

## **Appendix C: Extract from Medium Term Resources Strategy 2014/15 – 2016/17**

### **CONTRACTS AND PROCUREMENT STRATEGY**

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#### **Context**

The aim of the Contracts and Procurement Strategy is to ensure that the council takes the right steps when:

- Identifying service needs and options for the ways in which these may be best delivered.
- Procurement of these services where contracting is the preferred option.
- Management and monitoring and commissioning of contracts that have been awarded.

Where contracting with external suppliers is the preferred vehicle for providing services, this must be successful in meeting defined service objectives, meet the commitments of the Council Plan and achieve value for money.

Procurement, contract management and commissioning remains a critical element of the council's efficiency programme and budget plan, alongside issues of people, property and process. All cost reductions and efficiencies must be considered in the context of the need to maintain the most appropriate service levels, protection of the council's statutory and regulatory functions and the needs for customer satisfaction. The Finance and Corporate Services department will therefore continue to support managers across the council to secure products and services that provide value for money.

#### **Key Outcomes**

Over the period of the MTRS we will achieve the following through procurement, commissioning and contract management:

- Maintain a clear and unambiguous understanding of current and future service needs.
- Provide contracts that deliver quality services at an affordable cost.
- Sustain a joint passion with our contractors for customer service and satisfaction.

- Commit to contracts that achieve a right first time approach to service delivery.
- Continually improve through collaboration and partnership working with contractors.
- Facilitate and promote innovation through procurement, contract management and commissioning.
- Procure and manage contracts in a way that is fair to local businesses and to their employees.
- In real and recognised terms, be known as a good organisation to do business with.

### **Key Principles**

In achieving these outcomes, the council's contracts and procurement function will continually refer to following key principles:

#### **Value for Money**

- To recognise the balance between price and quality and the relative importance of both.
- To get best value from contracted services through :
  - Challenge of procurement arrangements and seeking opportunities to reduce price, improve quality and maximise efficiency.
  - Delivery of service solutions that are future proof.
  - Understanding distinction between essential and non essential service needs and the impacts on cost.
  - Decisions supported by comprehensive and robust data.
  - Whole life analysis of options and assessment of risks.
- To improve contract management by continuously improving and learning from experience of 'relationship management'.
- To achieve continuous improvement from all areas of procurement expenditure by ensuring that all procurement activity is undertaken by informed managers supported by professional procurement staff.
- To increase the utilisation of e-procurement facilities to deliver process and procurement savings.
- To continue joint procurement of services with other councils where such arrangements deliver value for money and improved services.

### **Good Governance, Effective Process and Competencies**

- To ensure all procurement practices are legal, ethical and transparent, conforming to procurement legislation and regulation and robust enough to meet the challenge of external scrutiny.
- To ensure that the council's governance arrangements are appropriate to meet the principles of openness and accountability.
- To maintain a model where service directors are accountable for the delivery of service definition, procurement, commissioning and contract monitoring.
- To provide specialist support, advice and leadership as appropriate.
- To have clear, unambiguous and sufficiently flexible operational arrangements that respond to service needs, reduce red tape and protect statutory and regulatory responsibilities of the council.
- To promote a climate of corporate compliance supported by appropriate staff competencies in procurement, contract management and commissioning.
- To promote commitment of suppliers to the prevention, detection of fraud and corruption in their processes.

### **Support and Advice**

- To provide high quality guidance, support, documentation and awareness sessions for service managers and their staff engaged in procurement processes.
- To ensure all procurement process projects follow standard project and risk management procedures appropriate for the size and complexity of the procurement.
- To reduce the costs of procurement process and the time it takes by taking a planned and co-ordinated approach that is efficient, effective and streamlined and avoids duplication and waste.
- To ensure existing contracts, frameworks and internal and external procurement vehicles such as the Local Education Partnership are utilised to reduce procurement costs.

### **Social Considerations**

- To demonstrate improvement in the equality of opportunity and the promotion of good relationships between people within a diverse community in all procurement activity.

- To ensure that all procurement considers the environment and where appropriate includes evaluation models that take into account the council's sustainability objectives.
- To develop socially responsible specifications and to seek to realise social, environmental and community benefits through procurement.
- To create a basis for assessing social, environmental and community benefits within the process for evaluating contracts where it is both affordable and legal to do so, taking into account the Public Services (Social Value) Act 2012.

### **Market Considerations**

- To work with current suppliers and contractors to explore opportunities for bringing benefits to the local community and employment, including application of the London Living Wage.
- To operate a mixed economy of service provision with ready access to a diverse, competitive range of suppliers providing quality services, (including small firms, social enterprises, minority businesses, and voluntary and community sector groups), and wherever possible encourage local sourcing and local employment.
- To promote the concept of the London Living Wage not only within Council contracts but also with those businesses and employers working in Southwark.
- To build good relations with suppliers and making Southwark an organisation of preferred choice for companies of all types.
- To ensure that good communications exist with suppliers before, during and after procurement processes.
- To be 'open and transparent' treating all potential suppliers both 'fairly' and equally during tender processes
- To make available contract and tender applications on the council website.

### **Contracts fit for purpose**

- To secure an open and honest approach to relationship management.
- To ensure good communication exist with contractors and that respective roles and responsibilities are clear.
- To share objectives for service outcomes.
- To continually develop contracts through formal and informal management of relationships, including variations to reflect changing need and innovation.