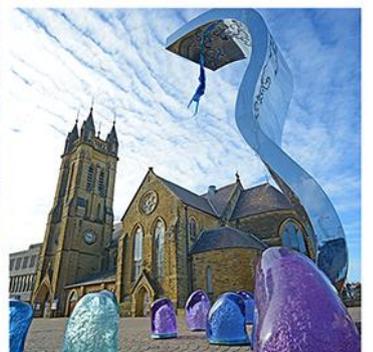


Commissioning and Procurement Strategy 2016-19

'Putting Blackpool First'

Blackpool Council



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Bickerstaffe House – Blackpool Council New Offices and Central Business District

1. Foreword

The current pressure on the Council's budget over the period of this strategy is expected to remain at unprecedented levels and will continue to impact on the delivery of the Council's aspirations.

Blackpool Council spends in the region of £160m per annum on the procurement and commissioning of works, goods and services. This provides an opportunity to contribute significantly to economic, social and environmental gains through well planned commissioning and procurement acumen.

In hard cash terms a saving of 5% of current spend will release £8 million per annum for service delivery or to contribute to future efficiency savings targets. In addition, social value gains will contribute towards local jobs, the local economy and the local supply chain generally assisting to meet community need and maximising best value from every pound spent by the Council.

The importance of this strategy – *"Putting Blackpool First"* and the procurement and commissioning activities of the Council cannot be under-estimated.

"Well planned commissioning and procurement acumen will contribute significantly to economic, social and environmental gains"



***Councillor Christine Wright,
Cabinet Member for Housing, Procurement and Income Generation***

2. Introduction

The purpose of this strategy is to communicate clearly to all employees, partners, suppliers and stakeholders the Council's vision for how procurement and commissioning of goods, works and services will be carried out, and to articulate the procedural framework within which all procurement will take place.

Public sector procurement is heavily regulated – the European Union Directives 2014 and the UK Public Sector Contract Regulations 2015 both recent legislative changes require greater emphasis on training so that Council officers are aware of best practice and the constraints within which they can operate. The Council's third-party suppliers and service providers also need help to navigate their way through the complexities of the procurement process. Transparency is a key Government objective with a wide range of legislative measures including the right to challenge, equalities, freedom of information, sustainability and carbon reduction issues to consider.

Whilst commissioning and procurement can be seen as separate activities they are inter-related functions that at a very basic level start with the identification of a need through stakeholder and customer consultation that is then taken through the process of sourcing the best delivery option based on the intended outcomes.

Efficient commissioning and procurement across the Council will require good communication, a consistent approach between Council services, and in some cases a collaborative approach with other organisations to maximise best value, deliver high quality and ensure value for money. The local community and citizens are becoming more empowered to identify and specify what services are needed. The reduction in Council resources has and will necessitate change putting the local community and citizens at the centre of what we do and changing the way in which we work to adopt best practice and increased synergies, ensuring a common approach to commissioning and procurement is in place.



Blackpool's New Tramway which will be extended inland to Blackpool North Railway Station in 2019.

3. Council Vision

The new Council Plan contains a clear vision and a 5 year commitment to changing the future of Blackpool.

“The UK’s number one family resort with a thriving economy that supports a happy and healthy community who are proud of this unique town”

Blackpool Council Vision, Council Plan 2015-2020

The plan contains two key priorities;

- The Economy: Maximising Growth and Opportunity across Blackpool Council
- Communities: Creating stronger communities and increasing resilience

This strategy will align with the Council Plan and ensure that commissioning and procurement functions and activities contribute towards the Council’s overall economic, social and environmental aspirations, and that procurement and commissioning decisions are not exclusively focused on price or commercial considerations alone.

3.1. Local Context

A significant amount of business is procured, controlled and awarded at departmental level by employees whose primary role is something other than procurement. The Council’s Contract Procedure Rules act as an aide memoire to guide Council officers through the procurement process for low risk quotations and tenders. The Corporate Procurement & Projects team and the Children’s & Adults Contracts and Commissioning team provide a one-stop shop to support Council officers for all their high value and complex tendering requirements.

These specialist teams work with Council Departments to develop a comprehensive programme of projects which is shared with Trade Unions and enables co-operation and contributions from the Trade Unions to understand any potential implications for Council employees, and to play a positive role in facilitating change and ensuring procurement decisions improve service delivery.

The Council is aware of its key role in supporting the local economy to re-invest in the town, to create employment opportunities for local people and to provide training and development opportunities through its procurement activities to upskill the local workforce and deliver on its two key priorities in the Council Plan.

3.2. Regional Context

There is recognition that a key opportunity for achieving best value for money is to take advantage of collaborative working. However, it is also important to acknowledge that collaborative working comes with some compromise. Access to local suppliers may not always be possible where collaboration takes place. In addition the ability to ensure that specific local requirements are thoroughly catered for can become diluted. In order to take these compromises into account Blackpool Council only considers working collaboratively where there is significant benefit and where the access to a local supply chain is limited.

Blackpool Council is an Associate Member of the Association of Greater Manchester Authorities (AGMA). The Council makes a financial contribution annually towards the funding of the AGMA Procurement Hub and benefits from a range of collaborative tendering opportunities along with sharing best practice, networking and document exchange.



The Yorkshire Purchasing Organisation (YPO) is the primary northern regional purchasing and buying Organisation. The Council is an Associate Member of YPO which provides access to compliant competitively priced frameworks and catalogues bringing opportunities to make best use of existing expertise and resources as an alternative to undertaking our own procurement process.



Better value, delivered.

3.3. National Context

Procurement and commissioning remain high on the national agenda. The National Procurement Strategy for Local Government in England 2014 sets out a vision for local government procurement and encourages all Councils in England to engage with delivery of outcomes in four key areas of making savings, supporting local economies, leadership and modernisation. The Local Government Association has launched a procurement pledge to highlight the sector's commitment to greater collaboration with business, SMEs and the voluntary sector, to help drive improvements and efficiencies in how Councils procure goods and services. The pledge seeks to use procurement to help deliver value for money, drive local social and economic growth and regeneration, and provide inclusive services through a diverse supplier base.

4. Strategic Plan

This strategy will seek to embrace the national, regional and local agendas, and will provide a platform to increase community benefit and develop further the strong foundations that have already been put in place to implement the Public Services (Social Value) Act 2012. The Council will continue to review the competitiveness of services, achieve value for money on a whole-life basis, and most importantly generate benefits to the economic, social and environmental well-being of the local community.

We will achieve this by focussing on five key themes:

1. Implement sustainable economic, environmental and social wellbeing practices
2. Deliver value for money
3. Source our needs through collaboration and consolidation
4. Develop skills and knowledge
5. Ensure equality, transparency and accountability

4.1. Implement Sustainable Economic, Environmental and Social Wellbeing Practices

We will place Social Value at the heart of our commissioning and procurement practices. We will seek to deliver the Council's Social Value Policy to promote employment and economic sustainability, raise the living standards of local residents, promote participation and citizen engagement, build the capacity and sustainability of the voluntary and community sector, promote equality and fairness, and promote environmental sustainability. We will encourage all prospective suppliers to sign and adopt the principles laid down in our Suppliers Charter and maintain the highest ethical standards throughout the full term of the contract.

Objectives & Outcomes

- Deliver the key objectives of the Council's Social Value Policy and seek to maximise added value in social, economic and environmental terms from every pound spent
- Where a local supply chain exists we will always undertake a procurement exercise which targets bids from local suppliers
- Stimulate local jobs and training/apprenticeship opportunities to support growth and economic development for SMEs by developing robust, targeted and clear specifications for all tenders
- Consult with service users, stakeholders and incentivise providers to ensure social value deliverables are measured consistently, effectively and are understood
- Build ethical and sustainable practices into all procurements and continue to evaluate on a whole-life cycle basis taking into account long term impacts and maximising social return on investment
- We will adopt fair and non-discriminatory practices and encourage a diverse and competitive supply market, particularly targeting interest from small local companies, social enterprises, and the voluntary and community sector



Performance Measures

- Percentage of suppliers' employees resident in Blackpool
- Number of new jobs and apprenticeships created in the last year
- % of staff paid The Living Wage
- Percentage of people who are paid/employed on a permanent basis

4.2. Deliver Value for Money

We will seek to deliver value for money to the local taxpayer by maximising best value on every pound spent on commissioning and procurement. We will be commercially aware, provide clarity on our expectations to our supply chain, continuously review and ensure our procedures are efficient, and seek to achieve maximum benefits from our systems. We will encourage use of external benchmarking where we currently deliver frontline services in-house to evidence value for money is being achieved.

Objectives & Outcomes

- Base procurement decisions on whole life cycle principles and avoid awarding contracts where price alone is the sole consideration
- Constantly review procurement systems, practice and procedures to ensure our processes are efficient and cost effective
- Incentivise our suppliers to help us to reduce demand wherever possible
- Encourage suppliers to adopt self-monitoring contract management regimes and report performance against KPIs on a regular and proportionate basis
- Monitor supplier spend and provide quarterly reports to Senior Officers to track expenditure across all categories
- Monitor cashable and non-cashable savings derived from all procurement activity

Performance Measures

- Day rate for procurement officer compared with day rate for external consultants
- Cost of procurement function as a % of organisational running costs
- Cost of procurement function as a % of 3rd party spend
- Value of annual savings delivered on behalf of Council services from tendering and contracting
- Average % savings achieved through procurement for the 5 largest procurement projects delivered in the previous financial year



4.3. Source Our Needs through Collaboration and Consolidation

We will aim to be judged as excellent in terms of our approach to commissioning and procurement and strive to ensure that contract outcomes are aligned to the Council's vision and key priorities. We will build upon our strong regional relationships with AGMA and YPO and work collaboratively to consolidate purchasing power by aggregation, making best use of networking opportunities and sharing best practice.

Objectives & Outcomes

- Consolidate and co-ordinate procurement activity to obtain economies of scale establishing corporate contracts for common goods and services where possible and appropriate
- Where a local market does not exist we will work in collaboration with our local and regional partners to maximise our purchasing power
- Seek to understand fully the terms and conditions which apply to framework agreements prior to calling-off them
- Share best practice and learn from our partners to adopt proven methods and outcomes to ensure high quality, cost effective service delivery is achieved
- Strive to become an intelligent client and think innovatively engaging with all stakeholders to drive continuous improvement throughout the supply chain

Performance Measures

- Value of dividend and rebates achieved through collaborative procurement
- % of total non-pay spend channelled through collaborative arrangements with other buying organisations



4.4. Develop Skills and Knowledge (of Buyers and Suppliers)

We will enable those with commissioning and procurement responsibilities to develop their skills and undertake their roles effectively and efficiently. We will seek to strengthen engagement with our supply chain, and encourage local suppliers to compete for work through gaining a better understanding of the barriers and obstacles which prevent interest from SMEs and local businesses. We will use market intelligence to understand the market place and develop service specifications which are attractive to the supply chain. Where possible we will encourage bidders to work together to improve their chances of winning tenders/quotation exercises.

Objectives & Outcomes

- Seek to build capacity and drive best practice across the Council through the provision of user friendly codes of practice, increased training and development and the provision of accessible professional advice and guidance
- Work with Elected members to raise the profile of commissioning and procurement activity across the Council
- Modernise, improve and simplify the procurement process as technology evolves and build upon our existing electronic systems
- Seek to gain a more informed view of the local, regional and national supply chain and examine sectors/areas to stimulate and encourage growth

- Provide the necessary training and support to prospective suppliers to develop their knowledge and understanding of our practice, procedures and systems
- Strive to engage with local sole suppliers and explore opportunities for them to bid for Council contracts



Performance Measures

- Professionally qualified procurement FTEs as a % of total procurement FTEs
- Number of employees successfully completing the i-pool training course

4.5. Ensure Equality, Transparency and Accountability

We will maintain a fair, consistent, ethical and proportionate governance framework for procurement ensuring that resources are adequate and are deployed effectively. We will strive to ensure that our policies, procedures and guidance enable us to be transparent and accountable for our decisions. We will ensure that clear audit trails exist for all procurement activity. We will strengthen our contract management regime and seek to ensure that our suppliers deliver high quality, cost effective services that bring added value to the local community wherever possible. We will adopt a more balanced approach to risk management and seek to become more risk aware rather than risk averse.

Objectives & Outcomes

- We will continuously review our commissioning and procurement framework and strive to ensure that we achieve procurement excellence built on strong ethical foundations.
- We will update our standard control documents to ensure that they are compliant with legislation and are easy to use and fully understood by our prospective suppliers
- We will explore the benefits of using Dynamic Purchasing Systems and seek to make greater use of the Competitive Procedure with Negotiation recently introduced in the new Public Contract Regulations 2015.
- We will work with Elected Members to develop a greater understanding of commissioning and procurement and seek to use their local contacts and knowledge to strengthen relationships with the local supply chain
- We will publish an annual programme of work signed off by individual Departmental Directors, shared with the Trade Unions, and monitor delivery of the programme on a monthly basis
- We will strive to improve relationships with our supply chain to allow for early notification of tender/quotation exercises
- We will continue to provide free access to the supply chain to our e-tendering portal 'The Chest'
- We will provide training and development for all Council officers responsible for contract management and seek to strengthen our ability to manage contracts effectively through an improved monitoring regime and a more commercial approach

Performance Measures

- Number of local suppliers actively registered on The Chest
- % of third party expenditure which is directed towards local suppliers and companies (FY Post Codes)
- % of CPT work programme delivered in year
- Number of formal legal challenges received and upheld against the total number of tenders
- Number of contracts terminated or failed prior to expected end date



5. Commissioning & Procurement Framework

Balancing the competing priorities and objectives will always be a challenge. The 'Procurement Triangle' below sets out three key objectives for consideration in every procurement project undertaken. Whilst these key objectives do not always align the challenge for all officers involved in the commissioning and procurement process is to achieve a proportionate position which allows successful outcomes taking into account risk and deliverability.

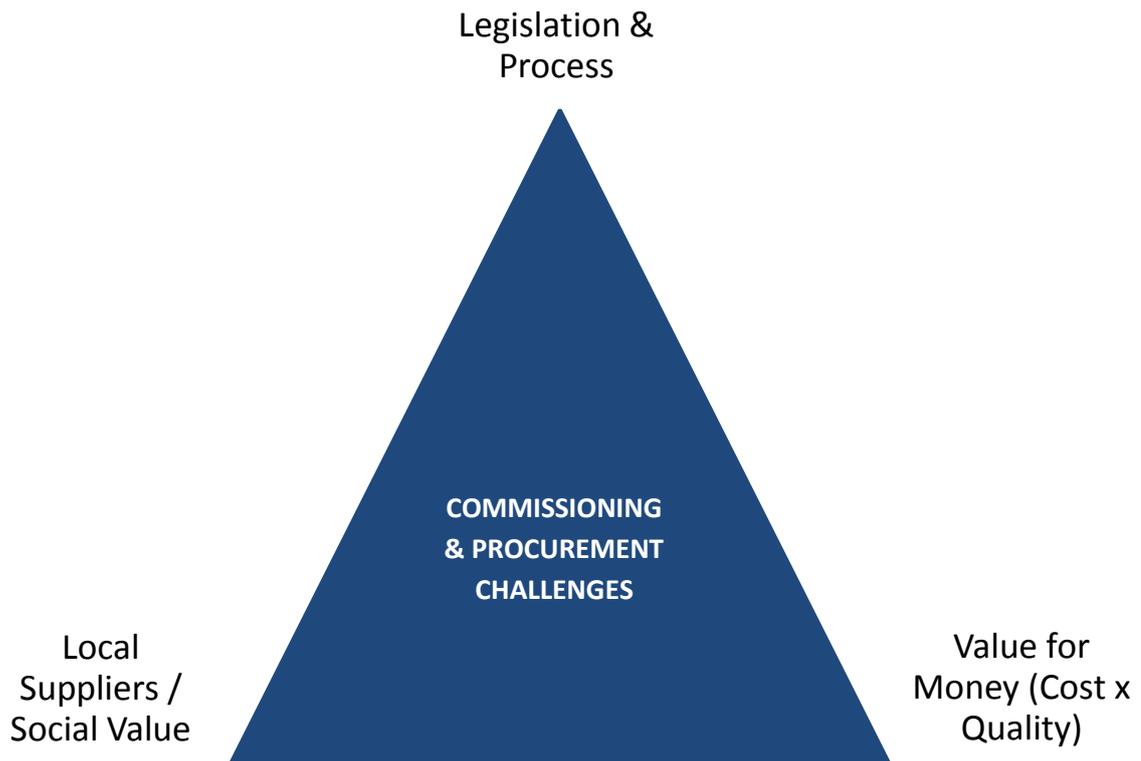


Figure 1 : The Procurement Triangle

At the heart of this strategy is a framework for Council officers and Elected Members to follow. The framework is based on a whole-life cycle model and ensures that value for money, social, economic and environmental benefits are factored into decision making. Over the course of the strategy we will seek to enhance and enable a real emphasis to be made on supporting the local economy through our practice and process, within the confines of legislation.

The framework comprises three key stages and is underpinned by a requirement to continuously listen and engage with key stakeholders throughout the process. Gateways also form part of the process allowing decision makers to authorise the initiation of Commissioning and Procurement projects, the outline plan and the decision to award contracts.

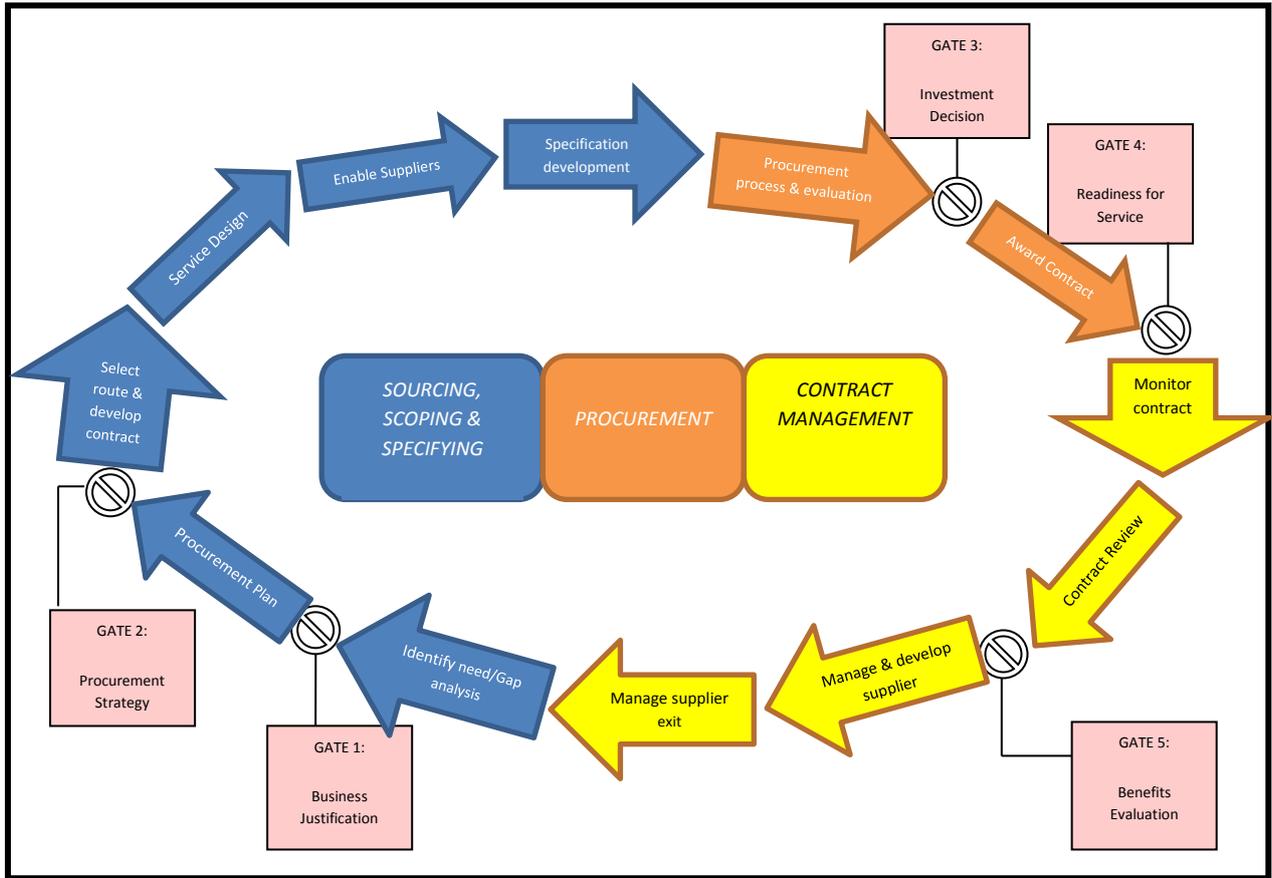


Figure 2: Whole life-cycle Commissioning & Procurement Framework

We are committed to enhancing and enabling the local economy wherever possible. We will continue to monitor the level of Council 3rd party spend placed with local suppliers in an effort to maximise spend within the confines of legislation and local market conditions. Figure 3 below shows that our efforts over the previous three years have resulted in a positive trend; however, we acknowledge that there is more that we can do and we shall endeavour to continue to work hard in this area.



Figure 3 – Percentage of Council Spend with Local Suppliers

We have adopted a category approach to monitor the Council's spend. Figure 4 below shows the main areas of spend across the Council for the 2014/15 financial year.

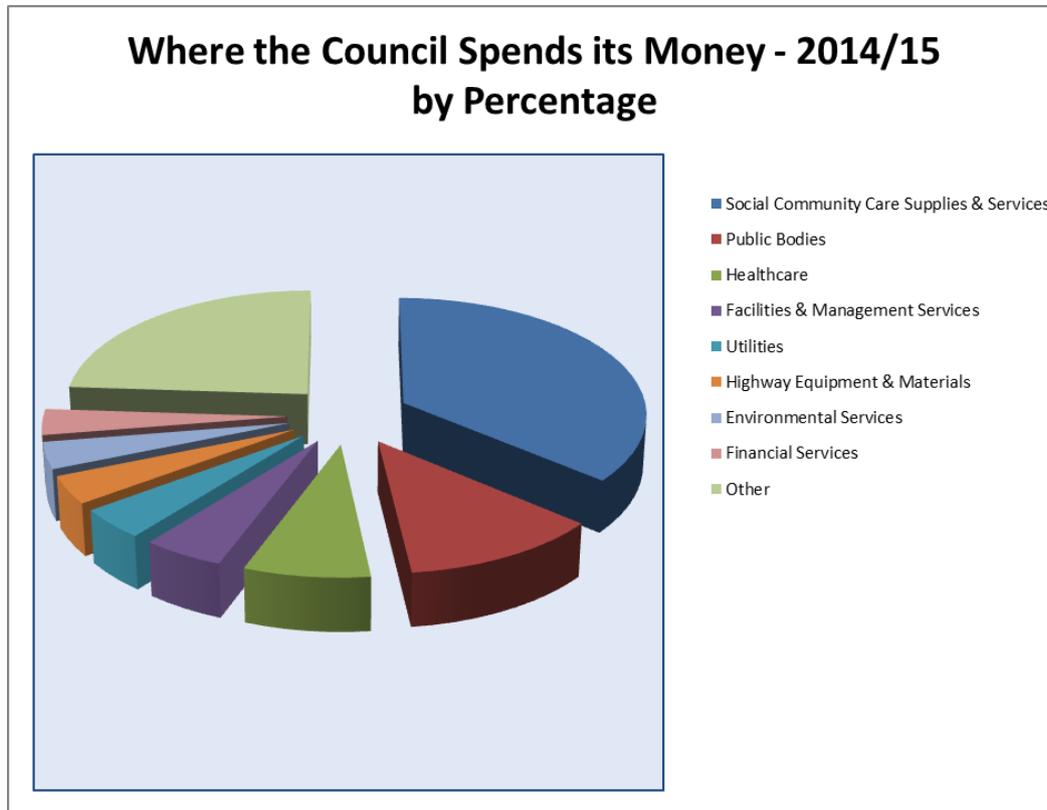


Figure 4 – Percentage of 3rd Party Council Spend by Category

6. Ensuring Delivery

‘Critical to the success of this strategy will be leadership and commitment to make it happen. We will support Council officers and Elected Members through the Commissioning and Procurement process and continue a culture of continuous improvement’

6.1. Stakeholder Engagement

The whole life-cycle commissioning & procurement framework will allow for early engagement of key stakeholders prior to any formal market engagement procurement exercise taking place. The relevant Head of Service will be responsible for ensuring that the framework will be followed in full for all high value tenders (contracts exceeding £85,000 in value for goods and services, and £250,000 for works). All high value tenders will be supported by either the Corporate Procurement & Projects team or Children’s & Adults Contracts & Commissioning team. All contract awards above OJEU thresholds (£172,500 for goods and services and £4,300,000 for works) will be subject to an officer non-key decision before a contract is signed. All low value contracts will be subject to a minimum of three quotations, two of which must be sourced from local suppliers unless a local supply market does not exist.



6.2. Responsibility & Accountability

Heads of Service will be required to ensure that the documentation and processes used are proportionate and relevant. To assist, the Corporate Procurement & Projects team and/or Children’s & Adults Contracts & Commissioning team will provide support and a suite of standard control documents to ensure that all essential elements along with any discretionary items are included in the documentation. This will ensure that a proportionate approach based on expenditure and risk is adopted. Responsible officers in services will be expected to complete the necessary e-learning commissioning & procurement training modules, and any other relevant training programmes available during the course of the strategy.

6.3. Use of Technology

All tenders will be processed through the Council’s e-tendering portal ‘The Chest’. All tenders will also be advertised on Contracts Finder as required by law. The Council’s e-procurement system will be continuously reviewed to ensure that all supplier catalogues for corporate contracts are current, and that all purchase orders are channelled through the system. This will provide a full controllable audit for all expenditure. Third-party spend will be monitored and reported at Departmental level on a quarterly basis.

6.4. Continuous Improvement

The Council is committed to continuously review practice and procedure throughout the course of this strategy. We will seek to stay ahead of legislative change and best practice in the sector through networking and benchmarking. We will attempt to be responsive at all times and ensure that we

simplify the complexities of the procurement sector to those that matter most – the end customer and service recipient and our suppliers.

6.5. Measuring Performance

A series of key measures and targets have been incorporated earlier in section 4 of the strategy for each of the five key themes. These measures will be monitored on a quarterly basis in order to ensure that the performance against targets are delivered or reviewed to reflect any changes in the sector. An Annual Report will be presented to the Council's Corporate Leadership Team (Council's Procurement Board) and the Cabinet Member responsible for Procurement detailing progress against the action plan.

7. Action Plan to Deliver the Strategy

The table below highlights actions for the coming year. The action plan will be reviewed and updated annually.

	Action	Benefit	Timeframe	Owner
Implement sustainable economic, environmental and social wellbeing practices				
1.1	Establish baseline information for social value outcomes detailed in the Council's Social Value Policy.	Inform the basis of measuring performance in the future.	March 2016	Head of Procurement & Projects.
1.2	Develop skills and knowledge across commissioners to allow for innovative thinking and practice to build social value outcomes into tendering processes.	Promote employment and economic sustainability Raise the living standards of local residents Promote environmental sustainability.	Ongoing	Corporate Procurement & Projects Team/CAFS Contracts & Commissioning team.
1.3	Strengthen relationships with suppliers to improve understanding of social value and work with them to establish a level playing field for evaluation methodology.	Promote employment and economic sustainability Raise the living standards of local residents Promote environmental sustainability Promote equity and fairness.	Ongoing	Corporate Procurement & Projects Team/CAFS Contracts & Commissioning team.
1.4	Introduce a new form of contracting where appropriate, based upon collaborative behaviours and utilise the ability under PSC Regulations to ring-fence contracts with conditions to the voluntary sector and social enterprises.	Build capacity and sustainability of the voluntary and community sector Development of an effective and resilient third sector.	Ongoing	Corporate Procurement & Projects Team/CAFS Contracts & Commissioning team.
1.5	Seek to achieve outcomes based on whole life costing principles that also take into account social, economic, environmental and employment needs of local people and businesses in addition to the duty of well-being.	Promote participation and citizen engagement Ensuring that end user needs are fully and effectively met.	As Required	Procurement & Commissioning Teams.
Deliver value for money				
2.1	Report third-party expenditure quarterly to departmental management teams to determine priority procurement projects and facilitate review and re-negotiation.	Assisting the council in achieving the cost and efficiency benefits which derive from economies of scale and effective procurement.	Quarterly	Head of Procurement & Projects.

2.2	Incentivise prospective suppliers to work with the Council to reduce demand by awarding contracts based upon 1 + 3 year terms, where appropriate.	Manage future demand for services Reduction in costs of service.	As appropriate	Corporate Procurement & Projects Team/CAFS Contracts & Commissioning team.
2.3	Pursue any appropriate opportunities to reduce costs or improve services that can arise from innovative procurement, commissioning or collaboration.	Working with others to achieve improved value for money, derived through economies of scale and effective utilisation of shared resources.	As appropriate	Head of Procurement & Projects/CAFS Head of Contracts & Commissioning.
2.4	Examine the potential of offering accelerated payment discounts to suppliers for a discounted price	Reduction in costs of service Improved cash flow position for some suppliers	Ongoing	Head of Procurement & Projects/Transactional Services Manager.
Source our needs through collaboration and consolidation				
3.1	Introduce a single corporate contracts register for use across the Council.	Consistent approach adopted across the Council.	March 2016	Head of Procurement & Projects/CAFS Head of Contracts & Commissioning.
3.2	Continue to develop relationships with AGMA and YPO to maximise our purchasing power where a local supply chain does not exist.	Increased purchasing power delivers greater vfm Creates additional capacity to undertake procurement exercises.	Ongoing	Head of Procurement & Projects.
3.3	Consolidate our approach to market through early agreement of an annual procurement work programme signed off by every Council department.	Proactive approach to workforce planning Early engagement of service commissioners Supports the pre-procurement phase and allows full consideration of market options.	Annually by 31 March each year	Head of Procurement & Projects.
Develop skills and knowledge				
4.1	Continuously review and update guidance documents, procedures and codes of practice and make available to all relevant employees.	Consistent approach adopted across the authority.	Ongoing	Deputy Head of Procurement & Projects.
4.2	Encourage robust contract management through training and development, and use of a best practice guide by service managers.	Consistent approach adopted across the authority. Strengthened contract management practice in place Ensure outputs and outcomes are delivered Exit strategies planned and forward planning improved.	March 2016	Deputy Head of Procurement & Projects.

4.3	Use i-pool training to support employees to undertake procurement activity in the appropriate manner.	Ensuring a uniform approach to all procurement matters, avoiding dual standards and ensuring openness and clarity with an appropriate audit trail.	Ongoing	Deputy Head of Procurement & Projects.
4.4	Seek to explore opportunities to engage with SMEs and the 3 rd sector and develop their understanding of the commissioning and procurement process.	Stimulate the local economy and encourage the development of a mixed economy.	Ongoing	Head of Procurement & Projects.
4.5	Upgrade existing systems and utilise new technology to improve the way the Council transacts and delivers services.	Improve efficiency and transparency.	Ongoing	Deputy Head of Procurement & Projects.
Ensure equality, transparency and accountability				
5.1	Comply with European and UK procurement regulations and ensure a level playing field exists for all prospective bidders.	Reduce the risk of legal challenge. Equal treatment of all prospective suppliers.	Ongoing	Corporate Procurement & Projects Team/CAFS Contracts & Commissioning team.
5.2	Ensure Contract Procedure Rules are up to date and disseminated.	Ensure consistent adherence to internal rules and reduce the risk of challenge.	As required	Deputy Head of Procurement & Projects.
5.3	Work to enable equal access to tendering opportunities to all sectors, including SMEs and Social Enterprises via 'The Chest'.	Improved management of markets.	Ongoing	Head of Procurement & Projects.
5.4	Develop procedures to ensure ethical and 'sustainable procurement' across all Council services.	Meeting government targets to adopt the ethical and 'Sustainability Flexible Framework' – using procurement and commissioning to drive equality and consideration of other social issues.	Ongoing	Deputy Head of Procurement & Projects.