



# **Procurement Strategy**

**Gravesham Borough Council**

**2017 - 2020**

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# 1. Introduction

- 1.1 I am delighted to introduce Gravesham Borough Council's new procurement strategy 2017-20. Effective procurement arrangements are fundamental to achieving success for the Council in delivering its corporate priorities, these being:
- Safer Gravesham
  - Stronger Gravesham
  - Sustainable Gravesham
  - Sound and Self-sufficient Council
- 1.2 In the UK, councils spend some £60 billion each year procuring goods and services. Gravesham, being located in North Kent and a short drive/train ride to London offers many opportunities for businesses and residents alike.
- 1.3 Gravesham Borough Council recognises the importance of the Social Value Act in maximising opportunities to ensure value for money, improve services and choice for customers and to support the local economy. To this end, the council wants to make it easier for local businesses to work with it to deliver opportunities by winning tenders or by being part of the local supply chain, as well as ensuring that opportunities for apprenticeships and employment are available to Gravesham residents by including these as requirements in contracts.
- “Every £1 spent with a local supplier is worth £1.76 to the local economy”***
- Source: Lm3Online
- 1.4 To ensure that it can deliver high quality services to the people of Gravesham, the council will continue work with other council's and organisations to pool resources and increase buying power to get better deals.
- 1.5 When spending public money with third parties, the council is committed to ensuring that the people of Gravesham benefit from a fair deal.

*S J Bobby*

Stuart Bobby  
Director (Corporate Services)

## **2. Definition and scope of Procurement**

- 2.1 Procurement is the process of acquiring goods, works or services from third parties and in-house providers. The process covers the whole cycle from the identification of the need through to the cessation of the service provision or the end of the useful life of an asset. Within local authorities procurement is primarily focused on delivering quality and cost effective services which meet the needs of users and the local community. It involves the detailed analysis of the options available to deliver a service or provide an asset.
  
- 2.2 This strategy is applicable to all procurements from routine low value acquisitions of consumables to high value and complex schemes. The method of approach to delivering high value strategic procurements will need to differ from that applied to low value procurement work. However, the guiding procurement principles and concepts will remain consistent.

### 3. Compliance of Procurement

- 3.1 Public sector procurement is highly regulated in order to ensure fair and open competition to benefit both the tax payer, business and the local community. Procurement rules are enshrined in UK law through the Public Contracts Regulations 2015 which incorporate EU procurement requirements. For public sector commissioners the procurement agenda is underpinned by a range of considerations, including the general Duty of Best Value.
- 3.2 In delivering a procurement service, public sector commissioners are required to operate a fully transparent process. There are requirements for local authorities to publish opportunities and awards over applicable thresholds via the Governments Contracts Finder website and, in compliance with the Local Government Transparency Code 2015, to publish details of any contract or legally enforceable agreement with a value in excess of £5,000 to relevant council web pages. In addition to complying with government legislation, the council also sets out its own arrangements for managing fair and open procurement activity within its Constitution.
- 3.3 To ensure high quality services, fair play and to encourage participation from local businesses, the council wants to make it easier for businesses to find tender opportunities and win them. The council will advertise opportunities on the Kent Business Portal and Contracts Finder. Both are free for potential suppliers to register with, send notifications of opportunities by email and are available 24/7. The Kent Business Portal and Contracts Finder provide a cheaper and more efficient way for potential suppliers to access opportunities with the council and ensure a complete and visible audit trail for procurements managed in this way.
- 3.4 To demonstrate compliance in its procurement activity, the council will:
- Publish details of any contract, commissioned activity, purchase order, framework agreement and any other legally enforceable agreement with a value that exceeds £5,000.
  - Ensure all opportunities over £50,000 are published via the Kent Business Portal and Contracts Finder. Once such contracts are awarded the council will publish details of who has won the contract, the contract value and, for procurements below the EU thresholds, indicate whether the winning supplier is a small business or voluntary sector organisation.
  - Actively review purchasing data to ensure that purchases are under contract and where not, seek to confirm and implement the appropriate procurement route.
  - Ensure that the council's Anti-Fraud & Corruption Strategy and Whistleblowing Policy incorporate the expectations of third parties doing business with the council and are publicly available on the council website.

## 4. Efficiency in Procurement

- 4.1 The continuing pressures on public sector budgets make the need to buy in a smarter way all the more necessary to continue to deliver services and balance the books.
- 4.2 By analysing what the council is spending, what it is buying, from whom it is buying and who is placing the orders gives a picture of areas to target in order to maximise benefit. By reviewing contractual relationships we will confirm these support the Councils objectives and offer the best terms.
- 4.3 Not all spend can be put under contract. Purchasing cards offer an efficient, controlled buying power for the council which can improve cash flow management for businesses by eliminating the need to manually process invoices. Introduction of centralised Purchasing Cards to cover low level spend will deliver transparency and control through the removal of other means of paying such as petty cash.
- 4.4 The use of Framework arrangements offers a flexible approach to procurement and reduces the need to engage in full tenders by providing a legally compliant route to market for public sector bodies. Framework arrangements provide access to suppliers that have already been identified through a competitive process, leading to reduced costs and reduced timescales for procurement as the council is not required to run its own full tender process.
- 4.5 Effective Purchase to Pay (P2P) processes, including e-invoicing and use of catalogues, offer the opportunity to enhance spend visibility and control the level and nature of spend, as well as helping to speed up administrative processes supporting supplier transactions.
- 4.6 To increase efficiency in its procurement activity, the council will:
  - Where appropriate, encourage the use of Framework arrangements.
  - Introduce automated invoicing, enabling the submission of e-invoices and facilitating faster payments for SMEs.
  - Increase the use of e-catalogues or punch out processes, particularly in areas of high volume, low value spend.

## 5. Sustainability of Procurement

- 5.1 In line with Corporate Plan objectives, Gravesham Borough Council is keen to make the public money it manages go further to support the local economy. The Gravesham economy is worth around £1,603m per year<sup>(1)</sup> and has an estimated 3,600 businesses<sup>(2)</sup>. The council has always supported local businesses and wants to secure a thriving, vibrant and sustainable local economy.
- 5.2 99% of Gravesham's businesses are considered as small or micro businesses<sup>(3)</sup>; the council is keen to support such businesses in engaging with the council as one of the largest procurers of goods and services within the borough. In providing this support, the council are keen to ensure that when approaching the market, it is doing so in the knowledge that what the council is seeking to procure is realistic, deliverable and affordable.
- 5.3 The council is keen to realise the benefits to the local community from implementing the Social Value Act. Organisations working with the council will need to demonstrate corporate social responsibility that contributes to the prosperity of Gravesham and its people.
- 5.4 To ensure sustainability in its procurement activity, the council will:
- Undertake market engagement to inform local businesses of upcoming Gravesham opportunities via Meet the Buyer events.
  - Educate local businesses on how to be successful at bidding for opportunities with the council via workshops and post tender feedback, including areas such as the equalities agenda and duties in respect of safeguarding.
  - Encourage local businesses to participate in opportunities to increase chances of new contracts being awarded locally.
  - Ensure all tenders over the applicable EU threshold include social value act provision to encourage opportunities for local employment, local supply chain, apprenticeships and reduced carbon emissions.

(1) Source: ONS 2015

(2) Source: UK Business Survey 2016

(3) Source: UK Business Survey 2016

## 6. Commerciality in Procurement

- 6.1 The Council is committed to ensuring that its procurement arrangements are appropriately commercial but do not stifle competition or innovation. Procurement is an opportunity for the council to improve and develop services through innovation. For every recurrent and new opportunity the council will review the following:
- Is the contract (still) needed/appropriate?
  - Has the existing contract worked well and why?
  - Has the market changed in any way that would affect our needs?
  - How can we improve future contracts for all parties?
- 6.2 Through this approach, the council will become better informed to develop its needs and improve services to deliver better outcomes for the people of Gravesham. Businesses will find the opportunities more attractive which will increase interest and deliver improved quality at a competitive price.
- 6.3 To enable commercial considerations to be incorporated into its procurement activity, the council will:
- Analyse its spend to inform procurement actions.
  - Progress opportunities to aggregate spend to make more commercially attractive contracts.
  - Review existing contract arrangements and areas of low value spend for efficiencies.
  - Ensure use of the contract management module in the Kent Business Portal.

## 7. Procurement Action Plan

7.1 The following table provides a summary of the activity to deliver this strategy.

No.	Action	Target date
1	Publish details of any contract, commissioned activity, purchase order, framework agreement and any other legally enforceable agreement with a value that exceeds £5,000.	In place
2	Ensure all opportunities over £50,000 are published via the Kent Business Portal and Contracts Finder. Once such contracts are awarded the council will publish details of who has won the contract, the contract value and, for procurements below the EU thresholds, indicate whether the winning supplier is a small business or voluntary sector organisation.	From September 2017
3	Actively review purchasing data to ensure that purchases are under contract and where not, seek to confirm and implement the appropriate procurement route.	Annual exercise commencing February 2018
4	Ensure that the council's Anti-Fraud & Corruption Strategy and Whistleblowing Policy incorporate the expectations of third parties doing business with the council and are publicly available on the council website.	In place
5	Where appropriate, encourage the use of Framework arrangements.	From September 2017
6	Introduce automated invoicing, enabling the submission of e-invoices and facilitating faster payments for SMEs.	January 2018
7	Increase the use of e-catalogues or punch out processes, particularly in areas of high volume, low value spend.	From January 2018
8	Undertake market engagement to inform local businesses of upcoming Gravesham opportunities via Meet the Buyer events.	Programme of events to be developed from 2017.

No.	Action	Target date
9	Educate local businesses on how to be successful at bidding for opportunities with the council via workshops and post tender feedback, including areas such as the equalities agenda and duties in respect of safeguarding.	Programme of events to be developed from 2017.
10	Encourage local businesses to participate in opportunities to increase chances of new contracts being awarded locally.	From 2017.
11	Ensure all tenders over the applicable EU threshold include social value act provision to encourage opportunities for local employment, local supply chain, apprenticeships and reduced carbon emissions	From September 2017
12	Analyse its spend to inform procurement actions.	Annual exercise commencing February 2018
13	Progress opportunities to aggregate spend to make more commercially attractive contracts.	From 2018
14	Review existing contract arrangements and areas of low value spend for efficiencies.	From 2018
15	Ensure use of the contract management module in the Kent Business Portal.	From September 2017