

Dacorum Borough Council



Commissioning & Procurement Strategy 2019-2024

Portfolio Holder for Residents and Regulatory Services



FOREWORD

The Council's commissioning & procurement strategy is a very important corporate document that challenges us to deliver all that we do, to the best of our ability, with the resources that are available within our Medium Term Financial Strategy.

The commissioning and procurement of services, supplies and works is an essential measure in supporting the Council's Vision and the delivery of its priorities.

It is at the heart of our commitment to maintain financial stability and improve our services and effective commissioning and procurement is paramount to improving the delivery, efficiency and quality of the range of services that the Council provides, and the outcomes it wishes to achieve.

This strategy sets the commissioning and procurement direction for the Council and provides clarity around the vision and the objectives that will be focussed on when commissioning and procuring services, supplies and works.

This Strategy will present Members, Officers and Stakeholders with the opportunity to challenge the present and deliver the future in an innovative and cost effective manner.



Councilor Andrew Williams - Portfolio Holder for Corporate & Contracted Services

The Corporate Plan, Vision & Priorities



Introduction

About Dacorum

Dacorum includes the towns of Hemel Hempstead, Berkhamsted and Tring along with many rural parishes. With a community population of over 130,000 residents, Dacorum Borough Council provides a wide range of services from community activities, planning, landscaping, housing and refuse collection.

The Council's Commissioning, Procurement and Compliance Function

Commissioning & Procurement falls within the Chief Executives Unit at the Council, supporting services across the organisation, including the delivery of the front line service and back office services. The Council operate under this commissioning & procurement strategy in support of the Corporate Plan, Vision & Priorities and in support of the National Procurement Strategy for Local Government in England 2018.

Whether it is called procurement, purchasing, contracting, commissioning, tendering or buying, the Council spend approximately £70 million a year on obtaining a vast range of supplies, services and works from the external market. It is the Council's duty to secure value for money in commissioning and procuring its requirements and to continually improve the quality in everything the public sees and expects from it.

Central Government policy seeks to ensure that all commissioning and procurement activity should be based on obtaining value for money. This is defined as taking into account the optimum combination of whole life cost and the quality necessary to meet the customer's requirements. In conjunction with relevant legislation and the Council's Constitution (particularly the Financial Regulations and Commissioning & Procurement Standing Orders). This strategy will guide Members and Officers in making the right decisions when undertaking commissioning & procurement activities.

Our Vision for Commissioning & Procurement



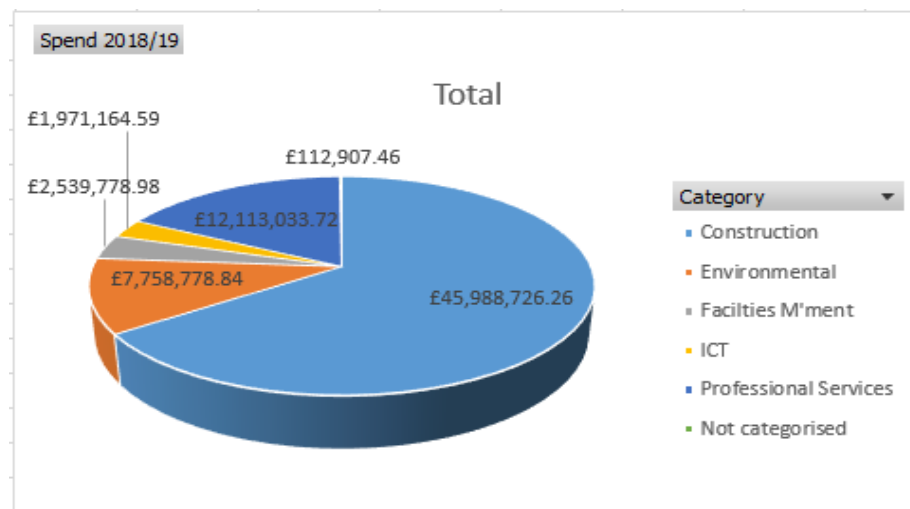
Background

Spend Profile

The Council's total spend in 2018/19 was £70 million across both revenue and capital. We use a variety of contracts from simple purchase orders to long-term partnership agreements.

The Council procures a wide range of goods, services and works for front-line services and back-office support. Examples include construction of new homes, energy, vehicles, IT software and consultancy.

In 2015 the Council adopted a category management approach allowing procurement resources to focus on specific areas of spend and to analyse spend in a holistic manner. The Council's categories are Construction, Environmental, Facilities Management, ICT and Professional Services. The breakdown for 2018/19 was as follows:



Our Approach



Our approach

This strategy builds on the Council's previous procurement strategy where the focus was very much on category management and an outcome based commissioning approach. Even though these will remain part of the Council's approach to procurement we are also keen to focus on achieving additional outcomes from our procurement activity, at no extra cost. By leveraging our procurement expenditure and engaging with suppliers we can help the council enhance our communities through increased social value.

The strategy will support the Council's corporate plan and support the council to achieve its vision and priorities:

Vision:

"The Council is committed to working in partnership to create a borough which enables the communities of Dacorum to thrive and prosper. This requires us to play a leadership role in bringing together a range of organisations and individuals to support and sustain good conditions for local growth"

Priorities:

- A clean, safe and enjoyable environment
- Building strong and vibrant communities
- Ensuring economic growth and prosperity
- Providing good quality affordable homes, in particular for those most in need
- Delivering an efficient and modern council

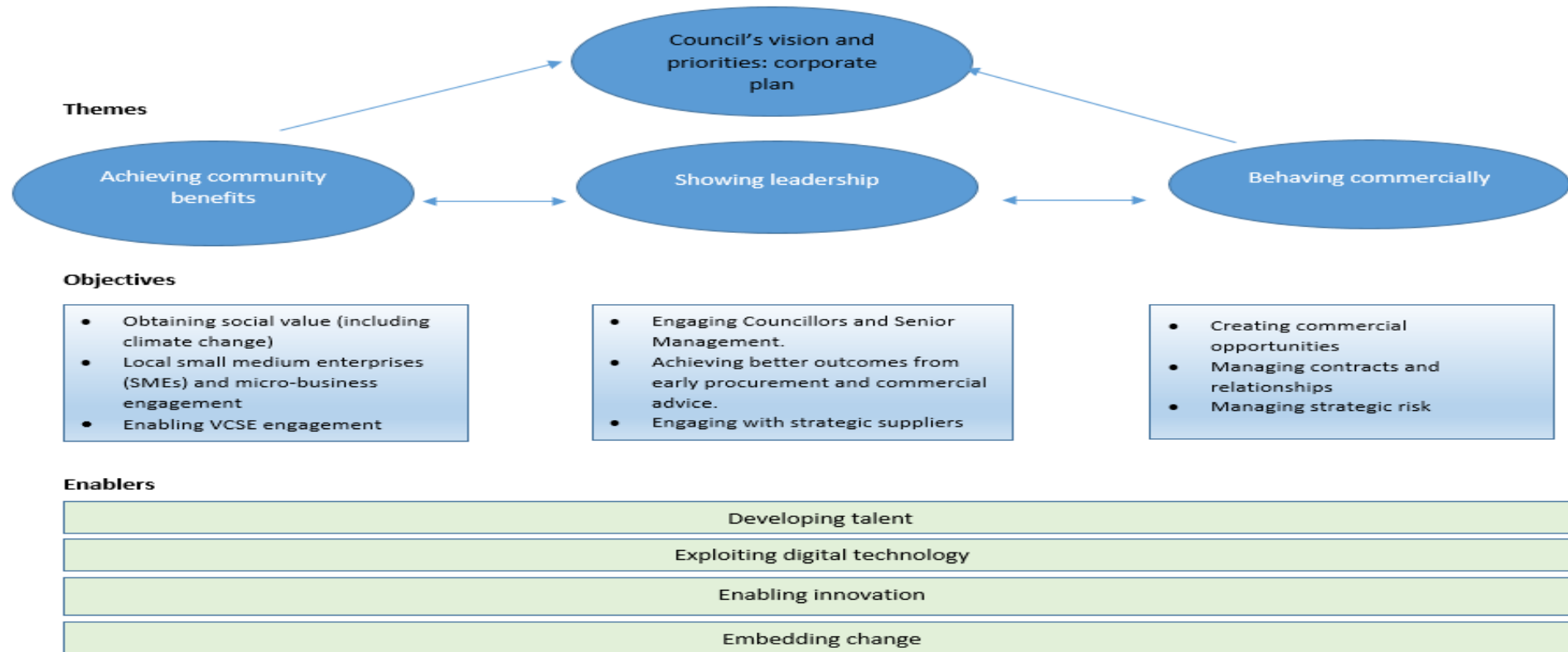
In order to help the council achieve its vision and strategic ambitions we will adopt the Local Government Association's National Procurement Strategy (NPS) (<https://www.local.gov.uk/national-procurement-strategy>) launched in 2018. The NPS provides a flexible framework so it is not a 'one-size-fits-all' approach. The NPS allows the Council to identify the most appropriate approach to delivering the themes and objectives within the NPS. The NPS also provides a toolkit for the Council to assess its progress against the themes and objectives within diagram 1 below.

Strategy Themes



Key Themes of the Strategy

e Strategy:



Enablers

In order to understand areas where the Council currently sits against the themes and objectives set out in the National Procurement Strategy we have carried out a self-assessment using the National Procurement Strategy toolkit. The levels of maturity are set at minimum, developing, mature, leader and innovator.

Our results will be used as a baseline and then the service will identify the maturity levels we realistically believe we can achieve in these areas by 2024.

We have also devised a number of KPI's against which to measure our progress towards our goals in respect of the three key areas. These KPI's will be set out in the service plan.

Finally, we have adopted the “enablers” identified in the National Procurement Strategy which need to be addressed and developed in order to support the council's achievement of these ambitions and KPIs:

- Developing talent
- Exploiting Digital Technology;
- Enabling innovation;
- Embedding change.

We will monitor our progress in delivering this strategy and provide a review of the strategy, particularly of the KPIs in two years.

Procurement Objectives & Principles



Achieving Community Benefits

Through the Council's third party spend, there is the opportunity to deliver additional value to the community by improving economic, social and environmental wellbeing of the local community through the Council's contracts. Used properly, additional social value can be beneficial to both suppliers and the council and represent a joint effort to exploit maximum value from procurement.

Objectives:

- Obtaining social value
- Local small medium enterprises (SMEs) and micro-business engagement
- Enabling voluntary, community and social enterprise (VCSE) engagement

How will we deliver this:

Obtaining social value:

- Utilise forward plans to identify and plan for opportunities which have economic, social and environmental implications and could have an additional benefit to the community.
- Ensuring Economic, Social and Environmental principles are incorporated in specifications where suitable.
- Ensure social value is included within the commissioning stage including discussions with key stakeholders and the voluntary sector.
- Raise awareness of social value within the organisation by working with the Council's key officers and providing training opportunities to members and staff.
- Identify ways of measuring social value on relevant contracts against both financial and non-financial terms.

Procurement Objectives & Principles



Local small medium enterprises (SMEs) and micro-business engagement:

- Publishing forward plans to allow SMEs to identify, plan and target suitable tender opportunities.
- Provide training and support to SMEs to ensure they have the relevant skills to compete with the wider market.
- Help to facilitate relationships between SMEs and the Council's larger providers.
- Ensure there is local representation from the SME sectors in any pre-market dialogue when suitable.
- Ensure all tender opportunities are published on the local portal, Supply Hertfordshire.
- Work with the Council's Strategic Planning and Regeneration team to help facilitate good relationships between with the Council and the local SME sector.
- Capture spend with local SMEs and set targets on an annual basis.
- Ensure clauses are inserted into contracts with main contractors to ensure any sub-contractors are paid on the same terms as the main contractor.

Enabling voluntary, community and social enterprise (VCSE) engagement

- Utilise forward plans to identify contracts which are suitable for voluntary sector involvement, either as a main contractor or as part of the supply chain.
- Publishing forward plans to allow VCSEs to identify, plan and target suitable tender opportunities.
- Utilise the commissioning process to allow early involvement from both key stakeholders and the voluntary sector where appropriate to help shape the outcomes from the Council's contracts.
- Where appropriate, undertake an outcome based commissioning approach on key projects to ensure the Council's vision and communities need form a fundamental element of the requirement.
- Work with larger providers during the contract period and identify opportunities for VCSEs involvement within their supply chain.
- Capture spend with local VCSEs and set targets on an annual basis.
- Provide training and support to the local VCSEs to ensure they have the relevant skills to compete with the private sector.
- Ensure clauses are inserted into contracts with main contractors to ensure any sub-contractors are paid on the same terms as the main contractor.

Procurement Objectives & Principles



Showing Leadership

The Procurement and Contracted Services Team are keen to lead from the front and encourage a more strategic approach to procurement. This requires a need for the Procurement Team to engage with councillors and senior managers on areas such as high value-high risk procurements to drive innovation, generate saving opportunities and identify opportunities for income generation whilst mitigating risk. This will lead to Procurement engaging more with both Councillors and Senior Managers within the Organisation to ensure procurement exercises and contracts are thoroughly thought through to deliver the best outcomes for the Council and our communities.

Objectives:

Engaging Councillors and Senior Management to deliver better results across all procurement and commercial activity.

- Achieving better outcomes from procurement projects due to early procurement and commercial advice involvement.
- Engaging with strategic suppliers to improve performance, reduce cost, mitigate risks and harness innovation.

How we will achieve this:

- Engaging Councillors and Senior Management to deliver better results across all procurement and commercial activity:
- Provide quarterly reports to members and senior officers on areas such as actual spend vs planned spend, up and coming tender exercises and non-compliance
- Provide training opportunities to both members and staff on both procurement and contract management principles.
- Provide regular updates to the Procurement & Contracted Services Portfolio Holder on procurement and commercial activities.

Achieving better outcomes from projects due to early procurement and commercial advice.

- Development of forward plans on key and upcoming projects to give both members, senior officer's and key stakeholder's opportunities to be involved in procurement activities early on and throughout the process providing better outcomes.
- Undertake an outcome based commissioning approach on strategic tenders to ensure the Council's vision and communities needs form a fundamental element of the requirement.

Engaging with strategic suppliers to improve performance, reduce cost, mitigate risks and harness innovation.

- Carry out supply risk analysis using tools such as the Kraljic Purchasing Model to identify high risk and high value contracts as well as identifying the best approach to each procurement exercise.
- Utilising forward plans and a category management approach, identifying opportunities to aggregate spend internally and externally.
- Collect and analyse data on key contracts looking at areas on supplier performance, cost, financial status, added value and risk.
- Roll-out training programme and develop a toolkit on contract management principles.
- Carry out reviews and benchmarking exercises on high value / high risk contracts.
- Engage suppliers early on for key procurement exercises as part of the outcome based commissioning approach.

Procurement Objectives & Principles



Behaving Commercially

The Council's Procurement and Commissioning Team will look to maximise value for money from our third party acquisitions by looking at opportunities to maximise any commercial opportunities through increasing revenue generation and value creating. This needs to be delivered throughout contract and commercial lifecycles from identifying the need through to the contract management process. This will require careful planning, encouraging innovation and a strategic approach to risk management.

Objectives:

- Creating commercial opportunities
- Managing contracts and relationships
- Managing strategic risk

How we will achieve this:

Creating commercial opportunities:

- Ensuring projects and procurement activities are fully planned and thought out with procurement and key stakeholders having early involvement.
- Undertake an outcome based commissioning approach on key projects to ensure the Council's vision and communities needs form a fundamental element of the requirement.
- Ensuring procurement and officers are obtaining value for money in all procurement activities.
- Collect and analyse data on key contracts looking at areas on supplier performance, cost, financial status, added value and risk.

Managing contracts and relationships

- Making the contract register a more workable document allowing the Council to review actual spend vs planned spend as well as feeding into other strategic documents such as forward plans.
- Ensure the relevant policies and toolkits are in place for contract management approaches including areas such managing performance, building relationships and change control.
- Ensure strategic supplier's financial position is monitored to identify suppliers that fall into financial distress.
- Collect and analyse data on key contracts looking at areas on supplier performance, cost, savings, financial status, added value and risk.
- Develop a training programme for both staff and members on contract management principles to increase both skills and knowledge within the organisation as well as changing the culture within the organisation when it comes to contract management.
- Post contract reviews undertaken both internally and with external partners on key contract and feeding the findings into future procurements and contracts.
- Carry out reviews on strategic contracts to ensure the relevant resources and skills are in place when it comes to contract management.

Managing strategic risk

- Ensure the relevant processes are in place to identify risks including areas such as fraud, financial loss and modern slavery.
- Carry out supply risk analysis using models such as the Kraljic Purchasing Model to identify high risk / high value contracts