



# Procurement Strategy 2016-2018

# Contents

Introduction	3
Brent Plan and 2020 vision-procurement contribution	4
01 Social Value-Delivering Local Economy, Social and Community Benefits	6
02 Savings	10
03 Leadership	13

# Introduction

## Procurement transformation journey

The London Borough of Brent spends around £220 million revenue and capital annually on procuring a wide range of works, goods and services. It is therefore important that Brent manages this expenditure comprehensively through an effective Procurement function.

The rate of change required of the Procurement function to keep pace with the demands of the business and take a more commercial approach continues to accelerate.

Procurement is therefore undergoing a transformation journey, From mid-2015 Brent began sharing its Head of Procurement role with the LB Harrow and we are in the process of working up proposals for a new Procurement shared service structure with other councils to ensure that Brent has the right people to deliver high class services to the Council.

## Our vision

For Procurement to be an enabling function that supports the Council to be effective, providing value for money, supporting local business and achieving social value to meet the needs of Brent's residents and businesses

## Objectives

Our key objectives are to:

- Provide high quality procurement support to Services
- Support delivery of a balanced Council budget
- Improved customer service
- Ensure significant social value benefits are delivered through a Social Value Policy.





# Brent Borough Plan

## Procurement contribution

# Procurement – meeting the Brent Plan

## How Procurement will contribute to the delivery of the Brent Plan

### Overview

#### Social Value

- Assist to develop and implement a Social Value Policy to provide a 'golden thread' between the Brent Plan and individual procurements
- Work with suppliers to create job opportunities for Brent residents and to support the creation of local employment for hard to reach communities
- Pro actively work with suppliers to create apprenticeships, training and work experience opportunities for Brent residents
- Embed local supply chain opportunities into our procurement activities
- Through procurement activity support the delivery of the green agenda such as reducing carbon emissions, improving air quality and increasing the range of green products bought
- Explore further alternative procurement processes such as Dynamic Purchasing Systems to assess whether these would enable SMEs to gain more business opportunities
- Develop a baseline of council expenditure and a commitment to increase spend in the local economy
- Work with first tier suppliers to create supply chain opportunities for Brent businesses
- Promote council contracts through a single portal to make it easier for local SMEs to access more procurement opportunities
- To increase the involvement of users and employees in service design and provision of Social Value

#### Savings

- Ensure all significant contracts are effectively managed by improving our approach to Contract Management
- Continue to deliver and identify savings and efficiencies whilst ensuring strategic objectives are delivered cost effectively
- Review our procurement processes, systems and tools to ensure they are fit for purpose
- Provide commercial acumen to Service Departments to assist with key projects and to identify improved procurement opportunities
- Encourage early engagement of the Procurement team with Services in strategic decision-making to maximise savings and service quality opportunities

#### Leadership

- Constitute a new Board for oversight of Commissioning and Procurement issues
- Implement Gateway procedures for significant procurements
- Improve expenditure analysis of the Council's third party spend
- Improve contract management across the Council through the issue of Contract Management guidance
- Review whether efficiencies could be achieved by joining up contract management teams
- Prepare an Annual Report on the performance of procurement
- Ensure Procurement has early engagement with services on re-procurements
- Ensure the potential for procurement fraud is minimised





# 01 Social Value

Delivering local economic, social value and community benefits

# 01. Theme: Social Value

## Local economic, social and community benefits

**The Social Value theme will contribute to Council Priorities by making a difference for the vulnerable, communities and local businesses**

### **Current position**

Whilst Brent is at the forefront of supporting local businesses, barriers can still be experienced by SMEs and VCS organisations when seeking to access contract opportunities. The employment, training and skills of local residents are not currently always fully considered in all our procurements.

### **Our vision**

Is to view the spend on third parties as an opportunity to invest in Brent and to promote business and supply chain opportunities for local SMEs and VCS organisations and as an opportunity to provide employment and apprenticeship opportunities for residents. We will also aim to improve our management information and be innovative in our procurements to assist SMEs and achieve value for money (VFM).

### **Our aims**

#### **1. 'Brent First'**

Seek to put business first by enabling Brent businesses and Voluntary Sector Groups to be able to fairly compete for contract opportunities and also for 2nd tier and 3rd tier supply chain work suppliers' sub-contract opportunities. Our aim is that our systems and procedures will also act as a catalyst for Brent Business to Business (B2B) activity to further stimulate opportunities for local businesses.

#### **2. Embed Social Value in our procurements to maximise the opportunities for the Council to receive Social Value benefits from its procurements -**

We will seek to use Social Value to help deliver the Council's Employment, Skills and Enterprise Strategy 2015-20 and its Social Value Policy. Initially we will seek to do this by embedding (where permitted to do so) Social Value thinking into all procurements over £100K with the aim of lowering this figure over time. In particular we will aim to:-

- Ensure that it has a 'golden thread' in place linking the Brent Borough Plan through a Social Value Policy to individual procurements to enable it to take full advantage of Social Value opportunities
- Work up Social Value metrics to assist to identify the value of Social Value received and with tender evaluations
- Link Social Value work in procurement to benefits from Planning
- Be innovative in the use of Social Value to achieve the Council's' objectives.
- Become a Social Value innovator

# 01. Theme: Social Value

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### **Our aims**

#### **3. London Living Wage**

Ensure that payment of the London Living Wage (LLW) is proactively adopted wherever possible in our procurements as contracts are renewed. Where longer terms contracts are in place seek to implement LLW provisions through negotiations with service providers.

#### **4. Management Information**

Improve management information so that Brent has full visibility of its spend with local, small and medium enterprises and with voluntary sector (VCS) groups. We will also seek to establish a single view of spend for all our suppliers, and develop mechanisms to record the numbers of local residents employed and trained through our contracts.






#### **5. Innovation**

We will investigate extending the use of Dynamic Purchasing Systems, the Procurement with Competition and the Innovation procurement routes under the Public Contract Regulations 2015 to explore whether these might be applied to avoid SMEs being “locked out” of framework agreements for periods of time, improve innovation and provide better value for money provisions through negotiations with service providers.



# 01. Theme: Social Value

## Local economic, social and community benefits

Sustainability – key deliverables	2016	2017	2018
<b>Implement a 'Brent First' approach</b> Aims to bring together our 1st tier suppliers and local businesses and VCS organisations together to provide access to contract opportunities			
<b>Creating local employment, training and skills opportunities</b> Create employment and training opportunities in a broad number of areas			
<b>London Living Wage</b>			
<b>Management Information</b> Review and improve access to information on spend with Voluntary & Community Sector organisations, Small & Medium Enterprises, employment & training			
<b>Innovation</b> Investigate use of Dynamic Purchasing and other Systems- as an option to avoid SMEs being "locked out" of framework agreements for periods of time			



## 02 Savings

# 02. Theme: Savings

The Savings theme will contribute to Council Priorities by helping to deliver the Council's savings targets

## Current position

A category management approach is being implemented to identify and deliver savings. Procurement not always engaged early enough in pre-procurement discussions.

## Our vision

Is to become an enabling and more commercially focussed organisation delivering savings, efficiencies through the development of new delivery models, collaborative working generating revenue and category management

## Our aims

### 1. Savings

Work collaboratively with Services to deliver the savings target of £8m from Procurement Savings for the period 2016/17 to 2018/19. This will be achieved through 3 key areas:-

- **Price reductions on contract renewal** – to seek a 10% savings target reduction as contracts are renewed.
- **Renegotiations** of contracts where appropriate to seek earlier savings
- **Category Management** - 3 main area of focus -street lighting, spot buying and tail spend (also see Category Management below)

### 2. Commercial acumen

To shape supply markets to meet the Council's current and future requirements, to improve our supplier management capabilities and to be more commercially 'savvy'.

### 3. Category management

Proposals for savings and any cross cutting opportunities based on category management work will be developed by taking a category management approach to Brent's spend. Where appropriate the category management outcomes will be combined with spend from other councils as part of the Procurement shared service to consider where 'additionality' might be achieved by combining requirements. Procurement will participate and, where appropriate, lead on collaborative London wide procurement opportunities to deliver savings and reduce duplication of work.

### 4. West London Alliance (WLA)

Brent will continue to play an active role in the work of the West London Alliance (WLA) to develop shared arrangements with others in the Alliance. We will continue to lead or participate in key procurements as appropriate.



## 02. Theme: Commercial Approach and Savings

Savings - key deliverables	2016	2017	2018
<b>Savings</b> Work collaboratively with Directorates to identify joint savings and efficiency targets for the period 2015/16 to 2018/19 and deliver these.			
<b>Commercial acumen</b> Shape supply markets to meet the Council's current and future requirements, to improve our supplier management capabilities and to be more commercially 'savvy'.			
<b>Category management</b> Prepare category plans for each Directorate and regularly review.			
<b>West London Alliance</b> Continue to play an active role min WLA work			



## 03 Leadership

# 03. Theme: Leadership

The Leadership theme will contribute to Council Priorities by ensuring that Procurement uses best practice techniques to deliver the needs of Services

## Current position

Perception in some cases is that procurement is bureaucratic, risk averse and compliance driven. There is a lack of recognition of procurement as a strategic partner and how to maximise the benefits of early engagement.

## Our vision

Our vision is that we will evolve our role to become a true enabling partner to the business pro actively helping to deliver the Council Priorities and other key drivers for the organisation rather being a passive service provider.

## Actions to achieve our aims

### 1. Shared Service

Proposals are being worked up to share a procurement service with LB Harrow and Buckinghamshire County Council. These proposals will be submitted to the Cabinets in each Council to seek approval. If the Business Case is agreed it is intended that the Shared Service will be implemented by April 2016.

### 2. Governance

It is proposed that a new Governance forum be established for the oversight of Procurement matters. The new officer led Commissioning and Procurement Board will, inter alia, oversee implementation of the Procurement strategies, and consider procurement Gateways (see below). The Board will meet on a monthly basis, with all meetings minuted.

### 3. Gateway reviews

A 3 stage Procurement Gateway process will be implemented for all procurements over £100K: the gateways are:

- Gateway Zero will be implemented to consider the opportunities and alternative delivery models including in-house options
- Gateway One will be a pre-procurement assessment to ensure that the procurement has been designed to meet the strategic needs of the Council; and
- Gateway Two will be implemented post-procurement to ensure that the procurement outcomes have delivered the intended results.

### 4. Annual report

At the end of each financial year (commencing 2017) an Annual Procurement report will be produced setting out what has been achieved during the last year. This will set out details of the procurements the Unit has supported, the savings it has helped to achieve and the Social Value benefits it has helped to deliver.

### 5. Contract management

We will implement contract management guidance to ensure that all contracts across the Council are managed to a consistent standard and on a risk basis. A review will be undertaken to determine if benefits could be obtained through joining up contract management resources and expertise across the Council. We will also undertake Supplier Relationship Management with selected strategic suppliers to deliver effective solutions and realise benefits.



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## Actions to achieve our aims

### 6. Management information

Good procurement and commercial decision making relies on having excellent management information on which to base decisions. We will ensure the Council meets its requirements under the Transparency Code. Seek to share contract pricing data with other councils to improve market knowledge.

### 7. Systems, tools and processes

The Council's procurement systems, tools and processes will be overhauled to ensure good and appropriate governance and that they are fit for purpose. In particular the Council's Contract Standing Orders will be reviewed to ensure that the focus for procurement is on the larger areas of expenditure.

### 8. Contracts register

Procurement will assume primary responsibility for managing and updating the contracts register. This will ensure that a consistent approach is taken and that the Council can rely on the data included.

### 9. Learning and development

Procurement will provide support, learning and development opportunities to those staff engaged in procurement processes to ensure they are able to deliver effectively and are empowered to deal with procurement issues.

### 10. Early engagement

The involvement of procurement at the earliest phase of a project will deliver greater commercial benefits to Brent. The Commissioning and Procurement board's work programme is predicated on early engagement and aims to shift from tactical to strategic and commercially driven procurement.

### 11. Fraud

Implement measures in conjunction with Internal Audit to ensure that the opportunity for procurement fraud to be committed is minimised.

### 12. 'Make or buy' decisions

Consideration will be given at the pre-procurement stage of contract renewal as to "make or buy" decisions to determine whether the council would benefit from bringing some services in-house.

# 03. Theme: Leadership

Leadership - key deliverables	2016	2017	2018
Shared Service	↔		
Governance	↔		
Gateways	↔		
Annual Report		↔	↔
<b>Contract management</b> Implementation of new contract management guidance	↔		
<b>Contract management</b> Consider benefits of joining up contract management resources across the Council	↔		
<b>Management information</b>	↔		
<b>Systems, tools and processes</b> Ensure systems, tools and processes are fit for purpose	↔		
<b>Learning and development</b>	↔		
<b>Early engagement</b>	↔		
<b>Procurement fraud</b>	↔		
<b>'Make or buy' decisions</b>	↔		

# 03. Theme: Leadership

## Current position

People	Staffing structure inappropriate for needs Good procurement knowledge
Processes	Focus on detail Governance needs to be improved
Systems	Limited use of spend or supplier analysis Basic reporting systems

## Future position

People	Shared service in place Experienced permanent procurement staff
Processes	Processes designed to be fit for purpose Established reporting and performance
Systems	E-enabled end to end processes High quality management information

## Investing in our staff

Our aim is to have staff who:

- Recognise the enormous contribution they can make and are empowered to make changes, come up with ideas and continuously improve what we do.
- Are clear on the service outcomes that front line services are delivering and how they can support those.
- Who show clear and visible personal commitment to all the Council's services and who show an enthusiastic tone and ethos.
- Help to remove silos to provide more effective support.