

**Agenda Item No 6(c)**

**DERBYSHIRE COUNTY COUNCIL**

**CABINET**

**26 July 2018**

**Report of the Strategic Director for  
Commissioning, Communities and Policy**

**PROCUREMENT STRATEGY 2018-2021  
(COUNCIL SERVICES)**

**1 Purpose of the Report**

To note and approve the Council's Procurement Strategy over the medium term period 2018-2021.

**2 Information and Analysis**

The purpose of the Procurement Strategy is to set out the Council's procurement priorities for 2018-21, and provide a framework to ensure the Council's procurement activities deliver Value for Money (VfM) and directly contribute to the Council's strategic and policy objectives as outlined in the Council Plan 2017-2021. A key aspect of this will be to undertake a review of procurement practices and processes to ensure they are proportionate to risk, remove unnecessary bureaucracy and empower local decision making.

The key components of the Strategy are to:

- Set out the framework for the procurement operation of the Council which supports the strategic and policy objectives in the Council Plan;
- Ensure resources are allocated to achieve Council Plan objectives;
- Ensure cost effective affordable and innovative service delivery that delivers VfM;
- Support delivery of the Council's Enterprising Council Programme;
- Fulfil the Council's obligations to social value where relevant and proportionate and, in line with legislative requirements.

The relationship between social value and the Council's procurement activities is fundamental and a key priority for the Council has been the need to embed the process in commissioning and procurement processes. The Council's Social Value Strategy 2017 was developed to support and embed a consistent approach across the Council.

The inclusion of a specific social value objective - *to promote and deliver sustainability, local economic development, equality, diversity and additional social value objectives through our procurement activities* – within the Procurement Strategy will support the delivery of social value in procurement and help embed the approach further into existing procurement and contract management processes. As such it is recommended that the Procurement Strategy be the main vehicle for progressing social value moving forward. This will remove the need for a separate Social Value Strategy.

In addition, whilst social value requirements are being used more widely across the Council, the current inclusion of social value considerations in the authority's decision making processes needs refinement. Procurement officers and commissioners have been encouraged to include social value considerations in all reports, even when there may be no social value on offer. This has resulted in the considerations being used inappropriately. Moving forward it is therefore recommended that the specific social value consideration currently included in decision making reports be removed and any social value consideration be included as part of the finance implications, as it is a statutory requirement to do so. Additional guidance and training will be needed to ensure this requirement is met and communication on the change of approach would be required.

The Council's Financial Regulations state that the Strategy should be reviewed annually to remain consistent with the Council Plan.

This Strategy will also be supported by a two-year improvement plan which will set out the actions required to deliver improvements in the Council's procurement arrangements. Performance will be monitored against this plan on an ongoing basis and where appropriate the Strategy and its content will be reviewed on an annual basis with any significant changes reported to Cabinet for approval.

A copy of the Strategy is shown at Appendix One.

### **3 Other Considerations**

In preparing this report and developing the Council's Procurement Strategy the relevance of the following factors has been considered; legal, human resources, social value, prevention of crime and disorder, equality and diversity, environmental, health, property and transport considerations.

### **4 Background Papers**

Papers held in Corporate Procurement Team, Finance & ICT, Room 239.

**5 Key Decision No**

**6 Call-in**

Is it required that call-in be waived for any decision on this report? **No**

**7 Officer's Recommendations**

It is recommended that Cabinet:

- 7.1 Approve the Council's Procurement Strategy covering the period 2018-2021 and that this becomes the main vehicle for progressing the Council's social value obligations moving forward.
- 7.2 Approve proposals to remove specific social value considerations from decision making reports and agree plans to issue revised guidance on the changes moving forward.

EMMA ALEXANDER

Strategic Director for Commissioning, Communities and Policy

**Derbyshire County Council**

**PROCUREMENT STRATEGY**

**2018–2021**



### Foreword

Reduced public sector funding and increasing demand for services means that the Council, like many other Council's across the country, continues to face significant challenges in providing the services local people need and want.

The Council has clear ambitions, as set out in the Plan 2017-2021, to be an efficient and high performing Council delivering Value for Money (VfM) services and plans to move towards an Enterprising Council approach will result in a challenging and ambitious whole Council programme of transformation and change over the medium term 2018-2021.

Being an Enterprising Council, in summary, means that we need to change as the world changes, to modernise and take advantage of new technology and better ways of doing things for both residents and employees. This means thinking and doing things differently, not shirking bold decisions and making the most of new opportunities. Our approach will be bold, ambitious and enterprising.

Procurement has a key role to play in supporting the delivery of the Enterprising Council approach, ensuring that the contractual arrangements the Council puts in place deliver creative, innovative and risk-tolerant solutions, which help to reduce costs whilst maintaining and improving the quality of the services we provide to Derbyshire residents.

This Procurement Strategy sets out a framework of aims and objectives in which the Council will work, to ensure that procurement delivers VfM and cost savings, together with a risk-tolerant approach, whilst ensuring the best contractual arrangements are in place to deliver high quality services.

It is recognised that the procurement of goods, works and services has a major impact on many aspects of life in Derbyshire, including the environment, social factors and local economic development, which is reflected in this strategy and improvement targets.

This Strategy has been endorsed by the Council's Cabinet and Corporate Management Team (CMT) and will be supported by a two-year improvement plan. Performance will be monitored against the improvement plan on an ongoing basis and this Strategy and its content will be reviewed on an annual basis with any significant changes recommended to Cabinet for approval.

Councillor Angelique Foster  
Cabinet Member for the Council Services Portfolio

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## Section 1 – Introduction

It is recognised that effective and risk-tolerant procurement arrangements are fundamental in supporting service delivery to achieve organisational success for the Council, and in delivering our Enterprising Council Programme to improve service outcomes for Derbyshire residents.

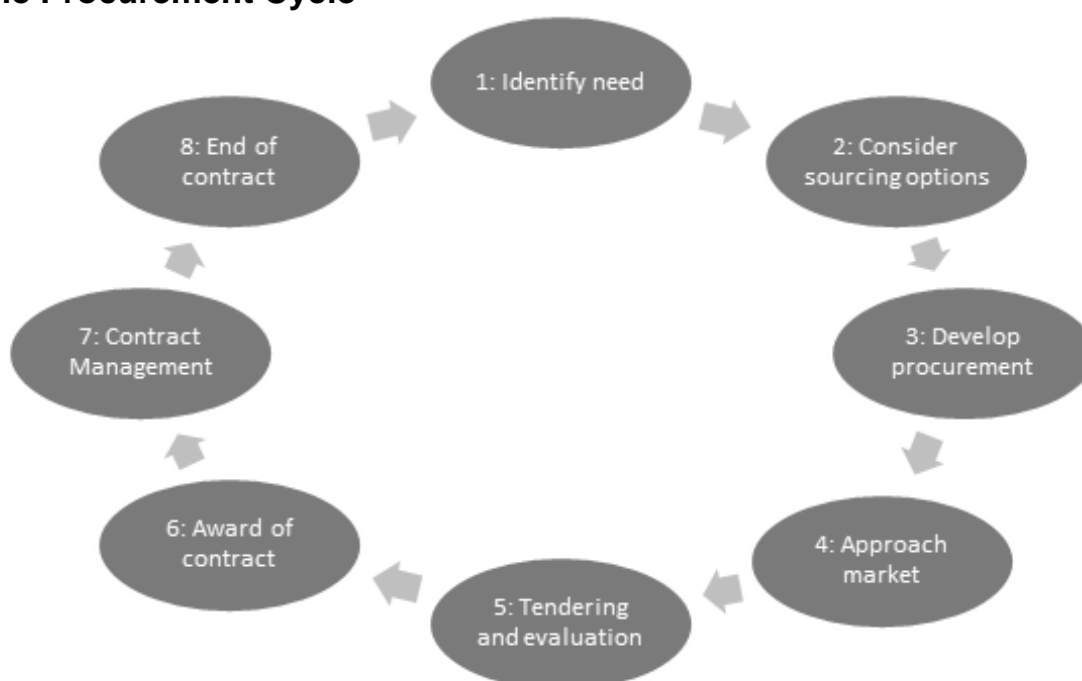
This Strategy will be supported by a two-year improvement plan to drive further improvement in procurement performance.

### Defining Procurement

Procurement is defined by the National Procurement Strategy (NPS) for Local Government in England (current version 2014), as:

“The process of acquiring goods, works and services, covering both acquisitions from third parties and from in house providers. It is a much broader term than ‘purchasing’. The process spans the whole procurement cycle (see diagram below) from identification of needs through to the end of a service contract or the end of the useful life of an asset. It involves options appraisal and the critical 'make or buy' decision that may either result in the provision of services in-house or lead to provision by a third party”.

### The Procurement Cycle



The Council is mindful that the impact of procurement is far greater than this definition of a 'process' and our vision, aims and objectives as set out in this Strategy illustrate the impact effective procurement arrangements can make to a wide range of socio-economic agendas. These include equality and diversity, a successful local economy, a thriving voluntary sector, community empowerment, environmental issues and VfM.

### **Vision**

In recognition of the wider impact that procurement strategy, policy and practice has on the outcomes achieved by the Council, our vision for procurement is:

*To support the delivery of innovative, cost-effective and quality services in fulfillment of the Council's priorities and the Enterprising Council Programme, through a strategic, systematic and risk-tolerant approach to procurement.*

### **Purpose**

This Strategy sets out how we will use professional procurement expertise and knowledge to ensure that our procurement of goods, works and services delivers VfM and cost savings, through the medium term period whilst supporting the Council's priority of becoming an Enterprising Council.

The Strategy has an important role in setting out how procurement services will develop a strategic sourcing and relationship management function and provides a focus for our procurement activities, including contract and supplier management. It also provides an overview on how the Council's approach to procurement supports our broader aims and objectives and assists in:

- Helping with strategic planning;
- Increasing transparency and visibility;
- Providing an improved foundation for engagement with others; and
- Removing unnecessary inconsistencies.

Identifying opportunities to better coordinate and bring together procurement activity across the Council, and where possible partner organisations, will be a key priority over the next twelve months. Supporting the implementation of the Enterprising Council 'early starts', and establishing a coherent and sequenced list of key commissioning and procurement priorities, will also be a key area of focus during this time.

In the Strategy we have identified and described our aims over the medium term 2018-2021 as seven key objectives for which we have detailed the

purpose, the actions that will be taken, what the impact will be and how we will measure our success.

### **Links with other strategies and initiatives**

This Strategy is by design a brief document and is presented as a series of linked elements. It is supported by other published Council documents including but not limited to:

- Council Plan – sets out the key Council priorities over the medium term 2018-2021;
- The Council's Financial Regulations - setting out procedures to ensure that procurement processes are legal, properly authorised, reported and provide VfM;
- The Council's Financial Strategy – which sets out the overall framework on which the Council plans and manages its financial resources;
- The Council's Five Year Financial Plan – which sets out the medium term spending and financial plans;
- The Council's Equality and Diversity Policy – which sets out the Council's commitment to advancing equality of opportunity and providing fair access and treatment in employment and when delivering services;
- Departmental Service/Team Plans – which sets out how departments/functions will deliver services and meet Council and departmental improvement priorities;
- The Council's Environment Policy – which sets out the Council's commitment to promoting a better quality of life for Derbyshire communities, encouraging sustainable economic regeneration and protecting and enhancing the environment;
- The Council's Risk Strategy – which sets out the Council's appetite for risk and how risk should be taken into consideration at all stages of the procurement process in conjunction with contract management risk.

## **Section 2 – Context**

### **Background**

The goods, works and services we procure have a major impact on the people of Derbyshire and their communities, including economic, social and environmental factors.

There are a number of national and local drivers that influence how the Council's procurement function is structured. Reductions in public sector resources have required Council's to transform the ways they work and to think differently and creatively at the challenges they face. Procurement and prompt payment has a pivotal role in promoting local economic growth, securing positive social value outcomes for local communities, whilst ensuring the Council obtains VfM and releases resources for front line services.

The Council currently operates a devolved model of procurement based on departmental spend, with strategic spending on cross-Council, ICT, property (some maintenance contracts) and public health contracts being maintained as a central function within the Corporate Procurement Team (CPT). The CPT is part of this devolved model, managing corporate contract arrangements as well as developing procurement policy and best practice.

The scope of this Strategy encompasses the Council's spend on all goods, works and services, which excluding its expenditure on commissioning of Childrens and Adult social care, accounts for in excess of £400m annually. The value of this spend equates to over 1,000 contracts in operation at any one time.

### **Controls and Standards**

There is a clear framework of controls and standards within which public sector procurement must operate. The Council has a legal obligation and a duty to its communities to apply controls and recognised standards to ensure that its procurement practices are open, fair and transparent, and to ensure that any risks are managed.

In addition to this strategy the following are the main controls and standards that govern the way we undertake procurement:

- The Public Contracts Regulations 2015;
- The Public Services (Social Value) Act 2012;
- Small Business, Enterprise and Employment Act 2015;
- Data Protection Legislation;

- Decisions of the European Court (EU);
- The Council's Constitution;
- The Council's Financial Regulations;
- The Council's Commissioning Framework;
- National Procurement Strategy (NPS) for Local Government in England (current version 2014);
- Chartered Institute of Purchasing and Supply (CIPS) Ethical Code;
- SAP - The Council's core finance and procurement system;
- Internal and External Audit.

It is recognised, following the UK's decision to leave the European Union that the controls and standards surrounding procurement may change during the period this Strategy covers.

## Section 3 - Aims and Objectives

### Key Aims

Our key aims over the medium term 2018-2021 are to:

- a) Support the Enterprising Council approach and the Council's priorities and projects as set out in the Council Plan;
- b) Ensure and be able to evidence that all contractual arrangements are established to deliver VfM for Derbyshire residents;
- c) Deliver savings through management of suppliers and contracts, exploiting opportunities for innovative delivery models and collaboration;
- d) Support Derbyshire Small and Medium Enterprises (SMEs) and Voluntary, Community and Social Enterprises (VCSEs);
- e) Empower managers to make bold and enterprising decisions within the boundaries we have in place, promoting a blame-free culture, where innovative thinking is encouraged, and supported;
- f) Ensure national and local suppliers see the Council as an organisation of choice with whom they will want to do business.

### Key Objectives

The seven key objectives of this Strategy which will be utilised to plan and prioritise our direction and actions over the medium term 2018-2021, are:

- Governance and Guidance
- Value for Money (VfM)
- Social Value
- Skills and Development
- Strategic Sourcing
- Category Leads
- Supplier Relationship Management



**Governance & Guidance**

### Objective 1: Governance and Guidance

#### What is our objective?

To ensure that procurements are carried out in an open, objective, fair and transparent manner compliant with the Public Contract Regulations 2015, the European Community Treaty Principles and Directives on Public

Procurements, the Council's Financial Regulations and best practice guidance.

### **What will we do to meet our objective?**

- Engage with the Enterprising Council Board with Council-wide representation and implement appropriate governance arrangements, with a remit to review Strategic Sourcing and Supplier Relationship Management and make recommendations for improvement;
- Implement a risk-tolerance policy to encourage flexibility in procurement and reduce the timescales required for procurement;
- Introduce more risk-tolerant procedures to promote flexibility in procurement and reduce procurement timescales by removing the need, under the Council's Financial Regulations, to seek Cabinet/Cabinet Member approval to procure where a procurement has not been included in a service plan, meaning that only approval to award will now be required;
- Secure commitment to effective, consistent and coordinated procurement from members and officers in order to achieve the delivery of high quality, innovative and cost-effective services;
- Require procurement practitioners to remain up to date with policy, guidance and legislative changes affecting procurement;
- Support the implementation and delivery of the Enterprising Council 'early starts' Programme;
- Ensure the transfer of learning and development from the Enterprising Council approach to influence both commissioning and procurement practices and iterate guidance where appropriate;
- Develop, and update as required, standard template procurement documentation to be used across the Council;
- Publish and monitor the use of standard procurement documentation templates and associated guidance on the Council's Procurement Connection website;
- Raise awareness and share understanding within the Council of the complex regulatory framework in which procurement operates, and improve understanding of high risks in respect of financial, legal, environmental, health & safety and reputational impacts;
- Share information and best practice with other local authorities;
- Develop an eLearning module to provide all current and new Council staff with an understanding of procurement;
- Publish datasets in line with and where possible exceeding the requirements of the Local Government Transparency Code 2014 (The Code).

### What will the outcomes of meeting our objective be?

- Greater visibility and understanding of the role of the procurement function;
- A consistent and standard approach to tender and contract documentation used in procurement processes across the Council;
- Minimise the risk of legal challenges and the number of aborted tender awards resulting from procurement processes managed by the Council;
- An accessible and usable suite of procurement guidance documents which align to the Enterprising Council approach and commissioning framework and strategy.

### How will we measure our success?

- Publication of datasets in line with and where possible exceeding the requirements of the Local Government Transparency Code 2014 (The Code);
- Reduction in the number of aborted tenders and procurements;
- Reduction in the number of procurement challenges, complaints and appeals received by the Council.



### Objective 2: Value for Money (VfM)

#### What is our objective?

To demonstrate that contractual arrangements achieve an optimum balance between cost, quality and deliver outcomes that are to the benefit of Derbyshire residents.

#### What will we do to meet our objective?

- Establish and develop a VfM Board to oversee VfM reviews of key contracts, supporting its representatives to undertake reviews and make recommendations;
- Support and promote an understanding of what VfM means in practice across the Council;
- Maintain VfM as a key principle underlying all procurement processes and ensure it remains a clear and central focus through the life cycle and management of all contractual arrangements;
- Develop whole life costing models to assess and evaluate costs and benefits (including Social Value) over the lifetime of goods, works and services;

- Encourage and promote the use of joint working, collaboration and partnership arrangements, to deliver cost savings through economies of scale
- Deliver year on year efficiencies and savings through the contractual arrangements we establish and manage;
- Challenging procurement approaches which do not optimise VfM.

### **What will the outcomes of meeting our objective be?**

- A strong corporate culture that identifies VfM as an intrinsic part of all contractual arrangements across the Council;
- Development of service specifications and procurement processes, in consultation with the local voluntary & community sector, to reduce barriers and improve opportunities to encourage a wider and more diverse range of suppliers;
- The procurement of goods, works and services that meet the needs of the Council, and do not incur additional costs associated with features that exceed our requirements;
- Optimise the number of collaborative arrangements with others including local authorities and partner organisations, which secure more competitive pricing;
- Increase the level of communication between the Council, and procurement practitioners across other Local Authorities and Public Bodies;
- Establishment of a VfM Board to review contracts with a lifetime value greater than £10m.

### **How will we measure our success?**

- Undertaking VfM assessments and review of contractual arrangements established through the procurement process;
- Identifying cost savings;
- The establishment of higher quality, lower cost contracts and arrangements that meet the needs of Derbyshire residents;
- Benchmarking and sharing best practice at a regional and national level;
- External audit VfM judgements.



**Social Value**

### **Objective 3: Social Value**

#### **What is our objective?**

To promote and deliver sustainability, local economic development, equality, diversity and additional Social Value objectives through our procurement activities.

#### **What will we do to meet our objective?**

- Ensure contractual terms require primary contractors to act fairly in their dealings with sub-contractors and supply chains, including mandating timely payments;
- Consider, for each procurement project, how and what is procured might improve the economic, social, and environmental well-being of Derbyshire residents and how that improvement might be secured, where relevant and proportionate – in line with the Public Services (Social Value) Act 2012;
- Ensure technical specifications address the requirement for services to be equally accessible to everyone and appropriate to the diverse needs of all sections of the Derbyshire community;
- Consider whether it is appropriate, on the basis of the user requirement and specification, to reserve contracts for organisations providing supported employment opportunities for people with disabilities;
- Produce clear guidance on additional value principles into procurement decision making such as the use of sustainability, equalities and Social Value impact assessments;
- Review our implementation of the Public Services (Social Value) Act 2012 to ensure it remains proportionate and fit for purpose.

#### **What will the outcomes of meeting our objective be?**

- Reduction in the overall costs and generation of benefits for the Council, local residents, local economy and the environment of Derbyshire;
- The delivery of additional value for Derbyshire residents;
- Reduce the number of organisations who are treated unfairly, in respect of main contractors who sub-contract or utilise a supply chain in the process of serving Council contracts;
- Ensure services procured are readily accessible to all service users.

#### **How will we measure our success?**

- Produce reports in compliance with the Council's Social Value Policy identifying the additional value that is being generated;

- Positive feedback from stakeholders and, where appropriate, service users.

### Skills & Development

#### Objective 4: Skills and Development

##### What is our objective?

To support the continuing development of the skills and knowledge of procurement practitioners, ensuring that a sufficient level of trained resources are available to undertake compliant procurement projects to a consistently high standard.

##### What will we do to meet our objective?

- Ensure that procurement practitioners have the necessary commercial skills to engage and develop relationships with providers, as well as engage and negotiate effectively with suppliers to influence and respond to a change in demand or supplier approach;
- Ensure that procurement practitioners have access to training and development opportunities including, where appropriate, formal procurement qualifications and professional development;
- Commit to a positive learning culture through adopting a “train the trainer” and a skills and knowledge sharing approach;
- Require all procurement practitioners to undertake regularly scheduled “My Plan” meetings to identify personal and professional development plans and objectives, including where applicable achieving the qualification of MCIPS (Member of Chartered Institute of Procurement & Supply);
- Require all procurement practitioners to retain membership of CIPS (Chartered Institute of Procurement & Supply);
- Require MCIPS procurement practitioners to maintain an appropriate CPD (Continuing Personal Development) programme to record their annual development activity;
- Gather evidence and case studies of good and effective commissioning and procurement to share and enable best practice;
- Adopt best practice in procurement in a holistic way.

##### What will the outcomes of meeting our objective be?

- Procurement practitioners will take advantage of the development and progression opportunities available to them;
- An increase in the level of skills and knowledge of procurement practitioners;

- Development of wider skills and knowledge, through the opportunity for procurement practitioners to work on projects outside of their usual area of work;
- Ensure stakeholders and clients are always able to work with skilled and knowledgeable procurement practitioners, who can assist them to develop high quality procurement processes and documentation, resulting in the submission of high quality bids that will meet the needs of Derbyshire residents;
- Increase the knowledge of potential suppliers to the Council regarding the Council's procurement processes, assisting them to produce high quality bids that will meet the needs of the Council;
- The creation of a bank of evidence and case studies which can be used by the Council to illustrate good practice and the high standards necessary to deliver the Enterprising Council approach.

### **How will we measure our success?**

- The appointment, development and retention of highly skilled, knowledgeable and experienced procurement practitioners;
- The achievement of outcomes and objectives identified through My Plan meetings and CPD;
- An improvement in the retention of qualified procurement practitioners.



## **Strategic Sourcing**

### **Objective 5: Strategic Sourcing**

#### **What is our objective?**

To create an organised and collaborative approach to the procurement process that continuously improves and re-evaluates the Council's purchasing activities. This includes the analysis and interrogation of the Council's vendor spend and the establishment of sourcing strategies for each category. Taking into account the key themes of the NPS for Local Government in England (current version 2014) including making savings, supporting local economies, demonstrating leadership and modernisation.

#### **What will we do to meet our objective?**

- Utilise benchmarking where possible to understand how the Council's contracts perform in comparison to similar contractual arrangements put in place by comparable organisations and the NPS for Local Government in England (current version 2014);

- Use the information available through the Council's Core Finance and Procurement System (SAP) to identify high volume - low value and repeat off-contract purchases;
- Consider, where appropriate, the options to break-down and package requirements into Lots, to open more opportunities to a larger more diverse number of suppliers, including those in the local area;
- Work with partner organisations including the Derbyshire Economic Partnership, The East Midlands Chamber of Commerce and The Federation of Small Businesses to support SMEs and VCSEs to improve access to information about the Council's procurement processes and the tender opportunities advertised by the Council;
- Continue to promote the Source Derbyshire website ([www.sourcederbyshire.co.uk](http://www.sourcederbyshire.co.uk)), which is part of the wider Source East Midlands initiative, as the primary location where information about all of the Council's tenders can be found, including information on the option to set up tender alerts for future opportunities;
- Promote opportunities for collaboration between departments and other public sector bodies, to make better use of available procurement resources;
- Become the business partner of choice;
- Extend the use of available procurement technology across the Council, including the Council's eTendering portal and capitalising on the benefits of the additional functionality being developed through SAP;
- Take a risk-tolerant approach that is proportionate to the contract, and where appropriate empowering local decision making;
- Work with partner organisations to promote effective collaboration to achieve economies of scale, greater buying power and VfM;
- As part of the Enterprising Council approach, support the review of services and facilitate the consideration of alternative delivery mechanisms;
- Establishment of appropriate governance arrangements, responsible to the Enterprising Council Board, to oversee the development of the Strategic Sourcing approach and to identify opportunities for improving outcomes and/or increasing VfM through a strategic review of planned procurements.

### **What will the outcomes of meeting our objective be?**

- Creation of opportunities for increased collaboration and cross-boundary working with partners including other public sector bodies;
- An improved understanding of the value that the Council is getting from its contracts and the relative advantages and disadvantages of alternative delivery models;
- Increase efficiencies and savings through greater collaboration;

- An increase in the number of SMEs and VCSEs who express an interest, bid and are awarded Council contracts;
- Development of a range of eCatalogues for high volume – low value and repeat purchases;
- An increase in the number of opportunities managed using eProcurement processes;
- Reducing procurement timescales;
- Improve the assessment and management of risks associated with contracts, frameworks and agreements.

### **How will we measure our success?**

- The number of active engagements with local businesses and VCSEs;
- Reduction in the number of free text orders and off-contract spend;
- The number of completed and documented risk assessments in compliance with the Council's Risk Management policy.



### **Objective 6: Category Leads**

#### **What is our objective?**

To develop a category lead approach to procurement that will ensure specialist information regarding specific markets or areas of spend is available within the Council, and can be used to achieve best value whilst maintaining a flexible approach.

#### **What will we do to meet our objective?**

- Identify the main spend categories across the Council, through an assessment of current and future requirements, historical spend and existing arrangements;
- Develop innovative and bespoke strategies and goals for each category that address the specific challenges, risks and opportunities of that business area;
- Utilise in depth knowledge of the business need, market, supplier base, and delivery options to develop the requirements and procurement processes that are most appropriate to the specific areas of the market;
- Continuously monitor and develop the category areas, to address both changes in the markets and additional areas of spend that the Corporate Procurement Service is involved with;
- Review market information to identify areas where there is significant risk to service viability and sustainability.

### **What will the outcomes of meeting our objective be?**

- The ability to utilise, within the procurement process, the improved knowledge and foresight of the opportunities, challenges, trends and developments (including legislative) that may impact on a specific business area during the term of a contract;
- Improving the quality of Council specifications, to ensure that they are relevant to the markets for the goods, works and services procured.
- Develop a multi-functional team approach that maintains flexibility and maximises capacity, whilst preserving access to relevant specialist expertise through category leads;
- Establishment of easily identifiable contact points for categories, facilitating the identification and consolidation of lower value requirements into a larger more economically viable proposal;
- Reduction in off-contract purchases and produce more competitive pricing and improved service levels;
- Longer contract periods (where legally and commercially practicable) to increase efficiency and reduce procurement costs;
- The ability to take in-depth market knowledge into consideration to address and account for potential developments within the contract period.

### **How will we measure our success?**

- Reduction in the number of contract variations required during the contract period, due to poor specifications;
- Reductions in the volume of off-contract spend within each category;
- Increase in the number of consolidated contractual arrangements to manage low value spend.

A grey oval with a black border containing the text "Supplier Relationship Management".

## **Supplier Relationship Management**

### **Objective 7: Supplier Relationship Management (SRM)**

#### **What is our objective?**

To develop and promote a corporate approach to SRM, including contract management, that will enable the Council to maximise the quality of the services and generate efficiencies and savings within the contract term whilst ensuring we achieve the required outcomes.

#### **What will we do to meet our objective?**

- Adopt a robust approach to contract and supplier management;

- Ensure SRM, including contract management, is recognised as an integral part of the procurement cycle, integrated into the procurement process and can be evidenced;
- Scrutinise contractual arrangements following award, including consistent measuring and monitoring throughout their life cycle, to ensure the stated benefits and service levels are achieved;
- Apply a pro-active and effective approach to the management of established contractual arrangements, ensuring suppliers are supported to enable them to meet their obligations; determine and manage risks; and identify and introduce opportunities to generate further savings and efficiencies.
- Identify and develop bespoke performance measures and indicators that are relevant to specific requirements and contractual arrangements;
- Ensure we have the most appropriate and proportionate commercial mechanisms in place for SRM, including contract management. Identifying strengths and weaknesses and applying this knowledge and understanding to new contracts;
- Develop processes to identify contractual spend, benefits, efficiencies and feedback from stakeholders regarding the quality of goods, works or services provided;
- Seek innovation from suppliers to help improve efficiency and reduce procurement and operational costs;
- Develop a corporate approach to recording and monitoring contractual arrangements;
- Monitor suppliers and markets to ensure there is early warning regarding challenges faced by individual suppliers or specific sectors;
- Using the relevant mechanisms such as the Enterprising Council Board and VfM Board, to monitor compliance with contractual terms, ensuring procurement activity commences in a timely way to avoid unnecessary contract extensions and/or price increases; to ensure a whole Council view of contract end dates to enable strategic review of the appropriate consolidation of individual contracts, to fit with the Council's strategic priorities.

### **What will the outcomes of meeting our objective be?**

- Embedding SRM, including effective and robust contract management best practice across the Council, enabling continuous improvement and generation of cost savings and efficiencies through the life of contractual arrangements;
- Ensure the contractual arrangements fulfil the needs of the Council and provide VfM;
- Improvement in supplier performance with regard to meeting performance targets, issue and query resolution, and response times;

- Reduction of risk through considered early discussion with suppliers, including the development of exit strategies that will minimise disruptions;
- Generation of efficiencies through partnership working with suppliers in respect of established contractual arrangements;
- More effective commercial mechanisms within contracts which enable suppliers to succeed and for the Council to achieve planned outcomes and VfM.

### **How will we measure our success?**

- Documented supplier performance against KPIs and targets to identify ongoing improvements;
- Demonstrate and record efficiency savings and supplier compliance resulting from strong contract and supplier management;
- Development and adoption of a wide contract management database.

## Section 4 - Glossary

CIPS	Chartered Institute of Procurement and Supply – A global organisation serving the procurement and supply profession. Dedicated to promoting best practice.
CMT	Corporate Management Team: The Council's Senior Managed Team chaired by the Head of Paid Service and comprising of Departmental Strategic Directors, Director of Finance and ICT, Director of Legal Services and Director of Organisation and Policy.
Enterprising Council Board	A Board established by the Council to oversee the strategic development of the Enterprising Council Approach supported by relevant task and finish groups.
CPD	Continuing Personal Development.
Derbyshire Economic Partnership	A public and private sector partnership which comes together to facilitate an effective and co-ordinated approach to economic development across Derbyshire.
East Midlands Chamber	A leading business organisation in the East Midlands region (Derbyshire, Nottinghamshire and Leicestershire) providing members with a wide range of business support services from lobbying and campaigning, helping businesses realise their international trading ambitions, showcasing and market-making activities to workforce training and development.
eCatalogues	Electronic catalogues.
eLearning	Electronic learning.
eLearning module	A training course that can be delivered online.
eTendering Portal	The electronic tendering portal used by the Council to manage its procurement projects.
EU Procurement Directives	The directives establishing the rules for procurement that public bodies in the EU must follow.
Federation of Small Businesses	A UK business organisation representing small and medium-sized businesses.
Frameworks	An agreement with suppliers to establish terms governing contracts that may be awarded during the life of the agreement.
GDPR	The General Data Protection Regulation (GDPR) (EU) 2016/679 is a regulation in EU law on data protection and privacy which has been adopted in the UK. It replaces the previous Data Protection Act 1998. The new regulation starts on 25 May 2018. It will be enforced by the Information Commissioner's Office (ICO).
ICT	Information and Communications Technology.
KPI	A type of performance measurement used to evaluate the success of a particular activity.

## Appendix One

Local Government Transparency Code 2014	The code identifying the minimum data that local authorities should publish, and setting out how it should be published.
MCIPS	Member of Chartered Institute of Procurement & Supply.
NPS	National Procurement Strategy for Local Government in England.
Procurement Connection	A source of information and templates to assist in procurement activities, from low value quotations to high value tenders.
PCR2015	Public Contract Regulations 2015.
Public Contract Regulations 2015	The UK regulations establishing the rules on procedures for procurement by contracting authorities.
SME	Small Medium Enterprise.
Social Value	Defined in the Public Service (Social Value) Act 2012 as economic, social and environmental wellbeing.
Source Derbyshire	The web portal used by the Council to advertise procurement opportunities.
Source East Midlands	A group of web portals advertising procurement opportunities across the East Midland region.
SRM	Supplier Relationship Management.
VCSE	Voluntary, Community and Social Enterprises.
VfM	Value for Money.
VfM Board	A Board established by the Council to examine and review Council contracts.