

Date: 14/11/2018

Resources

Corporate Procurement

Procurement Strategy

2016 - 2019

Altogether better



Details:

Review Frequency: Annual – 18 monthly.	Date of last review: 20 th September 2016	Date of next review: 01/11/2018
--	---	------------------------------------

Version Date	Version ref	Revision History	Reviser	Approved by	Next Review Date
21 June 2016	0.1	Initial Draft	JT		
20 Sept 2016	1.0	Approved Strategy	DRK	FHMT	01 Apr 2018
14 Nov 2018	1.1	Minor amendments and updates	RC	PS	31 Mar 2019: Production of new Procurement Strategy

Contents

Contents	3
Summary/Introduction	4
Purpose	4
Definitions and Context	4
Scope	5
Background	5
Vision	5
Aims/Objectives	6
Strategic Principles	7
Evaluation/Monitoring	9
Review	9
Equality and Diversity	9
References	9
Alternative formats	10

Summary/Introduction

1. This document sets out Durham County Council's corporate strategy for procurement, to the end of Financial Year 2017-19.

Purpose

2. The purpose of this strategy is to provide officers, elected members, suppliers and the public with an understanding of the context of the Council's procurement activity, and to set out the direction this will take over the coming period.

Definitions and Context

3. **Procurement** is the process through which an organisation establishes contracts for goods, works, services and utilities. Procurement starts with an identified need, and seeks to put in place a contract, or contracts, which effectively meet that need. This involves research, planning and market engagement, the conducting of procurement exercises such as tenders and quotations, the formal award of contracts, and the management and monitoring of contracts once in place.
4. Procurement is connected to, but separate from **purchasing**, which is the process of ordering and paying for goods, works and services.
5. **Commissioning** is a whole service approach to the design and delivery of a specialised service or project. It is an ongoing process involving the identification of needs, and the design and implementation of solutions to meet those needs. Commissioning is frequently facilitated by procurement activity. The principal difference is that commissioning decisions cover who has a need, what that need is, and how it might be addressed, whereas the procurement process selects suppliers to provide the goods, works or services required to address the identified needs, and determines the terms on which they are to be contracted.
6. This Procurement Strategy has been designed in in the context of the 'Altogether Better' priorities and reviewed in line with the 'Inspire' Durham County Council's Transformation Programme, and the priorities of the County Durham partnership, which drive all the work of the authority.
7. Public procurement is governed by a legal and regulatory framework which is aimed at promoting cross-border trade and economic competition. Failure to adhere to public procurement law can expose the Council to costly legal challenges. In that context, this strategy is intended to support compliance with the Council's Contract Procedure Rules, the UK Public Contracts Regulations 2015, and the fundamental procurement principles of transparency, equal treatment, non-discrimination and mutual recognition derived from the Treaty on the Functioning of the European Union.
8. As well as these overall priorities, this strategy operates alongside, and supports:

- The Sustainable Community Strategy for County Durham
- The Council Plan
- The Council's Medium Term Financial Plan
- The Local Government Association National Procurement Strategy

The strategy is supported by a specific Social Value Policy Statement which sets out the Council's approach to meeting its procurement-related obligations under the Public Services (Social Value) Act 2012.

Scope

9. This strategy, in common with the Contract Procedure Rules, applies to all Service Groupings across Durham County Council. All officers of the Council should have regard to the strategy when undertaking procurement activity – including service planning or commissioning decisions which will require procurement exercises to be undertaken.

Background

10. Local Authorities continue to face significant financial challenges with a rise in demand for many services competing against a backdrop of unprecedented budgetary reductions. Procurement is uniquely placed to provide an important contribution to the development of new service delivery methods, control costs and achieve savings, and deliver value for money solutions. Procurement also has a vital role in supporting economic recovery and securing positive social and environmental outcomes.
11. The Council's procurement activity does not occur in isolation. The North East region is a leader in its field when it comes to collaborative procurement and the Council works closely with the North East Procurement Organisation (NEPO), on a sub-regional basis with neighbouring authorities, and with other local and regional public sector partners. This collaborative approach allows us to pool resource, skills, knowledge and experience to deliver innovative and cost-effective contracts.

Vision

12. Our vision is to ensure that we carry out all commissioning and procurement activities collaboratively and in an economically, environmentally and socially responsible manner, achieving value for money on behalf of the Council and its key stakeholders, making purchasing decisions that promote the long-term interests of the communities we represent.

Aims/Objectives

13. In pursuit of this vision we aim to carry out effective public procurement which helps to make County Durham:
 - **Altogether wealthier** – supporting a vibrant economy through engaging with the local market and ensuring that local firms, SMEs, social enterprises, and third sector organisations have the greatest possible access to contract opportunities.
 - **Altogether better for children & young people** – procuring effective services to support children and families, providing a high-quality procurement service for maintained schools and academies, and working with the supply base to create and support targeted recruitment and training outcomes for young people.
 - **Altogether healthier** – procuring effectively in support of public health and adult care outcomes, and engaging with suppliers to support employee health and well-being.
 - **Altogether safer** – ensuring high-risk works and services are subject to effective evaluation, and contributing to community cohesion by addressing equalities issues in the supply chain.
 - **Altogether greener** – pursuing environmental benefits through our contracts, including reductions in CO₂ emissions, promoting recycling and waste reduction, and sustainably sourcing materials such as timber, paper, textiles and steel.
14. Achieving these aims through our contracts will support a growing, competitive local economy, and produce social and environmental benefits, whilst delivering value for money for the Council, our partner organisations, and our clients.
15. The Strategic Principles outlined below explain how our vision will be delivered in practice.

Strategic Principles: Category Management

16. The category management process aims to take a holistic approach to procurement, considering the what, why and how of procurement, and not just “from whom?”
17. Our category management approach aims to ensure we take a cross-Council view of our major spend areas in order to maximise value for money. A category management approach requires us to:
 - Fundamentally review spend categories, validate needs and take a standard corporate approach where possible,

- Consider the total spend in areas where a requirement is common to more than one Service Area,
- Review all of the options to decide on the best sourcing approach for each spend category,
- Define, classify, baseline, calculate, implement and record the financial and non-financial benefits in a consistent, robust way.

Strategic Principles: Collaborative Procurement

18. The Council works closely with NEPO, on a sub-regional joint procurement basis with neighbouring authorities, and in collaboration with, or on behalf of, a range of other local and regional public sector partners including blue light organisations, academy schools, the NHS, and town and parish councils.
19. We are committed to supporting NEPO's hub-and-spoke work programme, acting as the spoke lead in identified areas where we have particular experience, capacity, or specialism, as well as being a supportive project partner on regional procurements being led by other spoke leads.
20. Beyond the region, we have developed relationships with other public sector entities, central purchasing bodies, and representative organisations, allowing us to benchmark, share best practice, and in some cases take part in supra-regional, or national, procurement exercise. We will continue to develop and make best use of such relationships as opportunities arise.

Strategic Principles: Commercial Focus

21. We act as a provider of procurement services to a range of clients, both internal and external. Our external clients include academies, "blue light" organisations, and town and parish councils. All schools have devolved control of their budgets, and academy schools are completely independent of the Council, while our other external clients are under no obligation to use our services. Increasingly, the Council's procurement function is not the only possible source of these services, and if we are to compete to retain and grow this business, a commercial focus is essential.
22. Clear communication is central to this commercial focus. This means being able to effectively "sell" the benefits of our corporate contracts, which often go beyond the price point. An ongoing dialogue with our clients is also important, seeking to understand their needs and priorities, to ensure that the coverage, and content, of the contracts we offer is suitable, cost-effective, and high in quality.
23. We are also in a position to advise and support clients in their own procurement and purchasing activities, to help them ensure that all their contracts are effective and

compliant with procurement law. We will seek to further develop this aspect of our service.

Strategic Principles: Supplier Engagement

24. Engaging with the supply base at local, regional and (where relevant) national level is important if the potential benefits of competitive procurement are to be realised. Smaller suppliers, or those less used to dealing with public sector customers, can feel put off from bidding, by the structure of the procurement process, or their lack of understanding of it. This in turn may reduce the level of competition for contracts, making it harder to achieve value for money. Effective supplier engagement ensures potential suppliers understand how to access opportunities, and effectively bid for them, as well as providing useful feedback. This benefits both the Council and the local and regional economy.
25. We will carry out regular engagement activities, including utilising our North East Purchasing Organisation (NEPO) Partner to deliver supplier engagement workshops, targeted supplier information sessions ahead of major procurement exercises, as well as participating in collaborative supplier engagement programmes, with the NEPO business club. In addition we will use soft market testing and other forms of market consultation, where the opportunity exists, to ensure complex contracts are appropriately specified, and to harness innovative approaches which may be available.

Strategic Principles: Social Value

26. The Council recognises its responsibility to carry out commissioning and procurement activities in an economically, environmentally and socially responsible manner, in line with the Sustainable Community Strategy for County Durham.
27. We have developed a reputation as one of the leading local authorities in England for procuring sustainably, and achieving social value outcomes through procurement, not simply adhering to the duties imposed by the Public Services (Social Value) Act, but seeking to go further.
28. As part of this strive for further influence and driving change through Social Value the Chief Procurement Officer of the Council currently chairs the National Social Value Task Force. A key target of the Task Force is to develop Social Value as an award mechanism in procurement activity and via the North East Social Value Delivery Group a pilot programme of Themes, Outcomes and Measurements (TOMS) assessment tools are being developed.
29. This strategy is supported by a separate social value policy statement, which goes into more detail about our policy approach to social value in procurement.

Evaluation/Monitoring

30. Corporate Procurement will monitor its performance against a range of indicators to ensure our overall objectives are being met, including:
- Proportion of total spend with suppliers in County Durham
 - Proportion of total spend with suppliers in the North East
 - Proportion of total spend with SMEs
 - Proportion of total spend with Third Sector organisations
 - Savings against budget
 - Procurement exercises which achieved an *added value* social, environmental or economic outcome or benefit.
31. These performance outcomes will be reported annually..

Review

32. This strategy will be reviewed at the end of the 2018-19 Financial Year.

Equality and Diversity

33. Durham County Council is committed to promoting equality of opportunity, valuing diversity and ensuring discrimination, harassment or victimisation is not tolerated. Our policy is to treat people fairly, with respect and dignity. We also comply with legal requirements in relation to age, disability, gender, pregnancy and maternity, marriage and civil partnership, gender reassignment, race, religion or belief and sexual orientation.

References / Links

34. 2016-19 **Council Plan**: <http://www.durham.gov.uk/article/2366/Council-Plan-and-service-plans>
35. **Procurement Policy and Strategy**, including Social Value policy statement and Sustainable Buying Standards:
<http://www.durham.gov.uk/article/2815/Procurement-policy-and-strategy>
36. **National Procurement Strategy for Local Government**:
<https://www.local.gov.uk/national-procurement-strategy>

Alternative formats

Please ask us if you would like this document summarised in another language or format.

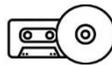
العربية (Arabic) (中文(繁體字)) (Chinese) اردو (Urdu)
polski (Polish) ਪੰਜਾਬੀ (Punjabi) Español (Spanish)
বাংলা (Bengali) हिन्दी (Hindi) Deutsch (German)
Français (French) Türkçe (Turkish) Melayu (Malay)

corporate.procurement@durham.gov.uk

03000 265 423



Braille



Audio



Large
Print