

PROCUREMENT LINCOLNSHIRE STRATEGY 2016 – 2019



Introduction

Procurement – what is it?

“Procurement is the business management function that ensures identification, sourcing, access and management of the external resources that an organisation needs or may need to fulfil its strategic objectives”.

(Source: Kidd, 2005)

Put more simply, procurement is about putting into place robust and commercially effective contracts, in a legally compliant way, for the provision of externally provided goods, services and works necessary to enable local authorities in Lincolnshire to deliver services to the people of the county.

Procurement Lincolnshire – what is it and how does it work?

Established in 2008, Procurement Lincolnshire is a shared service partnership involving many of the local authorities within Lincolnshire, and is formally hosted by Lincolnshire County Council on behalf of the partner authorities. The service operates at a strategic level focussing on delivering activities which will lead to financial savings and improved service delivery in a way which is commercially astute whilst maximising social value.

The main aim of the partnership is to ensure that commercially effective and compliant procurement practices are undertaken across all partner authorities. It does this by leading on high value or high risk procurements and undertaking a range of strategic procurement development activities.

Procurement Lincolnshire works in a highly regulated and environment characterised by an increasing risk of legal challenge. Further challenges arise out of the current national and local financial climate. This strategy focuses on mitigating the degree to which these factors could adversely impact on the people of Lincolnshire.

Procurement Lincolnshire is not a central purchasing unit and so will not be undertaking transactional activity, but it will liaise and engage with services areas with a related commercial function to support them in making good purchasing decisions.

This strategy sets out the vision and values for the partnership for the next three years, and sets out how Procurement Lincolnshire will deliver to that vision through three strategic objectives.

Our Vision

Procurement Lincolnshire's vision is;

To deliver commercially effective and compliant procurement through a tailored service that is responsive to our partner's needs and adapts to the challenges presented. In doing so Procurement Lincolnshire will procure goods, services and works by the most economic, efficient and effective means, reflected in the resultant contracts which will work harder to support the people of the county through the delivery of additional social value.

In order to deliver this vision, partner authorities must remain committed to embracing change in working practices to ensure that they realise the benefits of tailored and legally compliant procurement approaches. Procurement Lincolnshire will continue to refine its procurement practice by continually challenging itself, developing new innovative procurement approaches, and engaging in the wider procurement community. Good practices from both the public and private sectors will be utilised where they will add value to the procurement process.

The Strategy

This procurement strategy has been developed in the context of unprecedented funding pressures faced by all local authorities. Whilst the current economic climate is undeniably challenging, it also presents an opportunity for Procurement Lincolnshire to support partners on a wider range of commercial decisions.

This strategy recognises that partners are now changing at an extraordinary pace and transforming the way that they do business. While collaboration remains a priority for the service due to the efficiencies and opportunities to aggregate, this now has to be balanced against the pace and priority given to service transformation.

For that reason it is crucial for Procurement Lincolnshire to adopt a responsive and tailored approach, enabling and supporting partners with their commercial transformation programmes and pursuing collaboration when it is right to do so. This strategy therefore identifies collaboration as one of many tools which the service can deploy to secure additional value from the procurement process.

Strategic Objective 1 – Delivering efficiencies

As the financial challenges for local authorities continue to develop, the need to deliver savings through procurement is ever present. In addition the wider economic slowdown continues to impact on the public sector supply market and businesses are finding it increasingly difficult to stay profitable. It is therefore critical for Procurement Lincolnshire to adopt the most suitable procurement practices to deliver savings, and where savings are not possible adopt a commercial model that appropriately manages the risk of cost increases, while managing where possible any volatility in the market.

In order to sustain an acceptable level of savings, or cost avoidance, Procurement Lincolnshire will move beyond spend aggregation and demand management and focus on exploiting the procurement process to the benefit of the partners. This will involve utilising more innovative procurement procedures to ensure that the partners secure the best possible price for the desired level of quality, and a renewed focus on the contractual arrangements to ensure there is optimum risk transfer between the partners and suppliers.

In order to enhance the expertise available to the partnership, Procurement Lincolnshire will build strong relationships with Legal and Finance teams and in doing so will have access to robust legal and financial capability.

Procurement Lincolnshire will continue to use the principles of Category Management within the partnership, and will work with suppliers to understand cost drivers in the market and how best to share risk to the advantage of the partnership. Likewise the service will take advantage of the opportunities presented by the new EU directives which may allow procurement processes to be quicker, simpler and less costly to run.

Strategic Objective 2 – Enabling Commercial Transformation

Procurement Lincolnshire recognises that change within the partner authorities is now the norm and significant efforts are ongoing to modernise, commercialise and transform the operations of the partners. To enable this transformation Procurement Lincolnshire will commit to deploying commercial acumen from the outset of these transformation programmes to aid, shape and support the changes. By adopting this strategy the partners are committing to the early involvement of Procurement Lincolnshire.

To increase the chances of success of these highly complex transformational procurements the partners will adopt a cross-functional team approach, ensuring that the right mix of skills are embedded within the project team structures. The relevant partner will determine and specify the services, goods or works to be procured. Procurement Lincolnshire will lead the team through the increasingly difficult legislated procurement procedures whilst deploying commercial acumen and working with Finance, Legal and Senior Management colleagues to ensure the best outcome for the partners involved.

Procurement Lincolnshire will work closely with those authorities who have internal procurement capability to ensure best practice is shared and to offer professional advice where required. The service will also provide, where possible, a flexible approach to resource deployment to help with peaks in procurement work which cannot be delivered internally.

In addition to new procurements, Procurement Lincolnshire will help partners transform their current contracts by highlighting the benefits of robust contract management, and working with their teams in order to secure additional value from existing commercial relationships.

Strategic Objective 3 – Delivering Social Value

The Public Services (Social Value) Act places a requirement on local authorities to consider the economic, environmental and social benefits of approaches to the procurement. In addition the Public Contract Regulations 2015 openly permits the inclusion of social value as award criteria, therefore increasing the ability for local authorities to take into account wider benefits to the community when awarding contracts.

Whilst the legislation does not expressly allow for positive discrimination in favour of local suppliers, they do enable the procuring authorities to ask potential suppliers how, through the delivery of the contract, they are able to benefit the local community.

Procurement Lincolnshire and its partners consider the delivery of social value to be of significant importance. Therefore Procurement Lincolnshire will develop tools and methods to ensure that social value is considered through the procurement process.

Procurement Lincolnshire consider that the following values are important for the people of Lincolnshire and commit, alongside partners, to considering them in a proportionate way where relevant to the contract when procuring goods, services or works.

Economic values

- Growing the local economy
- Paying the living wage
- Increasing employment opportunities

Environmental values

- Environmental sustainability
- Reduction of waste
- Reduction of carbon emissions
- Improving outdoor spaces

Social values

- Encouraging health and well-being
- Improving safety
- Improving community participation and reducing social isolation
- Improving Housing (quality and quantity)

In addition Procurement Lincolnshire will continue to work with the Chamber of Commerce and the Federation of Small Business to ensure that, where possible, the businesses of Lincolnshire have a level playing field when competing for contracts awarded by the partnership.

Our Values

The core values of Procurement Lincolnshire are fundamental to the planning and delivery of its services. The core values are:

- Enhancing value for money for all our partners
- Embracing change
- Creating and maintaining effective working relationships
- Seeking out opportunities to collaborate

- Being on the 'same team' as partner authorities
- Providing constructive challenge where procurement practices can be improved
- Committing to commercial excellence and continuous improvement
- Openness and transparency
- Being flexible in our approach
- Listening to feedback and growing from experience

These values are important in guiding how the service and partners engage in order to deliver an effective service and ongoing partnership.

Performance Management

Procurement Lincolnshire will continue to utilise a balanced scorecard approach to performance management, and will take into account four different perspectives aimed to provide a rounded view of performance;

1. **Commercial perspective** – focusses on the commercial outcomes achieved by the partners when working with Procurement Lincolnshire. Includes efficiencies created, costs avoided, or additional value generated by Procurement Lincolnshire. Measures of success include Return on Investment, savings generated and costs avoided through procurement activity, and qualitative measures for additional value generated.
2. **Compliance perspective** – focusses on the legislative framework which is changing at an ever increasing rate, and becoming increasingly complex. This perspective also includes raising the awareness of fraud and detecting it where possible. Measures of success include the number of procurements concluded without challenge, and the activities delivered to better detect fraud.
3. **Social value perspective** – concerned with measuring the social value delivered through the procurement process for the benefit of the citizens of Lincolnshire.
4. **Learning and development perspective** – concerned with ensuring that Procurement Lincolnshire is fit for the future and invests in the team to keep abreast of new techniques and how to utilise the legislation to the benefit of the partners. This perspective is also concerned with the development of partners own capability and understanding, and moving towards a more commercial focus. Measures of success will include the quantity and quality of training and learning activity undertaken by the service.

Leadership in Procurement

Procurement Lincolnshire recognises the value generated by sharing ideas and best practice. Procurement Lincolnshire will continue to develop effective working relationships and create professional networks with other procurement organisations or related bodies in order to learn, create, and share best practice, and influence national bodies for the benefit of all partners. Procurement Lincolnshire will look to do so with the following bodies;

- Lincolnshire Counter Fraud Partnership
- Legal Services Lincolnshire
- ESPO / PRO5
- Crown Commercial Services
- East Midlands region Heads of Procurement network
- Local Government Association (LGA)
- CIPS

Governance, monitoring and review of this strategy

Delivery of this strategy is the responsibility of the Head of Procurement Lincolnshire. The Head of Procurement Lincolnshire reports to the Procurement Management Board regarding both strategic and operational issues with regards to the service.

A work plan will be monitored with partner authorities detailing the key procurement projects and activities to be undertaken, and each partner will have its own tailored service plan identifying those non-procurement development activities which will promote continual improvement.

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