



South Holland District Council

Procurement Strategy

2023 - 2026

Version Control			
	Author	Issue Date	Reasons for Issue
0.1	M. Gibbs	October 2022	First Draft
0.2	M. Gibbs	December 2022	Second draft to reflect two separate strategies (one for the Councils and one for PSPS)
0.3	M. Gibbs	May 2023	Made minor changes following SLT feedback; this includes separate Strategy document for each Council.
0.4	M. Gibbs	July 2023	Made 2 minor amendments following BBC Scrutiny Committee feedback.
1.0	M. Gibbs	November 2023	Final version following Cabinet approval

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1. Introduction

1.1 Public Sector Partnership Services Limited (PSPS) Procurement & Contracts Team

PSPS are a high performing Local Authority Trading Company (LatCo), owned by East Lindsey District Council (ELDC), South Holland District Council (SHDC) and Boston Borough Council (BBC), with ambitions to grow and provide high quality services to other Councils.

PSPS Procurement & Contracts team provides a service internally to PSPS Service Departments, as well as externally, to the client Councils (ELDC, SHDC & BBC).

Our team was newly set up in October 2022 and our service delivery to the client Councils went live in April 2023. The team have been on-boarded to standardise the procurement service across PSPS and the client Councils, whilst delivering an excellent service.

The Procurement Strategy has been written by PSPS and adopted by the client Councils detailed above.

The recent economic climate combined with worldwide issues means that there is an emphasised focus on procurement to deliver high quality goods, services and works, whilst achieving value for money. This focus has resulted in a growing requirement for open, streamlined, efficient and effective procurement processes that deliver whilst complying with relevant legislation and regulations.

1.2 Importance of Procurement

Procurement has never been more important than it is today for Public Sector Organisations. Decreasing funding in the sector from Central Government has created an environment in which it is paramount that we spend our money strategically, so we can continue to deliver services which are efficient and able to manage future demands of our communities.

In recent years, procurement and contracting practice has been subject to a number of changes from Central Government. As a result of Lord Young’s recommendations in his 2013 report “Growing your business”, a number of reforms were made to the Public Contract Regulations which will affect the way the council procures its goods and services. These changes were made to encourage the growth of small and medium enterprises (SME’s) and to reinforce openness and fair competition by increasing transparency requirements for public contracting bodies. In addition to this, there is

currently a Green Paper on Transforming Public Procurement within the UK, that is expected to be effective from 2024, which we are carefully reviewing for updates.

1.3 Context

1.3.1 The National Procurement Strategy

The National Procurement Strategy was reviewed in 2022, building on the previous two versions from 2018 and 2014. The focus is on three key themes, which have been identified as the sector's priorities:

- Showing leadership; engaging Councillors, engaging Senior Managers, Working with Partners and Engaging Strategic Suppliers
- Behaving Commercially; Creating commercial opportunities, managing contracts and relationships, and managing strategic risk
- Achieving Community Benefits; Creating social value, engaging local small / medium enterprises and micro-businesses, and enabling voluntary, community and social enterprise engagement

The National Procurement Strategy recognises that “one size doesn't fit all” and that organisations will have differing priorities, visions, and needs locally. However, by using the National “Themes” as a basis for this Procurement Strategy, this will ensure our approach to Procurement can be tracked against nationally recognised standards.

This Procurement Strategy will review the current position against the themes and priorities within the 2022 National Procurement Strategy and set out clear commitments for the next 3 years.

1.3.2 Council Corporate Strategies

PSPS understands that SHDC have corporate strategies that we need to be aware of.

An SHDC Corporate Priority is “Lead the provision of contracted leisure facilities and explore options for future delivery to enhance the wellbeing of South Holland's communities.” The Procurement & Contracts team will assist SHDC by providing procurement options and ensuring the best value for money service is in place

2. Showing Leadership

2.1 Engaging Councillors

Councillors should be engaged in the leadership and governance of Council Procurement and Commercial activity. This includes both the Cabinet /Portfolio Holders and Scrutiny members.

When Councillors are fully engaged with procurement and commercial matters, the quality of decision-making is better, and oversight and accountability are improved. Among other things, Councillor engagement leads to better project delivery and better outcomes for the local community.

Current Position:

- Councillors are engaged in key contracts by going to the appropriate governance process where required, highlighting key information and advice/guidance from Procurement.
- Procurement is within the Portfolio of a Cabinet member within the Council.
- Members are kept informed, and involved, as required, in key procurement activity.

Strategy and Commitments:

Whilst the Council already engages with Councillors in an appropriate format, as part of the implementation of the new Procurement & Contracts Service, the strategy to improve this it to:

- Develop and roll out a basic procurement training programme for Members to understand the Procurement process and the value that it can add.
- Engage with the Portfolio Holder for Procurement at the Council to ensure they are kept informed and up to date on procurement activity.
- Work with Council Officers to fully understand the required Governance process from the outset of a project to ensure Councillors are kept informed and updated at relevant points throughout.

2.2 Engaging Senior Managers

Senior Managers are key decision-makers within a procurement process, and they benefit from procurement and commercial advice at all stages of decision-making, including early advice on major projects. This is a two-way process requiring action by senior managers on the one hand and by the Procurement & Contracts service on the other.

Current Position:

- The three Client Councils have previously had an unaligned procurement approach, with a number of different procurement services being provided in different formats (working purely in a reactive manner and some working more proactively). Whilst this is the case, senior managers are generally engaged with procurement and commercial issues and will often take professional advice at key decision points.

Strategy and how we aspire to improve:

The PSPS Procurement & Contracts service will be looking to build relationships with not only senior managers, but all key stakeholders, to make it clear that our team want to be involved in projects at the earliest available opportunity. The strategy to improve this is:

- Encouraging Senior Managers to engage with the Procurement & Contracts Service at the beginning of a project in order to add as much value as possible.
- Holding training sessions with budget managers to ensure better engagement with procurement resulting in more informed decisions.

- Providing clear communications about how to access the Procurement & Contracts service.
- Engaging with Senior Managers regularly to understand what upcoming projects they have coming up so the Procurement & Contracts service can work pro-actively and forward plan.
- Engaging with Senior Managers by presenting quarterly reports, detailing procurement activity, success stories, and key issues.

2.3 Working with Partners

Working with partners refers to a “one team” approach to the design and implementation of solutions for public services which spans service departments and organisations.

This team approach characterises how PSPS, and the Council, will work together and work jointly between each other and with external organisations, such as health, fire, police etc.

Current Position:

- There are a number of occasions where partnership working is already taking place between the Council, and other partners and the benefits of partnership working in this way are being recognised (e.g., potential for efficiencies).
- Whilst the benefits are being recognised, there are still large elements of ‘silo’ working between organisations.

Strategy and how we aspire to improve:

As part of the newly formed PSPS Procurement & Contracts service, a review of all organisations spend data and Contracts Register will be undertaken, to identify any opportunities for collaborative procurement. The strategy to improve this is:

- Seek collaborative procurement opportunities between the three client Councils. This will be enabled by regularly reviewing spend data, as well as keeping the Contracts Registers up to date, which will assist the team to forward plan.
- Educate the Procurement & Contracts team, as well as service users, to question whether there is a possibility for joint working on a project at the outset.
- Review the possibility of setting up a Countywide Procurement group, that invites all Public Sector Organisations within Lincolnshire, to discuss procurement projects that could be done collaboratively, as well as sharing knowledge in general.

2.4 Engaging Strategic Suppliers

Engaging strategic suppliers refers to the process of identifying strategic suppliers and engaging with them to improve performance, reduce cost, mitigate risk, and harness innovation.

Effective management of strategic supplier relationships can improve outcomes for the public, including added social value, and continual improvement and innovative ideas.

Current Position:

- There are strategic suppliers across the Council where contractual meetings are held, but these are more operational and solely performance based, instead of looking for potential opportunities for innovation or reduced cost.
- There is also a tendency for “firefighting” where engagement with suppliers will often be when there is a problem to be resolved.

Strategy and how we aspire to improve:

- Include easily accessible information on the Council website, including:
 - Details of the eTendering system, with any appropriate user guides.
 - A link to the current Contract opportunities
 - An up-to-date Contracts Register
 - Details of the tendering thresholds
 - A link to the standard terms and conditions
 - Publishing a forward plan of work, and potential engagement events
- Identify all strategic suppliers and put together a Contract Management plan for the day-to-day contract manager to utilise, including a basic agenda for contract meetings.
- Advising that all key projects have a pre-procurement market engagement phase to maximise interest and awareness from suppliers, as well as getting suppliers’ knowledge and expertise, when working on the specification and tender documentation.

3. Behaving Commercially

3.1 Creating Commercial opportunities (including income generation)

Creating commercial opportunities refers to how an organisation promotes revenue generation and value creation through the way it plans its major third-party acquisitions (works, services, and goods), reviews its business options (make or buy), engages with, and influences, markets, and potential suppliers, seeks to support and encourage innovation, and promotes the development of new ideas and solutions to service delivery.

Current Position:

- Whilst there are ideas to generate income from the Council, these tend to stay high-level and don’t involve procurement until a decision has been made.

- There is a focus on delivering business as usual, but commercialisation is on the radar as PSPS, and the Council, understand that income must be generated through different means.
- There is a focus on savings / efficiencies rather than ideas for generating income.

Strategy and how we aspire to improve:

- Seek to adopt a more commercial approach when reviewing contracts. Some approaches include:
 - Seeking collaborative procurement opportunities across PSPS and the three client Councils.
 - Involving procurement as early as possible, so that a procurement process can be discussed that supports the outcomes.
 - Where relevant, evaluate innovation within award criteria, and detail potential for innovation within the Specification.
- Continually looking at options for new revenue.
- As part of the spend analysis, suggest potential ideas for revenue generation.

3.2 Managing Contracts and Relationships

Contract and relationship management is the process by which all contracts and variations are managed effectively to control costs, secure the quality and timeliness of agreed outcomes and performance levels, and minimise the occurrence of risks. Poor contractor performance can seriously damage reputation and also the ability to deliver effective services.

Current Position:

- Contract management is currently very reactive, dealing with issues as they arise.
- Contract leads / managers are identified for the majority of contracts.

Strategy and how we aspire to improve:

PSPS Procurement & Contracts team will have resources in place to support day-to-day contract managers (who will still own the contracts) and will transition the current position to a place where contracts are effectively managed. The strategy to improve this is:

- Take control and be a central area for the Council to edit and maintain the Contracts Registers.
- Inserting sufficient review dates on contracts to work proactively and enabling time for an analysis of procurement options.
- Identifying strategic contracts and liaising with day-to-day Contract Manager to provide support and assistance, to include:
 - Undertaking spend reviews ensuring tendered rates are being used.
 - Provide a Contract Management Meeting “Agenda” document to base Contract Management Meetings on.
 - Attend contractual meetings, where required.

- Provide a contract management pack upon contract award with main contractual details included, such as start date, end date, tendered price/rates, termination clauses etc.
- Assist with performance monitoring on KPIs and SLAs.
- Assist with identifying and creating risk registers for projects over the value of £85,000.
- Ensuring contract variations are undertaken in the appropriate manner as per the contract and are then updated on the Contracts Register.
- Provide training on Contract Management.

3.3 Managing Strategic Risk

Managing strategic risk refers to the impact of an external event (changes to regulations/legislation, financial / reputational health of the supplier etc.) and how these should be mitigated against, to ensure the quality and continuation of services is not negatively affected.

Current Position:

- This is completely compliance driven ensuring that statutory requirements are met.

Strategy and how we aspire to improve:

The PSPS Procurement & Contracts service is looking to take a more proactive approach to strategic risk management. The strategy for this is:

- Following a procurement process, we shall carry out due diligence checks (financial, insurances, and H&S (where relevant)) on the supplier that we intend to award the contract to.
- Monitoring spend against the Contracts within the Contracts Registers, to mitigate the risk of off-contract spend.
- By having a dedicated Procurement & Contracts resource, we will ensure that professional advice and guidance is as per the relevant Legislation and Regulations and will keep up to date with knowledge and training related to new Procurement Legislation/Regulations.
- Assist with identifying and creating risk registers for projects over the value of £85,000 and monitoring and keeping these updated with the relevant persons.
- Undertaking due diligence checks on contractors in-contract to ensure they have the relevant insurances and are financially sound.

4. Achieving Community Benefits

4.1 Creating Social Value

Social value within procurement is about improving economic, social, and environmental wellbeing from public sector contracts over and above the delivery of the services directly required and at no extra cost.

Current Position:

- Many procurement processes include social value considerations such as award criteria.
- Whilst it is included within award criteria, it is not being actively monitored to ensure suppliers are doing what they have said they will do.

Strategy and how we aspire to improve:

The PSPS Procurement & Contracts service aim is to take a more proactive approach and explore options of how to measure and monitor social value, during the tender process, and at contract award. The strategy for this is:

- Ensuring procurement evaluation processes consider areas such as localism, added value and/or sustainability factors.
- Undertaking soft market engagement to take into consideration what the market can offer, to get a better understanding of what social value criteria can be included within the Specification and award criteria.
- Reviewing the possibility of using a social value IT system, which measures social value in financial and non-financial terms against national Themes, Outcomes and Measures.
- Actively monitoring continuous improvement and performance in relation to the supplier's social value commitments (as per the tender documentation and their submission).

4.2 Engaging Local SMEs and Micro Businesses

Small Medium Enterprises (SMEs) are businesses with fewer than 250 employees and a turnover of up to £50,000,000. Micro Businesses are those with 1 to 9 employees.

SMEs play a major role in creating jobs and generating income. They help foster economic growth, and are a source of innovation, whilst contributing to the development of a dynamic private sector.

Current Position:

- The Council are seeking quotations from local suppliers, where appropriate.

Strategy and how we aspire to improve:

The PSPS Procurement & Contracts service aim is to actively engage with local SMEs and microbusinesses and the strategy for this is:

- Provide relevant information on the Council website, which can also be reflected including how to tender, simple guides on the eTendering system, and any other useful guidance.
- Update the Contract Procedure Rules for the Council to reflect that quotes must be sought from local suppliers, where appropriate.
- Review options of breaking up larger contracts into Lots, where appropriate, to make it more attractive for SMEs and micro businesses.

- Provide efficient and effective information to local SMEs and micro businesses who are interested in quoting / tendering opportunities to ensure the process is as simple for them as possible.
- Attend events such as Business Breakfasts to engage and present to local SMEs on topics such as “Selling to the Organisation”.
- Keep the Contracts Register maintained and up-to-date online, so that SMEs can approach current contractors regarding any sub-contracting opportunities, as well as being able to plan for re-procurement exercises.
- Review standard terms and conditions to see if a clause can be added where a contractor is required to seek quotes from local suppliers, if they have an element of work / services etc. that needs to be sub-contracted.
- Undertake ad-hoc checks on lower value contracts to check whether local suppliers were approached to provide a quote.

By engaging with local SMEs and micro businesses, we can help grow the local economy as local suppliers will likely purchase materials from within the District and employ locally. Engaging with local suppliers can provide environmental benefits such as reduced travelling. This goes hand in hand with potential reduced costs as a local supplier won't have to use as much fuel or pay for accommodation.

4.3 Enabling VCSE Engagement

Voluntary, Community and Social Enterprise (VCSE) refers to organisations that include small community groups, registered charities, foundations, trusts and social enterprises and cooperatives.

Current Position:

- VCSE organisations are engaged in a few key contracts only.

Strategy and how we aspire to improve:

Whilst this isn't an active priority for the team and we are content that VCSE organisations are being engaged in relevant procurement / tendering opportunities, engagement could be improved by:

- Liaising with the project team to discuss whether it would be beneficial to include external partners within the creation of a specification, as this is to include VCSEs.

5. Enablers

The National Procurement Strategy 2022 identifies five cross-cutting issues referred to as “enablers”. These enablers need to be addressed for us to realise our ambitions.

5.1 Adding Value

Procurement has a key role in adding value on spend. The team need to work proactively to understand emerging issues and how these can be managed, as well as understanding and mitigating against risks. The team also need to be able to demonstrate the value added to our internal colleagues within PSPS and the Council.

Current Position:

- Procurement has previously been unaligned across PSPS and the Client Councils, with procurement services being provided, in a mostly reactive manner, by different organisations.

Strategy and how we aspire to improve:

With the newly formed Procurement & Contracts team in place, we propose to add value in several ways, including:

- Ensuring that a member of the Procurement & Contracts team is involved in projects at the earliest opportunity available, to be able to add value from the outset.
- Look to set up a forum for Public Sector Organisations within Lincolnshire to discuss procurement, sharing good practice and data.
- Keep up to date with new procurement legislation/regulations and look to continually improve our knowledge and understanding.

5.2 Developing Talent

Talent management, recruitment and retention are key building blocks to an excellent procurement function.

Developing talent includes supporting staff to develop, addressing recruitment and retention of procurement talent and developing agile procurement talent that can address commercial challenges and innovation in the procurement role.

Current Position:

- PSPS Procurement & Contracts team are fully recruited and resourced.

Strategy:

An in-house procurement function has been set up with a structure that provides lots of development opportunities. There are a few of the roles that we will be looking to develop staff, including an apprentice, whereby we will put them through their professional qualifications.

A development plan will be put in place for all staff and there will be opportunities for staff to outline areas where they need further development (such as commercial skills / negotiation etc.)

PSPS provides great employee benefits which will assist with the recruitment and developing and retaining staff will be key to our success.

5.3 Exploiting Digital Technology

Rapid use of data is critical for understanding how to manage procurements and contracts.

Current Position:

- There is currently limited contract and procurement information available online.

- E-Invoicing, E-Ordering and E-Payments are all used as standard.

Strategy and how we aspire to improve:

We are actively looking at new technologies that can make administrative tasks such as advertising a tender, quicker and easier. We want to share our data more widely and make it easily accessible for interested suppliers/general public. We aspire to do this by:

- Ensure Contracts Registers are regularly updated and published online. This will help to reduce FOI queries whilst being more transparent.
- Ensure that the eTendering system is used for everything over the value stipulated within the Contract Procedure Rules to ensure they are easily accessible and auditable.
- Continue to regularly seek innovative technological opportunities, where appropriate and within budget.
- Share and receive data from other organisations to implement commercial approaches.

5.4 Enabling Innovation

The Procurement Rules reform is likely to provide more opportunity to innovate in procurement with the use of more flexible procedures and making use of these opportunities will be key.

Current Position:

- Procurement can currently tend to be an afterthought in projects, so innovation is limited. Specifications are often outcome-based, instead of output based to enhance supplier innovation.

Strategy and how we aspire to improve:

The Public Procurement Reform will be an influential change. We will be keeping updated on this to be aware of all changes. Our strategy to enable innovation is:

- Keep informed on the Procurement Rules Reform and provide responses to any further consultations, to help shape them Reform. Embrace the changes, including the more flexible approach to procurement.
- Ensure involvement in projects is at the earliest opportunity so that we can review specifications and look to add value / provide innovative ideas from the outset.

5.5 Embedding Change

Procurement has a key role within Public Sector Organisations and needs to sit at the top table to ensure commercial considerations run through the necessary decision-making.

Current Position:

- Senior leaders recognise the importance of procurement and contract management and have addressed this by setting up the Procurement & Contracts service.

Strategy and how we aspire to improve:

As a new service, this is a great opportunity to change the way things are done and we will be looking to do this by:

- Implementing a new process to access the service, via a system, which will easily show the data and performance levels of the team that can be reported against.
- Work in a proactive manner, whereby we will contact a department, notifying them of a/the procurement process required for a project and set up a meeting to begin this.

6. Sustainable Procurement

Sustainable procurement refers to how we can identify and reduce the environmental impacts of our supply chain, ensuring that we can reduce our carbon emissions and the impact of climate change.

Current Position:

- The Council are aware of the environmental impacts, but they aren't being directly considered and included within every procurement project currently.

Strategy and how we aspire to improve:

- Ask specific, targeted sustainability questions at each stage of a procurement process, allowing bidders to propose specific targets to reduce emissions, create local employment opportunities, and provide other sustainable outcomes.
- Ensure sustainability / environmental is an agenda item at the beginning of each new procurement project so that it is being considered every time.
- Including sustainable requirements within the specification, where appropriate. For example, specifying a certain sustainable material is used instead of an alternative that isn't sustainable.
- Ensuring the procurement process is accessible to all, allowing smaller, and local businesses to submit bids easily. This can include removing financial thresholds, where financial risk is not high, or dividing larger contracts into lots so that smaller organisations with limited capacity are able to bid.
- Encourage suppliers to actively take steps to reduce their carbon emissions.
- Actively monitor suppliers who have proposed commitments within their tender to ensure they are doing what they said they will do.

The Client Councils have recently adopted a [Sustainable Products Policy](#). The Procurement & Contracts service will ensure that this is included within procurement processes by promoting and establishing a culture of reuse and recycling, where possible.

7. Ethical Procurement

Ethical procurement refers to a wide range of issues that can impact the ethical goals of a business. Procuring in an unethical manner may cost the Council heavy fines, and reputational damage.

Current Position:

- The Council are aware of the risks of unethical procurement, but there are no monitoring processes in place to check the wider-supply chain of our contractors.

Strategy and how we aspire to improve:

- Monitor key contracts closely to ensure visibility of their entire supply chain to ensure ethical behaviour, such as payment to sub-contractors on-time, and employees have the right to work there etc.
- Ensure that suppliers tendering for works/services/goods sign the non-collusive certificate to ensure no bribery or collusion has taken place as part of their bid.
- Before sending the evaluation panel the tender submissions, ensure a Declaration of Interest is signed noting that they have no conflict of interest with any of the suppliers that they will be evaluating.
- Ensure Procurement & Contracts staff are up to date with their CIPS Ethical Sourcing yearly programme.

8. What is 'Local'?

Within this Procurement Strategy, "local" is mentioned regularly. We consider local as three separate strands. The first is within the boundary of each respective Council. The second is within the boundaries of all three of the Councils. The third is within Lincolnshire, or 60 miles from the boundary of one of the Councils.

We will undertake analysis of the % of local suppliers in the first and second strands as above and report back on this. Should there be scope for improvement, an agreed target will be set to increase these percentages of local suppliers.

9. Making it Happen

Procurement is an activity which involves all service areas but there are specific roles that the Procurement & Contracts team and service areas have to play and only by working together can we meet the aspirations set out in this strategy.

The service areas are accountable for delivery of their services and for conducting their procurement activities within the Contract Procedure Rules and in line with the aspirations within this Strategy.

The Procurement & Contracts team are accountable for ensuring that strong internal processes are in place, and that we set the standard for working in line with the aspirations within this Strategy. By doing this, we will be able to provide the Councils with high quality services, which will result in financial savings and efficiencies.

10. Contact Details

Should you have any questions or comments regarding our Procurement Strategy, please contact:

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