

# Procurement Strategy

## 2021-2026

### 1.0 Introduction

South Lakeland District Council has a vision of making South Lakeland the Best Place to live, work and explore. This underpins its service delivery, its projects and initiatives and the way in which it influences and provides civic and community leadership. All of these functions require the purchase of goods and services. Last year the Council purchased goods and services in Financial Year 2020/21 with a total value of £7,604,611 revenue and £4,135,984 capital.

Securing value for money is vital. But value is more than financial value. The Council uses its procurement processes to derive the greatest benefit to the District economy and its residents and to ensure that the goods and services which it procures reflect the Council's values and priorities on climate change, fairness, tackling deprivation, and sustainable economic growth. This strategy The South Lakeland Procurement Strategy 2021-2026 ('the Strategy') sets the framework for South Lakeland District Council ('the Council') to purchase goods and services, in a way which delivers value for money and addresses the needs and priorities of the community and the Council. It incorporates the most appropriate elements of best practice in structure, policy and procedure, and will remain sufficiently flexible to respond to both internal and external change.

In keeping with the ambition of the Council's needs led approach and aligned with the Council's Commissioning Strategy, the National Procurement Strategy 2018 and the National Procurement Policy Statement 2021 this procurement strategy sets high standards for South Lakeland District Council. Delivery will require commitment, action and buy-in from members, staff and suppliers if South Lakeland's citizens are to receive high quality and cost effective services.

This document should be read in conjunction with the Council's Constitution Rules of Procedure Section 4 which details the contract procedure rules to be followed. Additionally, the Council's Procurement Toolkit provides guidance and templates which are available to support staff in meeting their procurement responsibilities.

## Procurement and Commissioning

Commissioning can be defined as securing services that essentially address the needs and wishes of the service user as determined through research and planning. Commissioning is the process by which the Council decides whether or not to proceed with a programme or project. The Council adopted its Commissioning Strategy in July 2020. The Commissioning Strategy sets out the principles by which projects, programmes and proposals are defined, prioritised and undertaken.

Procurement is defined as the process of acquiring goods, works and services and covers the full lifecycle from the initial concept to the end of useful life of an asset or service. It has a wider scope than 'purchasing' or 'buying'; as a public authority it concerns securing products and services that best meet the needs of the community whilst taking into account the fundamental principles of efficiency, economy and effectiveness.

Put simply, Commissioning is about the 'what' and procurement is about the 'how'. Procurement and commissioning are interrelated functions. Many of the underlying principles are common to both. Both combine the identification of a need through stakeholder and customer engagement with the ultimate goal of sourcing the most appropriate delivery option based on the intended outcome.

## SLDC's Vision and Values

Through its Council Plan, South Lakeland District Council is committed to 'making South Lakeland the best place to live, work and explore'. The Council's four priorities are

- Working across boundaries – delivering sustainable regional growth across Morecambe Bay;
- Delivering a balanced community – a South Lakeland for all ages;
- Delivering a fairer South Lakeland – a South Lakeland for everyone;
- Addressing the Climate Emergency – a Carbon Neutral South Lakeland

This Strategy is informed and supports the values and priorities of the Council Plan in full. It will be reviewed regularly to reflect the evolving needs of the Council.

Responsible and innovative procurement can support this vision by embedding the Council's values of empowering people, excellence, and openness and transparency whilst delivering value for money and meeting citizens' needs.

There is a substantial challenge ahead with the current economic climate placing public sector finance under increasing pressure and scrutiny. The Council is developing a Commercial Strategy which is looking at opportunities to increase economic growth. In line with this strategy, obtaining value for money and creating opportunities for economic growth will be a strong influence on procurement activity. As an enabling authority this is fundamental to our business processes.

## Purpose of the Strategy

This Strategy is intended to ensure that procurement decisions in South Lakeland deliver for the District in terms of social value and sustainability whilst maintaining value for money.

The Strategy provides a framework for a strategic approach to procurement throughout the Council. It emphasises the importance of procurement decisions and will be communicated widely to Members, officers, partners, suppliers, stakeholders and the community.

It is designed to ensure compliance with existing procurement legislation, predominantly the Public Contracting Regulations 2015, and reflects all related legislation and national policy drivers including the Social Value Act, Localism Act, advances in Equalities legislation, National Procurement Strategy, 2018, National Procurement Policy Statement June 2021, Transformational Government Agenda and the Sustainable Procurement In Government guidance.

The importance of sustainable procurement is emphasised; using procurement to support wider social, economic and environmental objectives in a way that offers real long term benefits. The Strategy is constructed to highlight our commitment to a more sustainable district, and to enable us to demonstrate improvement in delivering sustainable outcomes through effective procurement practices.

Ultimately the Strategy paves the way for the Council's contribution to the broader public procurement landscape – one which promotes the needs of the South Lakeland community, fosters innovation and efficiency, and uses procurement to develop and shape the local economy.

Intelligent procurement is vital not only in improving the quality and cost effectiveness of services across the district, but in demonstrating the type of authority the Council wants to be and shaping how we are perceived by our stakeholders.

## 2.0 Procurement in Context

### Value for Money

The Local Government Act 1999, which was later reinforced by the Best Value Statutory Guidance 2011, placed a duty on all Local Authorities to secure Best Value, with strategy and good procurement skills widely recognised as essential to delivering value for money.

### National Context

Throughout the public sector, there is a growing demand for services and falling funding levels. This has meant that authorities must find ways better ways of using resources such as increased collaboration, creation of Shared Services, moves to standardisation of

requirements, purchases, processes and documentation, and increased levels of challenge and requirement for competition in procurement.

Authorities are required to evidence continuous performance improvement through inspections, audits, spending reviews and national procurement targets. This has led to authorities needing to prioritise and adequately resource contract management as a mechanism for ensuring value for money is consistently delivered and that demonstrable continuous performance improvement becomes a core requirement of all contracts.

Competitive markets and variety of service provision options are very important in supporting value for money and choice for customers. This has driven an increased focus on market stimulation and supply chain management to ensure a sustainable mix of suppliers from all sectors in the long and short term.

Changes in customer demographics, expectations and complexity of requirements (particularly for vulnerable customers) has highlighted the need to mitigate and manage risk to ensure continuity of quality service delivery to customers and to challenge traditional assumptions of service provision and 'Make or buy?' decisions. Robust business cases and options appraisals should be used to stimulate innovation and improvement when selecting in-house or outsourcing of service provision and ensure long term consequences of decisions are considered and addressed.

Developments in Technology and extension of its use in service delivery is leading to mobile working and automation of transactions. This reduces the effect of geographical limitations, aiding process efficiency and supporting the extension of collaboration opportunities from a sub-regional to an (inter)national level.

Mounting emphasis on the importance of sustainability of communities and reducing environmental impact in all activities with environmentally positive options being taken wherever viable and a similar approach encouraged throughout the supply chain, and work with organisations such as Business Link and Chambers of Commerce, to support local companies, Small to Medium Enterprises (SME's) and Voluntary, Charity and Social Enterprises (VCS) organisations to develop transferable skills and ability to win business.

There is a growing need for access to experienced, trained and adaptable procurement professionals with strong business skills and 'intelligent purchasers' within service delivery units to support the increase in procurement, contract management, and supply chain and market development activities. This requires formalised approaches to skills & capacity building and management in order to ensure development of professionals for the future and make provision of training and skill development tailored to the differing roles of purchasers across local government.

Greater citizen involvement in decisions regarding resource allocation and service provision decisions is required. This can reduce the autonomy of service delivery

units and requires the balancing of customer choice, needs and expectations. Here at SLDC we already have Forums such as Kendal Citizen's Forum, which although set up with the Climate Emergency in mind, has brought up how we procure sustainably in this District.

Public procurement in the UK is governed by legislation set out in the Public Contracting Regulations 2015. These provide a legal framework based on principles of non-discrimination, equal treatment, transparency, mutual recognition and proportionality and has taken over from EU legislation regarding Procurement post Brexit.. This is accompanied by other relevant legislation including the Utilities Contracts Regulations 2016, Concession Contracts Regulations 2016, the Freedom of Information Act 2000, Data Protection Act 2018 and the General Data Protection Regulation, Equalities Act 2010, Localism Act 2011, Social Value Act 2012, the Bribery Act 2010. Local Government Act 1988, And the Local Government (Transparency Requirements)(England) Regulations 2015

This Authority welcomes the development of the post Brexit Procurement regulations being consulted upon, which may make it easier to support Business Development in our locality The Council's approach is to adopt best practice in complying with legislation, supporting the National Procurement Strategy for Local Government England 2018 the National Procurement Policy Statement June 2021 and utilising tools such as the Government's Sustainable Task Force's Flexible Framework to embed sustainability as a core business consideration.

## Local Context

Procurement at South Lakeland District Council is governed by the Council Constitution, predominantly the Contract Procedure Rules and Financial Regulations, and all other internal policy and procedures. It also supports the Cumbria Compact and the various regional procurement initiatives across the North West.

In February 2019 South Lakeland District Council declared a climate emergency – its Climate Change Action Plan committing the council to “working to achieve a carbon-neutral South Lakeland”. The Council Plan sets a target for the Council as an organisation to be carbon neutral by 2030 and to work towards a carbon neutral district by 2037.

On the 6<sup>th</sup> October 2020 this Council carried a motion to declare a Poverty Emergency, with a commitment to reduce income and health inequalities. It aims to protect the vulnerable and to mitigate the risks of poverty. In looking at this in hand with the Climate Emergency we are in a good place to enable the local community in providing jobs and improving homes to alleviate fuel poverty.

Procurement is in a good position to help by making sure that we engage with our suppliers to produce goods, services and works in a way that helps us achieve those goals.

The Council understands that in addition to national drivers, local factors are of primary importance in ensuring positive results for the South Lakeland community.

## Partnership Working

A key aim of South Lakeland District Council's Council plan is working across boundaries. This means recognising the benefits of working with partner organisations including County Councils, other district councils, the NHS, Cumbria Constabulary and the Lake District and Yorkshire Dales National Park Authorities. The Council has also carried out many joint procurement exercises with neighbouring authorities.

Going forward it is intended that the Council will work closer with partners and other organisations to optimise service delivery, stimulate economic growth and work towards carbon neutrality and tackle health and other inequalities. This will leave South Lakeland well placed to adapt to any changes arising out of Local Government reorganisation.

The Morecambe Bay Anchor Collaborative is an example of one of the Partnerships this Council is part of, and one of the aims is to support organisations across Morecambe Bay to Purchase and Commission for Social Benefit.

## 3.0 Our Commitment

The needs of the community will be fundamental to the decisions we make with innovative and agile procurement practices adopted to support the local economy and deliver more sustainable outcomes.

In order to maintain the Council's reputation and reflect the expectations we have of our suppliers all procurement activity will be undertaken to the highest standards of probity and professionalism. Members and officers will not only be fair and ethical, but will avoid conduct that is capable of being placed under adverse interpretation.

Procurement will therefore be undertaken in compliance with the following principles:

*All procurement activity will comply with the Public Contracting Regulations 2015, UK Legislation, the Council Constitution and all other relevant policies and procedures*

*Procurement will be fair, open and transparent and undertaken to the highest standards of probity, integrity, honesty and professionalism*

*The Council will undertake procurement activity using the most efficient and effective methods and will select the most appropriate delivery mechanisms to ensure value for money*

*All procurement activity will include due consideration of social, economic and environmental factors and will be assessed on whole life costing*

*Robust contract management will support improved service delivery through continuous improvement in the quality of goods, works and services*

## 4.0 The Council's Priorities

Procurement activity will be coordinated and focussed to support the delivery of corporate priorities by:

### Working across boundaries – delivering sustainable regional growth across Morecambe Bay;

- Working with members of the Morecambe Bay Anchor Collaborative to procure goods, services and works for social benefit
- Encouraging local suppliers to bid for Council contracts
- Writing contract specifications for goods, services and works that will have a positive impact on the local economy and community

### Delivering a balanced community – a South Lakeland for all ages;

- Supporting service areas in key procurement activity
- Working in partnership with other organisations to maximise service outcomes
- Using Social Value within Procurement to encourage local employment opportunities for young people.

### Delivering a fairer South Lakeland – a South Lakeland for everyone;

- Engaging with the community to understand their needs
- Commissioning services which are environmentally and socially responsible; looking to recruit from deprived communities, minorities and people with disabilities; having family friendly policies;
- Delivering real value for money for the residents of South Lakeland through our procurement decisions

### Addressing the Climate Emergency – a Carbon Neutral South Lakeland

- Actively delivering environmental and social outcomes from procurement activity, e.g. reducing energy consumption; reducing carbon footprint.
- Ensuring that suppliers engage with our Carbon Neutral targets through their responses to our specifications for social value and environmental improvements and actively seek to reduce or minimise their carbon emissions

In order to support the Council's ambitions this Strategy includes the following procurement priorities:

## 4.1 Driving Value for Money

South Lakeland District Council is dealing with significant financial pressures resulting from reductions in government funding, rising demand and the effects of COVID-19. This means using spending power wisely and strategically by the effective use of:

- **Category Management** of key areas of spend – like energy, ICT and construction, This can help to reduce the cost of buying goods and services, reduce risk in the supply chain, increase overall value from the supply base and gain more innovation from suppliers. When applied effectively, this seeks to reduce demand, simplify the way we buy and aggregate spend across the entire council or multiple organisations. The results can be significantly greater than traditional transactional based purchasing.
- **Partnering and collaboration** – identify further opportunities to aggregate spend through effective collaboration with other public bodies and Public Buying Organisations (PBO's). Explore options relating to sharing services or posts with appropriate partners.
- **Strategic Contract Management and Supplier Engagement** Implement a corporate approach to strategic contract and supplier management to obtain best value from supply chains through:
  - Ensuring that Tenders are evaluated in terms of total life costs. Although the upfront cost may be higher, this could be offset by lower costs in subsequent years e.g. electric vehicles, reduction of waste through packaging, reusability and disposal
  - Measuring contract outputs and key performance indicators to ensure competitiveness over the contract
  - Expecting main contractors to act fairly with supply chains and mandate timely payment to subcontractors through contract clauses
  - Developing and sustaining a capacity for good contract management
  - Scrutinising strategic contracts post award to develop strategic relationships and ensuring performance improvement, cost reduction, mitigate risk and harness innovation. Ensuring improved outcomes for the public, adding social value and innovation
  - Monitoring and enforcing compliance to 'on contract' spend
  - Developing and agreeing exit strategies within all major contracts

This will help to identify and manage the council's and the suppliers' risks, and achieve savings and continuous improvement throughout the life of the contract.

- **Performance and Transparency** through effective monitoring of targets
- **Risk and Fraud Management**



Understand and develop a proportionate risk management approach by:

- Integrate and manage risk in the Procurement and delivery processes.
  - Proactively auditing contracts to check for fraud
  - Including whistleblowing policies as part of contract conditions
- **Demand Management** Costs and oversupply are reduced through the implementation of demand management techniques within the procurement and commissioning cycle through:
- Engaging with citizen's, customers, and users and building in a demand management approach before procurement begins
  - Seeking alternative mechanisms to procure citizen's needs
  - Engaging with suppliers to ensure a greater understanding of the market place

## 4.2 Supporting Local Economies

### □ **Economic, Environmental and Social Value**

The Council will focus on providing the maximum benefit to its citizens from every taxpayer pound that is spent and will take responsibility for generating economic, environmental and social growth in local communities through:

- Considering how to obtain social value in all tenders
- Considering sustainability at the 'identify need' stage of the procurement cycle
- Consider and ensure that social value is utilised where appropriate in the tender process
- Local employment, supplychains and retaining spend within the local economy are elements of social value that may weigh in a supplier's favour, but will still be seen in terms of a transparent competitive process and being local is not a criteria in its own right.

### □ **Improving access for SME's and VCSE's** through:

- Pre-market engagement
- Ensuring that strategies for developing procurements into lots does not create unwanted barriers for smaller businesses
- Use of electronic portals to advertise tender opportunities
- Promoting skills development to provide local organisations with the tools to compete effectively.

## 4.3 Leadership

- **Commitment** from the top, through:
  - Procurement is recognised as strategically important by the Chief Executive, members and senior officers within the Council
  - Designation of a member champion for commissioning and procurement.
  - The Lead Financial Specialist takes overall strategic responsibility for procurement and ensures full value is extracted from all procurement decisions
  - The procurement strategy is linked to the commissioning and corporate strategies.
- Seeing procurement as part of a **strategic commissioning cycle** requiring stronger engagement and alignment of procurement with commissioners. Identify strategic outcomes in relation to assessed user needs, and design and secure appropriate services to deliver these outcomes.
- Provision of Procurement Training to develop a more commercially-focussed procurement culture through building procurement competencies. Ensuring staff are equipped with knowledge, training, and practical skills and empower them to deliver intelligent procurement.

## 4.4 Modernising Procurement

To rise to the challenge local government procurement needs to modernise in terms of scope, use of technology and practices and procedures by:

- Procurement activities helping the Council to respond to financial pressures through creation of commercial opportunities and income generation.
- Using outcome specifications and other methods to encourage supplier innovation.
- Ensuring terms and conditions are flexible enough to allow for changes in technology and enable innovation during the life of the procurement
- Further developing appropriate e-procurement and other solutions in procurement practices, e.g. e-invoicing to make best use of technology and to make it easier for partners and suppliers to work with the Council.
- Taking advantages of the opportunities presented in the Public Contracting Regulations which allow council procurement processes to be quicker, simpler, and less costly to run.

Develop strategic relationships with the professional buying consortia and other Public sector organisations which can deliver leading-edge practice in category management, and reduce duplication of effort through the utilisation of appropriate framework agreements.

## 5.0 Embedding Delivery

In keeping with the ambitions of the Corporate Strategy and the emphasis placed on public sector procurement by the Government, this Strategy sets high standards for the Council. Delivery will require commitment and willing from Members, officers and suppliers if the South Lakeland community is to truly benefit.

### 5.1. Procurement and Contract Management Group

To re-enforce our commitment to continual improvement through robust contract management a Procurement and Contract Management Group will meet regularly. The group will rely on the participation of all officers who monitor key contracts and arrangements across the Council, and will look at developing current contract monitoring procedures, share best practice and ensure a more pragmatic approach to contract management.

### 5.2 Social Value

The theme running through this Strategy is that there needs to be a more holistic view of Procurement and that the process and outcome cannot be seen in isolation, but in what it can further achieve for the Council in terms of its priorities.

A concern within Procurement is not only how do we encourage our suppliers to demonstrate social value and alignment with our goals for Zero net Carbon, but how that is Contract Managed

- At the Invitation to Tender stage method statements will be written to encourage potential suppliers to declare how they envisage embedding Social Value and Zero Net Carbon goals within their submission, and formally evaluate to advantage those that share our goals to win bids.
- That we have the evidence through Contract Management that the pledges made within the tenders are being realised.

To that end we have signed up to the Social Value Portal, which will evaluate our tenders in terms of Social Value and Environmental benefits and will continue to contract manage this part of the contract, allowing us to report our progress.

## 6.0 Monitoring and Review

The Council's Procurement Specialist will take ownership of the Strategy with overall responsibility for maintaining, monitoring progress, and developing it.

### 6.1 Monitoring

Implementation of the Strategy will be supported by the Sustainable Procurement and Commissioning Action Plan which includes measurable targets for delivery. These targets will be placed on the Council's performance management system which will be utilised to monitor progress and demonstrate transparency and accountability. This will be updated in line with any developments of the Strategy in support of continuous improvement across the procurement function.

Progress against the Strategy will be reported to Senior Management quarterly and Cabinet annually. Alignment with corporate rules and objectives, and compliance with legislation will be monitored by the Procurement Team.

### 6.2 Review

The Strategy will be reviewed annually to ensure it meets the needs of all stakeholders including elected members, officers, public and private sector partners, local and third sector organisations, and the South Lakeland community.

In addressing the fast pace of change in local government the Council will adopt a more innovative approach to procurement built on an ethos of continuous improvement.

### 6.3 Seeking Improvement

In order to support this Strategy it is vital that good practice is shared across all service areas and common standards are adopted. Continual improvement and innovation across the Council is essential if we are going to exceed customer expectation and deliver improved quality within budget.

The Procurement Specialist and Case Management Team will:

- Constantly monitor procurement performance against leading authorities and organisations, and create a culture of continuous improvement
- Provide professional business partnering support, advice and informed knowledge to members and staff on procurement matters in order to contribute to the wider Corporate Plan

- Raise procurement standards across the Council and our partners throughout the contract lifecycle, with specific emphasis on contract management to ensure the full benefits of procurement are realised.

## 7.0 Glossary

**Commissioning** – Commissioning is the whole cycle of how services are planned, designed, developed, delivered and managed.

**Climate Emergency** - serious and urgent problems that are being caused or likely to be caused by changes in the world's weather, in particular as a result of human activity increasing the level of carbon dioxide in the atmosphere.

**Contract Management** - Contract management encompasses everything from establishing the business case and confirmation of need through to relationship management, reviewing performance and follow on strategy.

**PIN** – Prior Information Notice. Requirement under Public Contracting Regulations 2015 to publicise forthcoming procurement activity

**Procurement** - Procurement refers to a business management process which is concerned with identification, sourcing, acquiring and management of the external resources, i.e. goods, works and services, required by a firm on a large scale to meet out its strategic objectives.

**SME** –Small and medium-sized enterprises are companies defined by certain low levels of revenues, assets or number of employees. The industry where a company operates might also be a factor.

**Social Value** - A company or individuals actions which contribute to the long-term wellbeing and resilience of individuals, communities and society in general, through better environments, job creation and social outreach

**Social Value Portal** – Tool to measure and evaluate the Social Value benefits a company can bring through their contract with SLDC

**VCSE** - Voluntary, Community and Social Enterprise organisations. These include small local community and voluntary groups, registered charities both large and small, foundations, trusts and the growing number of social enterprises and co-operatives. These may also be referred to as third sector organisations or civil society organisations