



# **Procurement and Contract Management Strategy 2022- 2025**

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# About this Strategy

## 1.1 Our vision for Procurement

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Our vision for procurement is simple – but ambitious.

*“To help deliver East Suffolk Council’s strategic priorities, through the management of our £66M expenditure by planning ahead, with smarter market engagement and procurement and the effective management of the subsequent contracts and relationships.”*

This strategy helps set out how we will achieve this vision.

## 1.2 Why we need this strategy

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East Suffolk Council spends around £66m per year to buy the goods and services we need to do our work. This spend is crucial to the way we deliver our core services to our local communities and the outcomes that we achieve. The council is driven by a five-point strategic plan – and it is essential that the council’s procurement supports that plan. How we source and deliver these services has a direct impact on the ways in which both local people, community organisations and businesses judge the value that we provide and the quality of the outcomes that we achieve. We are judged on many different things including:

- **Service outcomes** – the quality and frequency of what we do and how we serve local people set against increasing demand, changing demographics, social pressures and expectations
- **Local economy** – the amount of money we spend in the local ‘Suffolk’ economy with local businesses and the voluntary, community and social enterprise sector
- **Social value** – the added benefits that we achieve in our contracts for the community, particularly for disadvantaged areas (e.g., through new facilities, job opportunities or improved living space)
- **Sustainability** – the way in which we work with our suppliers / providers in using scarce natural resources, their impact on the environment and the health and well-being of local people (e.g., carbon emissions, recycling or conservation)
- **Use of financial resources** – the value that we get from our contracts, set against reduced budgets and the need for transparency and ethical behaviour

This strategy sets out our aspirations for the development of our procurement of goods, works and services over the next four years, so that the Procurement Services can:

- Contribute directly to the **delivery of the council’s strategic policies** and direction as set out in our *We Are East Suffolk Strategic Plan (2020-24)*. These priorities are explored in more detail below in section 2.3, but in summary, the Strategic Plan sets out how East Suffolk’s work will:
  - Grow our economy
  - Enable our communities
  - Remain financially stable

- Deliver digital transformation
- Care for our environment
- **Respond to a rapidly changing world**, ensuring that we keep up with best practice, changes in legislation (including a new Procurement White Paper to supersede PCR 2015<sup>1</sup>) and local community aspirations
- Ensure that we can contribute **measurable improvements** to the value for money and outcomes that we achieve in our contracts, set against large increases in the cost of living
- **Develop our skills** so that we can support service areas effectively in responding to the financial, economic and social challenges that lay ahead
- Maintain the **highest standards** of probity, transparency and accountability

Many of these things reflect the aspirations of the Task & Finish Group set up in 2020 which commands the full support of the Council. The outcomes of this group included a commitment to ensuring that local companies are supported to be able to bid for work with East Suffolk Council – and that the processes that the council uses to procure services are as accessible as possible. These principles have been developed further within this strategy.

### 1.3 Why procurement matters

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Our expenditure with third party suppliers and service providers was £66 million in 2021. This expenditure contributes directly to:

- **Key infrastructure for East Suffolk**, such as council buildings, social housing, leisure centre upgrades across the district, eco homes at Deben school site, Felixstowe, Lowestoft flood defences, but also procurement for our partnerships – such as Port Health and Anglia Revenues Partnership.
- **Community services**, such as events, play areas and leisure facilities, First Light Festival, and rough sleeper accommodation, but also vital services to connect vulnerable parts of our communities.
- **Environmental services**, such as street cleansing, waste collection, car parking. The council currently spends more than £19m per year on these services – and is setting up a trading company to deliver improvements.
- **Supporting equipment and services**, such as technology and equipment and materials that maintain our infrastructure. This has become vitally important during the response to the Covid pandemic – and as the council moves towards hybrid working this spending supports the working culture of the council.
- **Economic Regeneration**, such as construction and design of future works such as through the Towns fund, the Heritage Action Zone schemes, Power Park investment, investment in Lowestoft seafront, the Felixstowe beachfront regeneration and the district wide public Wi-Fi project.

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<sup>1</sup> PCR is Public Contract Regulations which aligned public sector procurement rules to the EU Public Procurement Directives.

Contract failure or underperformance can have a disproportionate impact on our reputation, budgets and erode our ability to fulfil our commitments to local communities. Similarly, we must manage our third-party expenditure effectively and in a fully transparent way to ensure that we:

- attract the best suppliers while encouraging greater opportunities for local businesses, voluntary and community organisations and social enterprises to secure orders, even as sub-contractors.
- keep within our approved budgets and deliver efficiency improvements
- encourage and promote social value in our contracts
- ensure that we do things in a sustainable way, always working with our commercial partners

This is widely known as responsible procurement. By following this approach, we can also help to ensure financial stability to be able to deliver important priorities such as, reducing carbon emissions in our supply chain, helping to cut waste and pollution, and investing in our assets.

## **1.4 Ownership & Scope**

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ESC's Head of Operations is the strategy owner and the council's Procurement, and Commercial Manager will oversee the actions associated with ensuring its successful implementation.

The strategy applies to the acquisition of all of our third-party goods and services, regardless of whether they are through new or existing contracts or their funding source.

We will ensure that we reflect the goals agreed in this strategy in all our projects and transformation work.

We will review the strategy within the first six months of its adoption to ensure that it remains current and relevant to local and national priorities. We will review the implementation of the strategy quarterly at CMT and the Corporate Governance group.

## **1.5 Reporting and Measurement**

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We will make progress reports at key milestones to the Audit and Governance Committee with an annual report to cabinet setting out progress made with implementation.

We will develop appropriate and simple measures, which we will include in the Implementation Plan once the Strategy has been approved.

# Our Strategy for success

## 2.1 Our 2025 Procurement Vision

To help deliver East Suffolk Council's strategic priorities, through the management of our £66M expenditure by planning ahead, with smarter market engagement and procurement and the effective management of the subsequent contracts and relationships.

We will realise this vision by:

- Integrating our approach to **managing the commercial life cycle** (commissioning, procurement, and contract & relationship management – see 3.2)
- Embedding both **commercial and sustainable** principles into our commissioning and contracting activities, such as 'greening' the economy and reducing inequalities
- Maintaining sound **governance, transparency, accountability** and probity with proportionality in our operational processes
- **Working effectively with our delivery partners** including local businesses, voluntary and community groups and social enterprises to shape and inform our thinking and grow the local economy. We will engage with local suppliers to ensure that they are supported to be able to work with the council where appropriate.
- **Using digital technology** to automate ordering and payment processes and develop improved reporting planning/forecasting and analysis capability
- **Making the most of our people**, further increasing their capacity, knowledge and skills on all aspects of procurement and contract and relationship management and gain their buy in to our transformation journey
- **Ensuring that we further develop our existing Procurement Team** through training and professional development – particularly in the areas of a changing legal and policy framework.

## 2.2 Managing the commercial life cycle

Commissioning is the entire cycle of assessing the needs of people in a local area, designing services to address those needs, and securing a cost-effective service to deliver better outcomes. Whole life is the period from the initial definition of the business need through to the end of the useful life of the asset or service contract, including disposal where relevant.



We aim to manage each stage of the commercial cycle in an integrated way to help us to achieve successful and sustainable outcomes and:

- increase our commercial leverage, particularly with large firms.
- to ensure that the products and service that the council buys are, wherever possible, environmentally and socially sustainable. avoid cost overruns and sometimes poor contractor performance – global research by World Commerce & Contracting shows that contract costs overrun by an average on 9.2% when not managed correctly
- achieve better outcomes with social value and the sustainability agenda
- build proactive relationships with our partners and stakeholders

## 2.3 Our priorities

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This section summarises our priorities for delivering this strategy and how our service managers working with our Procurement Team will help oversee the required changes. Our priorities are listed under the five headings set out in *We Are East Suffolk Strategic Plan (2020-24)*:

- Growing our economy
- Enabling our communities
- Remaining financially stable
- Delivering digital transformation
- Caring for our environment

### 2.3.1 Growing our economy

A thriving local economy is a key part of increasing prosperity and wealth creation and reducing inequalities. While we are obliged to comply with national policy, currently set out in the *Public Contract Regulations (PCR) 2015*, this does not prevent use from helping and encouraging local businesses to work with us, either as a main contractor or a sub-contractor.

Our Procurement Team will work with service areas to:

- Identify potential procurement exercises where local businesses can be encouraged to bid
- Understand the needs and concerns of local businesses, especially where we can make things easier and quicker for them during a procurement process
- Provide workshops for the community including setting out where to seek new business opportunities, how to respond to council invitations to quote / tender, prepare good proposals and bids

### 2.3.2 Enabling our communities

Local businesses, voluntary groups and social enterprises are all important parts of a vibrant community.

They contribute knowledge, resources and talent which can often make a difference. They also generate wealth and create value, much of which is spent in the local economy. This links closely with our goal of Growing our Economy.

Our Procurement Team will work with service areas to:

- Ensure that we have a detailed marketing and communications plan to reach out to all groups, particularly via the use of social media
- Ensure that we understand the needs of community groups before making buying decisions.
- Identify ways to work with the wider system – including health – to deliver economies of scale and other benefits.

### **2.3.3 Remaining financially stable**

The Council continues to face financial pressures along with all other organisations caused by different things including the impact of Covid-19, changing government priorities and significant increases in the cost of living.

The effective management of our £66M third party expenditure is a key contributor of this strategic goal. This is not about who control budgets and authorises expenditure but the way we plan ahead, engage with, and help to shape markets and above all, manage our contracts

Our Procurement Team will work with service areas to:

- Analyse our third-party expenditure and target opportunities to save money and maximise efficiency and economies of scale base and help create a vibrant supply chain.
- To link the work of the procurement team to the councils Medium Term Financial Strategy – identifying opportunities for savings and efficiency.
- Ensure that we have full visibility of our contract portfolio so that we can plan and improve our risk management
- Seek more joint contracts with other public bodies where financial and other benefits are achievable – particularly for non-core services and goods
- Develop our market intelligence and research capability
- Engage early in the process with the business community and to identify opportunities to prepare the local market and encourage involvement from local businesses

### **2.3.4 Delivering digital transformation**

Digital transformation is a cornerstone of a modern, thriving economy. This includes the way in which we trade with suppliers from placing orders to paying invoices. The effort put into managing transaction processes should be proportionate to their value and risk, with far greater use of automation with retrospective audits. This allows scarce resources to be targeted at managing the higher value / risk contracts where financial losses and reputational risks are far more significant.

Our Procurement Team will work with service areas to:



- Utilise digital technology to drive increased automation and better reporting and analysis capability across the commercial cycle
- Provide accurate and up to date management information to support contract management and improve our forward planning capability

### 2.3.5 Ensuring good governance

The five strategic themes above are supported by a six theme – that the council will ensure that its governance is transparent and robust.

To that end, our Procurement Team will work with service areas to:

- Ensure that our policies and procedures reflect latest legislation and are both current and fit for purpose, including the use of value thresholds and procurement routes
- Ensure that they work closely with legal services on the drafting of contracts and the review of terms and conditions. Further training will be needed to ensure that the procurement team can provide better support to legal services in this area.

### 2.3.5 Caring for our environment

The way that we spend our money and the organisations that we commission is known to be a major contributor to the fulfilling of our local, ethical and sustainability priorities including local economic regeneration, protecting our environment, promoting equality and wellbeing, and gaining more by way of social value. We recognise that in the scheme of things we cannot do this on our own and are keen to work with suitable partners to increase our sphere of influence.

Our Procurement Team will work with service areas to:

- Encourage all new procurement activities to consider responsible procurement criteria as part of their sourcing and selection process and in our contract management activities.
- To ensure that East Suffolk Council's commitment to being carbon neutral by 2030 is considered in every procurement exercise.
- Ensure that we consider our environmental objectives in all new procurements
- Reduce waste, conserve scarce resources in the supply chain and improve environmental standards in service area contract management activities
- Ensure that social value is understood and is sought in appropriate contracts with outcomes successfully achieved – this will be aligned to Suffolk County Council's *Social Value and Sustainable Procurement Policy*
- Develop and implement an engagement plan including the use of targeted communication (such as social media) to local businesses – see also **Growing our economy**

<p>. The <b>1987 UN Bruntland Commission</b> defined sustainable development as “<i>meeting the needs of the present without compromising the ability of future generations to meet their own needs</i>”. The distinction</p>
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between sustainability and sustainable development is an important one; the former is a long-term goal (i.e., a more sustainable world), while the latter refers to how we seek to achieve it, in this case, through the services and goods that we acquire. Sustainable, or responsible procurement is a process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy, whilst minimising damage to the environment.

# Making it happen

The Council's recent independent Procurement & Contract Review made 11 recommendations setting out how the Council could improve its procurement and contract & relationship management performance.

These recommendations are set out below:

## **Contribution to Corporate Goals and Strategy**

- [R1]** The revised Procurement Strategy should align closely with the Council's Strategic Plan.
- [R2]** The East Suffolk Procurement Forward Plan should become a shared document with each service department and be capable of informing resource planning and the launch and timing of future procurement exercises.

## **Procurement strategy, policy and contract planning**

- [R3]** The Council creates a cross departmental Procurement and Commissioning Transformation Group with senior representatives from Service Departments. This Group will be tasked with working with the Procurement Team to support the strategic realignment, identify opportunities and support communications.
- [R4]** Each Service Department head to be tasked with ensuring that copies of contracts and details for the top one hundred suppliers by annual spend are up to date on a digital contracts register.

## **Internal relationships and organisational structure**

- [R5]** The Council carries out a controlled survey or diagnostic to ascertain the views of local businesses and existing contractors as to how easy it is to do business with the council and how we can support them.
- [R6]** After [R1] and [R5] are completed, the Council reviews its CPRs to ensure that they can support value generation as well as ensure standards of probity and compliance.

## **External relationships (contractors and businesses)**

- [R7]** A Procurement Marketing and Communications Plan to be prepared once [R1] and [R6] are complete to ensure the right messages and information reaches the different internal and external target audiences.

## **Use of technology and information**

- [R8]** An online contract register service is introduced and populated to provide greater efficiency in the collection of information.
- [R9]** The ProClass classification is introduced into the finance and accounting system preferably, mapped to the existing financial codes to support better reporting against

contracts and procurement categories.

### **People, skills development and knowledge**

**[R10]** Key posts / post holders within Service Departments engaged in significant levels of commissioning, procurement or contract and relationship management should be identified for professional development as the needs of the procurement function change.

**[R11]** Core skills and knowledge transfer programmes should be made available and offered to identified people / post holders undertaking any procurement activity on behalf of the Council.

Implementing these recommendations is a major stepping stone in helping us to deliver this ambitious procurement and contract management strategy. It will also allow us to respond positively to the Task & Finish Group's recommendations.

However, modernising and improving our procurement and contract & relationship management operation requires a fundamental transformation of attitudes, behaviours and skills and knowledge. Specific aspects of this transformation include:

- Strengthening change control and management reporting to prevent delays, scope creep and cost overruns
- Building relationship contracts where achieving outcomes and managing expectations of all parties becomes the goal rather than just seeking compliance
- Ensuring local businesses can engage and work with the Council easily – allowing them to be able to secure work as a prime and/or sub-contractor
- Moving the focus for savings delivery and capture away from commissioning and procurement to the contract management phase
- Understanding that 'value for money' often manifests itself by improved outcomes, cost avoidance and the creation of social value and sustainability

This requires a fundamental reappraisal as to how we view commissioning, procurement and contract management and recognise it as a mainstream strategic discipline.

All of these priorities have been captured in a detailed implementation plan that is appended to this strategy.

