

Commissioning and Procurement Strategy 2016-2019

Procurement Vision for Brentwood

Foreword

Philip Ruck, Chief Executive Officer

Many people tend to regard a strategy as being a framework and direction for doing our day jobs but often give little thought as to how they can make it a reality by changing the way in which they operate.

We are aware that we are spending the public's money and how important it is to ensure that all our spending decisions deliver value for money in the services we deliver to our local community, helping make Brentwood an even better place.

So what do we need to do differently? There are three key themes for change.

Working together – commissioning, procurement and contract management are all part of the same process. We need to bring them together both in the way we plan our requirements and in how we work with colleagues.

Commercial awareness – distinguishing between driving better deals for low value / non-core requirements and managing contractor relationships to encourage improvement and innovation for high value / core requirements

Reporting and record keeping – measuring how effective we are in managing our contracts and keeping accurate records of changes made to them and meetings with our contractors.

We continue to face another tough few years with our budgets, so we need to plan our acquisitions carefully to achieve the outcomes we want. We also want to deliver “social value”; ensuring what is commissioned has a direct benefit to the local community – including such things as the use of local and small businesses, the voluntary sector and the creation of local apprenticeships when possible.

Our new Commissioning and Procurement Strategy and its implementation plan sets out in broad terms:

- How we intend to make our vision for procurement and commissioning in Brentwood a reality;
- The actions that will ensure it happens
- How it will make sure expenditure is well managed, fully transparent and delivering social value

I urge everyone to spend a few minutes reading it and ensure they act upon it. Making it a reality will benefit everyone; council staff, local businesses and, above all the people who we serve.

Summary

Our expenditure with suppliers and service providers was over £14 million in 2014/15 with over 800 suppliers and providers (of which 7% are local¹). Some of these help us deliver our core services and the outcomes we achieve. It covers:

- **Key infrastructure for Brentwood**, such as all buildings, social housing and communications
- **Community services**, such as housing repairs /maintenance and leisure facilities
- **Supporting equipment and services**, such as technology and equipment and materials to maintain our infrastructure
- **Utilities**, such as electricity, gas and water

Figure 1 shows our major expenditure categories from third parties.

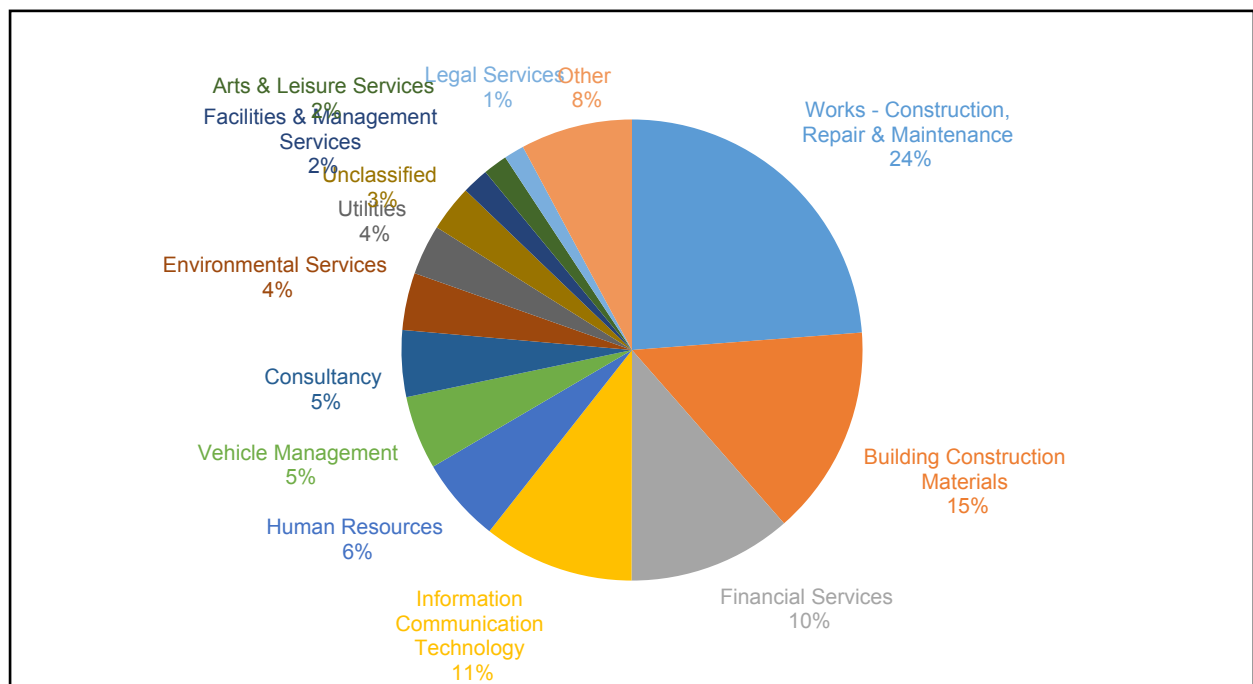


Figure 1 – Main spend categories in 2014/15

We do this in an environment of major change:

- **Our budgets are reducing** – we have already saved £10 million since 2015 and need to find another £3 million by the end of 2018/19
- **Demographic changes are happening** – people are living longer and the population is rising which means more demand for our services while inequalities are widening
- **Service expectations are rising** – people want to be able to interact with the council and public services through digital means

¹ Defined as having a permanent operation in any of four local postcodes

The outcomes that we achieve can have a major impact on the quality / cost of our services and our reputation in the eyes of our residents.

We also operate in a regulated sector, which means that we have to comply with laws and regulations laid down by both the UK Government and the European Union.

Getting our specifications right, selecting the right contractors and managing the subsequent contracts and relationships to achieve the right outcomes at the right cost and time is fundamental to the way we must operate.

What this Strategy Covers

Whatever we acquire goes through a cycle of activities that is common to organisations in all sectors. This cycle is known as the commercial cycle, see Figure 2.



Figure 2– Main activities in the Commercial Cycle

Although, the activities in this cycle are inter-dependent, they are often carried out by different people in the Council. How much time and effort we put into each activity in the commercial cycle depends on their value and importance to us. For most routine or low value services and products, it is usually a case of obtaining the right requirement at the best price with the minimum of administration. For complex, or high value services or products, we do a lot more to ensure that we get the right outcomes while minimising our costs.

We also understand the consequences of the decisions that we take as they can have a clear impact on:

- our local community and the lives of people
- our suppliers and the associated markets
- our legal obligations nationally and internationally (e.g. the European Union --- currently applicable for procurements of goods and services over a value of 164,176 and for works valued over £4,104,394; to be reviewed January 2018)
- our reputation as a Council

Only by managing the commercial cycle activities in a unified and proportionate way can we be sure that we will:

- get the right outcomes from our contracts
- control our costs
- achieve community benefits through social value (where legally permissible and commercially feasible)
- ensure our contracts are legally compliant and effectively managed
- make the most of the opportunities provided by technology

By doing this, we can make the best use of our resources to meet local community needs.

This strategy sets out how we intend to manage the expenditure that goes through the commercial cycle each year so that we deliver the right financial and social outcomes in line with our Corporate Plan – **Vision for Brentwood 2016-2019**

[Vision for Brentwood 2016-19](#)

Why Commissioning and Procurement is important

Our third party expenditure is crucial to the way we deliver our core services and the outcomes that we achieve. How we deliver our core services has a direct impact on the ways in which our performance and resident satisfaction is ultimately measured. These include:

- **Service outcomes** – the quality and frequency of what is delivered to local people set against increasing demand in many areas and changing demographics
 - **Use of financial resources** – the funding of services delivered by suppliers/providers from within smaller budgets while maintaining and improving standards wherever possible
 - **Local economy** – the amount of money we spend with suppliers and service providers in the local economy through a coordinated and consistent approach to local businesses
 - **Social value** – the added benefits that we achieve in our contracts for the community (e.g. new facilities or apprenticeships)
 - **Sustainability** – the way in which our suppliers use scarce natural resources, their impact on the environment and the health and well-being of people (e.g. modern slavery recently covered by government legislation)
-

Why we need this strategy

There are strict rules governing how we source our suppliers and award contracts. These are designed to help us comply with appropriate laws while ensuring that we achieve fairness and transparency.

Achieving the right outcomes in this work involves a lot of people in the Council as well as with our suppliers and partners. Our requirements and contracts are often complex. This strategy has been prepared to:

- Give a clear direction for fulfilling our vision and goals for procurement and commissioning
- Contribute to our financial health by delivering sustainable savings
- Help us to achieve social value in our large contracts, for example by encouraging economic regeneration and job creation through apprenticeships
- Set out our policies for delivering outcome improvements and the achievement of Value for Money
- Show how we intend to work with all of our partner organisations

This strategy is a statement to everyone about the outcomes we wish to achieve through integrated procurement, commissioning and contract and relationship management and how we intend to get there.

Our Vision for Commissioning and Procurement

We want to commission, acquire and manage our third party expenditure so that it achieves optimum cost efficiency while actively contributing to the goals set out in our Vision for Brentwood 2016-19.

We believe this vision is best achieved by striving towards the following strategic objectives:

- Full integration of commissioning, procurement and contract management activity and commercial principles into our core business activities
- Sound governance, transparency, accountability and probity with proportionality in our operational processes
- A unified approach to managing the activities in the commercial cycle and in engagement with markets and suppliers
- Working with our partners
- Effective use of digital technology
- Making the most of our people, increasing capacity and skills and building an in-house strategic commissioning and procurement capability

We recognise the importance of identifying and managing the cultural changes that adopting this strategy will create both internally and externally which will link to the Council's wider transformation programme.

Identifying what needs to happen to make these objectives a reality and managing these required changes forms the basis of our Procurement Implementation and Delivery Plan.

Document Summary

Date for review of the policy	2018/19 Financial year
Responsible Chief Officer	Jane Mitchell
Version of Policy	Version 2
Date	27 July 2016