on how we can achieve additional positive outcomes from our procurement activity. By leveraging our procurement expenditure and actively engaging with suppliers we can help to enhance our communities through increased social value.

The Council is committed to strengthening its approach to procurement, focusing not only on achieving strong outcomes and value for money from the goods, works and services that we buy, but also on ensuring that the council has appropriate and proportionate controls, systems and standards in place which help us to manage procurement risk and to comply with legal requirements. This is recognised in our annual governance statement and this strategy will support improved governance. The strategy is intended to provide reassurance that we will continue to spend public money in a way which is fair, accountable and gets the very best value for Chesterfield borough.

Whether you currently supply or would like to supply the council with goods and services in the future, or you are a councillor or budget holder within the council, this procurement strategy will help you to understand what Chesterfield Borough Council

wants to achieve over the next four years as we buy the goods and services which are needed to successfully deliver our Council plan priorities and objectives.

Background

In 2015 Chesterfield Borough Council commissioned the NHS to deliver its procurement service. The contract has been subsequently novated to Derbyshire Support and Facilities Services in 2019 and is due to be retendered in 2020.

At the time of contract award, this service represented good value for money, but our current service needs are very different to those which were in place in 2015. If we are to strengthen the procurement service, improving governance around procurement and generating value for money whilst maximising social value, we recognise that we must deliver our procurement activity very differently over the period of this strategy.

Category management

Many councils use a category management approach within their procurement service. This allows procurement experts to focus on specific areas of spend, conduct in depth market analysis and support purchasing decisions on behalf of the whole organisation.

Whilst this approach is considered best practice, resource constraints within the Council's external procurement service means that it is an approach which is not consistently taken. As this may have an adverse impact on the council's ability to obtain value for money in terms of cost and in respect of fully delivering the wider outcomes that could be achieved through increased social value, it is our ambition to implement a category management approach over the period of this strategy.

The benefits of rolling out category management include improved visibility of spend, increased efficiencies, improved compliance, better project management and forward planning and up to date understanding of the current procurement procedures. Appendix 1 provides details of the proposed Whole Council Category Structure which will be implemented.

Development of the strategy

Development of this strategy has been informed by the National Procurement Strategy for Local Government 2018 toolkit, including an assessment of our procurement maturity. It also takes account of a combination of professional expertise and best practice across local authorities.

We have identified four areas of strategic focus in this strategy and have developed an action plan which will help ensure that we can achieve the best results from our procurement activity for the borough of Chesterfield. These are:

- **Taking a new approach to procurement**

- We will grow our procurement capability and develop a modern, agile and innovative procurement service which is responsive to business needs and is compliant with contract procedure rules, the council's constitution and public procurement law.
- **Embedding social value**
 - We will seek to improve the economic and social wellbeing generated from our contracts, over and above the delivery of services we directly require, at no extra cost. We are committed to promoting the Real Living Wage across the borough, both through example and by using our influence with businesses. We will therefore seek to implement a procurement policy that explicitly encourages businesses to pay the Real Living Wage to all their employees as a minimum. In addition, we are committed to improving local job creation and retention and increased spend in the local economy.
- **Procuring green,**
 - Our procurement activity will support the Council's climate change ambition and define clear environmental benefits in ways that are practicable and proportionate to the value of the contract.
- **Delivering value for money and efficiency**
 - We will look to ensure the council gets maximum value from every pound that is spent through best value, innovative procurement practice and effective management of contracts from beginning to end. We will adopt a category management approach to procurement which in turn will generate a clearly identified savings strategy.

Our Strategy delivery plan

1) Taking a new approach to procurement

By 2023 we aim to have strengthened our procurement capability and developed a modern, agile and innovative procurement service which is able to respond to our business needs. The quality of our procurement data will have improved and we aim to have received strengthened assurance from our internal audit team.

To do this we will:

- Implement an in-house procurement team beginning in January 2021;
- Continue to support the training and development of all our staff, maintaining and raising standards across the procurement service through apprenticeships and coaching;
- Invest in procurement expertise, focusing specifically on the recruitment of staff with MCIPS qualifications, legal knowledge, project management, data analysis and negotiation skills;

- Adopt a new ICT system to enable effective and innovative management of all procurement activity during the financial year 2020 / 2021;
- Review our standard documentation to reflect regulatory changes, our social value and climate change ambitions and procurement best practice;
- Develop partnerships and collaborate with other local authorities, purchasing bodies and businesses;
- Review and improve controls to ensure compliance with contract procedure rules, the council's constitution and public procurement law

2) Embedding social value

By 2023 we will have improved the economic, social and environmental wellbeing from our contracts by maximising local employment opportunities, helping to raise skills, improving pay and aligning contractors to the broader strategic goals which are set out in our Council Plan.

To do this we will:

- Support the local economy by ensuring tendering opportunities are made more attractive such that local, small and medium sized businesses and voluntary, community and faith organisations can bid for work, either individually or as part of a consortium.
- Aim to increase our spend with local suppliers by at least 10%
- Implement a social value tool kit, such as the social value portal, which can be used to fairly evaluate and measure the social value impact of our procurement activity.
- Add at least one social value clause to tenders and where legally appropriate and proportionate, we will increase this number
- Deliver on our commitments to modern slavery, implementing the real living wage, equality, safeguarding and construction industry practices and ensure responses to these areas are fully considered when evaluating tender returns
- Provide social value training and awareness for council staff and bidding organisations through our meet the buyer events
- Explore alternative advertising routes, ensuring local businesses are aware of contract opportunities
- Provide speedy payment options for small businesses
- Promote the use of fair-trade products
- Promote Trade Union recognition as part of the operation of our contracted services
- Require suppliers to establish a whistle blowing process, allowing staff to report concerns

3) Procuring Green

By 2023 we will have defined clear environmental benefits in our procurement activity. The outputs and outcomes that we set and agree with suppliers will be realistic and will support the achievement of our climate change commitments. We will actively consider energy consumption, emission levels and other vital energy related sourcing requirements when we procure equipment and devices and will seek to minimise and ultimately bring to an end the use of plastics at the earliest opportunity.

To achieve this, we will

- Engage with suppliers and experts to understand the carbon reducing actions that can be delivered and build them into specifications
- Use biodegradable and plant-based cleaning products with recyclable packaging. Alternatives will only be considered where the above is justified to be unreasonable
- Seek to minimise and ultimately bring to an end the use of single use plastics at the earliest opportunity
- Procure energy efficient products to reduce the carbon intensity of the local authority functions
- Consider products that are more durable and do not need to be replaced as frequently, reducing the amount of material going to landfill. We believe it is worthwhile spending more on a product that will last and remain effective for longer
- Encourage suppliers to adopt processes and procedures to reduce their environmental impact

4) Delivering value for money and efficiency

By 2023 we will have implemented a category management approach to procurement and developed a clearly defined savings strategy which is generated through our procurement activity. We will actively use our procurement data to identify improvements and efficiencies. Growth in the procurement team will be counter-balanced by the savings that are driven out from our procurement activity and medium-term revenue savings of £200,000 will be achieved.

To achieve this, we will

- Develop the savings strategy during 2021.
- Work with council services and our partners to identify opportunities and challenge current models of delivery
- Challenge the demand for goods and services, seeking to reduce our requirements

- Support robust contract management actions to ensure that contracts deliver financial and non-financial performance requirements
- Apply whole life costing models to ensure that end to end requirements are included
- Work with suppliers to mitigate the risk to the council's supply chain from the UK leaving the EU

Governance

Progress against the strategy will be reviewed annually.

Quarterly reporting on progress will be reported to Finance and Performance Board and to the Council's Standards and Audit Committee.

Accountability for the transformation of the procurement service will sit with the Service Director – Digital, HR and Customer Services until transformation of the service is complete, which is expected to be achieved by the end of the financial year 2021/22. After this time, accountability for the service will move to the Service Director – Finance.

The corporate pipeline of procurement activity is identified through a contracts register, which is visible to and shared with the marketplace. The pipeline of activities is reviewed monthly.

Outcomes

Successful delivery of this strategy will achieve the following outcomes

- Value for money is achieved.
- Council Plan outcomes and activities are delivered from successfully as procured goods meet the needs of service users
- Local economic growth is supported
- The impact and social value from our contract expenditure is maximised
- The council will encourage and support the operation of effective markets – looking to mitigate risks of market failure and put in place simple robust and legally compliant contract procedures

Appendix 1 – Category Management Structure



