

**London Borough of
Redbridge
Procurement Strategy
2021 – 2024**

(Revision 1: May 2022)

Version Control

Revision	Description	Approved
0	Procurement Strategy 2021 – 2024	13 July 2021
1	Updated with updates on equality, diversity and inclusion, including Modern Slavery	

Forward

At a time of our response to the COVID-19 pandemic, reduced funding from central government and increasing expectations of our residents, business and tax payers, it is more important than ever that our procurement strategy supports our key priorities of making Redbridge a great place to live:

- Regenerate the borough to benefit our residents and integrate new communities
- Keep the borough clean and safe
- Be a great place to live as a family
- Tackle the root causes of social challenges
- Build a brilliant Council

No longer can we afford to deliver services in the same way as before as there are ever increasing demands in terms of volume and scope of our services and there are new responsibilities that we must meet. At the same time our resources are continually stretched to deliver more with less. The focus on our commercial arrangements with third party providers are therefore more important than ever.

The role of procurement plays a crucial role in our ambition to design innovative and effective solutions in partnership with our service users. Procurement works in collaboration with our supply chain, be it from the commercial, voluntary or community sectors, to deliver effective services that provide value for money for taxpayers.

It is with pleasure I put forward this updated procurement strategy, and look forward to be able to continue to celebrate the success of procurement at Redbridge through to 2024.

Councillor Kam Rai

Deputy Leader and Cabinet Member for Finance, Leisure and Culture

Purpose

This procurement strategy sets out the Council's ambitions for how it wishes to engage with stakeholders and suppliers for the procurement of important goods, services and works that support the lives of Redbridge residents.

This procurement strategy contains four themes that have been identified following consideration of the current state of procurement, the context in which the Council currently operate and any known future pressures or opportunities.

The four themes are:

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|--------------------------------|---|
| 1. Efficiency: | Optimising procurement spend |
| 2. Quality: | Optimising procurement outcomes |
| 3. Social Impact: | Maximising social, economic and environmental benefits |
| 4. The right resources: | People, processes and systems to support our procurement activity |

For each theme an action plan has been developed clearly setting out:

- The ambition
- The actions necessary
- The difference it will make to stakeholders
- The performance measures

The five themes also support Redbridge's strategic delivery plan, namely:

- Regenerate the borough to benefit our residents and integrate new communities
- Keep the borough clean and safe
- Be a great place to live as a family
- Tackle the root causes of social challenges
- Build a brilliant Council

The “contracting cycle” incorporates the disciplines of commissioning, procurement and contract management:

- Commissioning: Determining and defining requirements
- Procurement: Process of purchasing contracts
- Contract management: Managing the performance of contracts

The scope of this document is principally the Council's procurement strategy, however recognising the dependency and interplay between commissioning and contract management with procurement, these disciplines will be acknowledged and referred to.

Context for this strategy

At the time of formation of this strategy, the COVID-19 pandemic has more than ever highlighted the importance of effective procurement within local government. Being able to procure the right things, at the right time and at the right price has enabled the Council to support its way through the pandemic.

At the same time the demand for public services is continually increasing, while the resources at our disposal become even more strained. Therefore, the pressure to deliver more and better, for less can only be achieved by looking at different ways to deliver improved procurement outcomes for our residents.

All procurement activity must be robust and rigorous in reducing unnecessary and inefficient spend to mitigate the impact on vital frontline services, whilst at the same time recognising that the Council still has significant spending power through which it can deliver key policy objectives.

Likewise, in undertaking procurement activity, officers are entrusted with the resources provided by taxpayers so must adhere to spending in an accountable and transparent manner that adheres to all relevant governance.

The wider social impact of procurement activity, particularly the climate emergency, wellbeing and the local economy, will have an ever-increasing bearing upon the way in which the Council procures over the duration of this strategy. Social Value, a statutory obligation of the Council, provides a great opportunity to engage with its supply chain by incentivising and rewarding organisations that go beyond just the core services, by delivering more value for the community. These additional benefits needn't come at additional cost to the Council, but through more innovative and intelligent procurement activity can deliver a real return on investment.

Each year, the Council procures contracts worth many millions of pounds for goods, works and services on behalf of the people of Redbridge. These people come from all sections of society, different ethnic groups and religions and beliefs so the services provided to them should be geared to their diverse needs and improve their wellbeing.

The International Labour Organisation (ILO) estimates that there are more than 40 million people experiencing modern slavery across the world, with nearly 25 million held in forced labour, and 3805 victims of modern slavery identified in the UK in 2016. Therefore, in November 2021 a motion was passed by the Council to adopt the Co-operative Party's Charter against Modern Slavery¹ to ensure its procurement practices don't support slavery.

The Local Government Association produced a National Procurement Strategy for Local Government² in 2018 with recommendations of the activities that Local authorities should be addressing in their procurement strategies. The national strategy has been taken into account in this document, recognising that a new National Procurement Strategy will be published in 2022.

Improvements to the Council's Contract Standing Orders, the governance structure within the Council's constitution for the procurement of all goods, works and services, were implemented from the end of 2020 and will be deployed throughout the term of this procurement strategy.

Finally, public procurement is governed by legislation that ensures that it is undertaken with regard to equal treatment, transparency, mutual recognition and proportionality. As the United Kingdom exited the European Union in December 2020, public procurement legislation is likely to significantly change, with a different focus and new procedures. At the time of writing the Government had published a green paper³ that was consulted upon⁴, with any changes in legislation unlikely to come into force until 2023 at the earliest.

¹ <https://party.coop/wp-content/blogs.dir/5/files/2018/04/co-op-party-modern-slavery-charter.pdf>

² https://www.local.gov.uk/sites/default/files/documents/11.122%20-%20National%20Procurement%20Strategy%202018_main%20report_V7.pdf

³ <https://www.gov.uk/government/consultations/green-paper-transforming-public-procurement>

⁴ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1038516/Transforming_Public_Procurement-_Government_response_to_consultation.v3_.pdf

Role of procurement

Procurement is the discipline of buying the goods, services and works that enable an organisation to operate in a sustainable and ethical manner.

The Council spends around one third of its budget on externally purchased goods, services and works, therefore the effectiveness of how the Council procures has a significant effect upon the Council from both an operational and financial perspective.

The Chartered Institute of Procurement and Supply (CIPS) procurement cycle (as shown in Figure 1) illustrates the range of activities that take place throughout the lifecycle of a project; from the initial identification of need, through to the analysis of options, sourcing suppliers and managing contracts. The procurement cycle does overlap with commissioning and contract management disciplines; however the scope of this strategy is principally the role of procurement with respect to those disciplines.



Figure 1: CIPS Procurement Cycle

Crucially, at a time when the Council will be under financial pressure, a key role for the procurement function will be to develop and shape markets as we seek new models of delivery and commercial approaches to contracts.

Procurement is not an activity carried out in isolation by one team but a process which draws upon expertise from all areas of the Council to ensure that it obtains value for money for its residents. At its core requires a functional team of professional procurement practitioners who support the Council.

The Council has three essential roles to play in equalities, diversity and inclusion in Redbridge: 1) As an employer, 2) as a strategic leader, and 3) as a commissioner of the services it procures. Successful organisations, private or public, know that by creating a more equal, diverse and inclusive supply chain, they can unlock innovation and agility, and improve their ethical credentials. Procurement plays a key role in such diversification, creating the economic and moral value that will result from the opportunities creating a more flexible, more creative supply base brings.

Since 2018 the Council has been working collaboratively with its neighbouring borough, LB Waltham Forest, to develop a shared procurement service (known as PS Procure) to transform the way the Council procures goods, services and works from its third-party suppliers.

The transformed approach to procurement at the Council now includes a centralised shared Procurement Function that is comprised of commercially minded procurement professionals who lead high value/complex procurement projects and act as the functional experts for all other procurement activity.

Furthermore, the Procurement Function has introduced category management, an approach where spend is analysed and monitored across the organisation to identify opportunities for savings and efficiencies. This requires a cross-cutting approach led by commercially minded category managers who understand relevant markets and can develop ideas in conjunction with commissioners and subject matter experts in services to drive out value from the Council's supply chain.

The Procurement Function at the Council is currently one of only five local authorities nationally that holds a Chartered Institute of Procurement and Supply (CIPS) Procurement Excellence Programme Award. This award reflects that the organisation maintains

procurement policies, procedures, processes and systems that meet the required CIPS standards.

Theme 1: Efficiency: Optimising procurement spend

Being efficient and optimising procurement spend is about ensuring that the Council only enters into and retains agreements with third-party suppliers that are affordable and cost-effective for the Council.

At the centre of this theme will be the objective to plan, implement and maintain efficiency savings to support the Council. It is important to note that this is not just about paying the lowest possible price for something, as this will often have unintended consequences in service delivery and additional cost. Instead this theme is about buying smarter and considering the whole life cost of procurement activity. This theme should also be considered in conjunction with Theme 2: Optimising procurement outcomes, since the two combined can provide a balanced view on value for money.

How we can optimise procurement spend can be influenced through the following three areas:

- **Product:** What we are buying is often the biggest determinant of the price that we pay for something. We will therefore continually review and challenge requirements to ensure that the product is appropriately specified and that we are only paying for what is absolutely required.
- **Process:** How we buy is also a large determinant of cost, therefore improving the way we procure can yield further efficiencies. Understanding and eradicating processes that add unnecessary cost to a contract should also be followed.
- **Price:** Understanding the cost drivers for the products that we buy is also important. If the price we are paying is no longer competitive then we should seek to renegotiate or exit contracts.

The category management approach to procurement will be fundamental to our overall strategy of continuously identifying and delivering savings. This strategic approach to procurement will utilise processes and skills to develop category strategies utilising high quality insight based on market intelligence and spend analysis, married with insight to forecast future demand. It is also about recognising opportunities for further savings and driving forward innovation throughout the contract lifecycle.

Alternative models of delivery such as joint ventures, social impact bonds etc will be explored where relevant to achieve improved outcomes. We must use our strong market awareness, understanding of cost, price and commercial structures to provide a commercial view to help shape and develop this thinking.

The procurement function will provide a broader commercial consultancy role to the organisation beyond a traditional purchasing function, which would only focus on narrow transactional activity. From renegotiation of contracts, to driving continuous improvement and innovation from suppliers the procurement function, as the centre of excellence, will take a lead in improving outcomes from the Council's supply chain.

To achieve this requires a corporate approach to supplier management with guidance, tools and training for staff to manage contracts, supplier performance and, for the key suppliers, develop supplier relationships. The procurement function will develop this approach.

What is our ambition?

To be the commercial centre of excellence for the Council by delivering the best possible commercial outcomes through adopting a consistent and high-quality category management approach to all procurement projects.

Use supplier and market insight coupled with commercial thinking and innovation to maximise the opportunities and potential savings. To enhance the organisation's performance and customer satisfaction as a result of embedding an effective supplier management regime.

Key actions in 2021 – 2024 to achieve our ambition

- Refresh and maintain category strategies across all our major areas of spend to identify and deliver new commercial opportunities and savings
- Develop a consistent process to ensure that savings are planned, tracked and realised following the award of contracts.
- Support commissioning teams by providing insight of supplier, market, service design and demand to pro-actively identify savings and shape future cost effective services.
- Support contract management teams through the supplier improvement capability of the function to identify and realise post-contract savings.
- Identify revenue generating opportunities, such as the development of procurement frameworks for the use of other public sector bodies.

How will our stakeholders notice a difference?

- Category strategies will support and complement the commissioning strategies and service plans of our customers and help shape and inform future planning.
- Stakeholders will recognise the value which procurement add through their knowledge and understanding of a category of spend; including market expertise, cost and price factors, supply chain pressures and models of delivery.
- Procurement will be recognised as supporting the Council to deliver savings.
- Improved supplier engagement and performance management which in turn improves Council performance and customer satisfaction.
- Officers will be supported by procurement with the necessary assistance to deliver high quality category strategies that improve the purchasing power of their spend areas.
- Officers that manage contracts will be supported by the supplier improvement team within procurement to improve contract management, including unlocking further efficiencies in existing contracts.

Measuring our success

- Contribution to the savings within the medium-term financial strategy (MTFS)
- Savings delivered through procurement, contract and supplier management activities
- Improvements in service and outcomes achieved through procurement and supplier management
- Benchmark assessment of procurement activity against relevant independent models
- Evidence of consideration/application of alternative delivery models
- Feedback from contract owners and users

Theme 2: Quality: Optimising procurement outcomes

Optimising outcomes from procurement is about ensuring that stakeholders and suppliers receive a high quality & effective sourcing service that supports them in achieving improved benefits or quality from contracts for the benefit of residents and organisations within the Council.

Simple and streamlined processes, delivered by experts with a strong focus on customer experience and achieving strong commercial outcomes will be a core part of the offer. The Procurement Function will continuously review its approach to ensure it responds to feedback and continue to develop the systems it uses. It is responsible for optimising the statutory and legal boundaries of relevant procurement legislation and rules to deliver the best outcomes for residents.

The optimisation of outcomes from procurement can be categorised into the two areas as follows:

- **Performance:** Ensuring that our procurement activities maximise the effectiveness of contracts for the benefit of customers.
- **Compliance:** Ensuring that procurement activities adhere to relevant governance.

The success of the Procurement Function is measured by how it helps its stakeholders to achieve the best possible results for them and the beneficiaries of their contracts. This is not just about the structure and governance of procurement, it is about bringing the skills, knowledge and commercial challenge to ensure intelligence-led decision making.

The Procurement Function will continue to develop and deliver a focus on supplier analysis, market knowledge and research and use this to directly influence the outcomes achieved, inform how it can meet changing demands, and how it can support new ways of working. Contracts will be flexible enough to cope with the changing nature and funding of local government.

As part of the Council's commitment to engaging residents and service users in the co-design and co-production of services, there is a growing opportunity to involve our local communities

and end users in the commissioning and procurement of relevant contracts. This means not only consulting people about the need for and purpose of services, but also giving them an active role in the process, particularly on aspects of the process where quality is concerned.

For example, Council tenants and leaseholders informing a commissioning and procurement process to focus upon how the operating methods of potential maintenance and new build contractors will take account of and be sensitive to the needs of residents. Or community groups and representatives being involved in the process to appoint the design team and delivery contractor for new community hubs, which in some cases the community will be actively engaged in managing and operating.

We need to consider the relevant training, support and coaching needed to get the most effective input from resident, community and service user engagement in the commissioning and procurement process, as well as capturing learning and feedback from this involvement to inform future activity.

The Procurement Function will take advantage of the latest thinking and innovation in procurement techniques available within the limitations of the relevant public procurement legislation at the time. Noting that public procurement legislation is likely to materially change during the life of this strategy, it will stay abreast of current developments and implement any changes that maximise the operational and commercial benefits that they promise to bring.

What is our ambition?

That our sourcing processes are simple, clear and efficient. These processes should facilitate effective procurement projects and most of all, will be the catalysts for improving commercial outcomes rather than a bureaucratic obstacle. We will adopt digital approaches and automate process where relevant, including the use of artificial intelligence, machine learning and blockchain as these develop over time.

Processes should be compliant, yet appropriate and proportionate, dependent on contract value and risk, and contracts must be flexible enough to take into account the changing shape and scope of local government services. Similarly, standard terms and conditions of contract must protect the Council's interests whilst being appropriate for the nature and size of procurement.

Key actions in 2021 – 2024 to achieve our ambition

- a) Embed the September 2020 changes to Contract Standing Orders
- b) Implement any subsequent changes in public procurement legislation following the UK's exit from the European Union.
- c) Update and enhance guidance and training for council officers in procurement activity, in particular lower value procurement activity.
- d) Improve data quality and data analysis capability to improve intelligence-led decision making for future pipeline.
- e) Improve the quality of utilisation of the Council's e-tendering system and ensure that the system is simple to use for both officers and suppliers.
- f) Fully embed performance indicators and implement a consistent feedback process to capture the experience of both internal stakeholders and suppliers to improve and evolve the sourcing process.
- g) Provide further, regular, training workshops for local SME (Small to Medium Enterprises) and VCSE (Voluntary, Community and Social Enterprises) suppliers to help them with tendering for public sector tenders.
- h) Maximise the use of alternative procurement procedures, such as dynamic purchasing systems and frameworks.
- i) Work with legal to continually update standard terms and conditions of contract to reflect current best practice and risks.
- j) Support contract managers in understanding and ensuring compliance of our suppliers with all anti-discriminatory legislation.

How will our stakeholders notice a difference?

- Officers will see shorter timescales for the sourcing process that is also less onerous and more value-adding.
- Suppliers will be engaged in challenging and reviewing our sourcing processes and will receive regular and constructive feedback.
- We will engage with suppliers to offer full training on our sourcing processes.
- We will use the most appropriate route to market to deliver best value; frameworks, dynamic purchasing systems etc.
- The route to market for low value purchases will be simple and clear, making best use of catalogues, Procurement Cards etc.

- Options will be appropriately explored around use of flexible contract structures and lots which best allow the market to respond with quality, cost effective solutions that support access for local and SME organisations
- There will be access to compliant, value for money frameworks and dynamic purchasing systems.

Measuring our success

- Reduction in the time it takes to deliver a sourcing process
- Increased utilisation of the Council's electronic tendering system
- Increase in local companies, SMEs and VCSEs bidding for new contracts
- Percentage of spend against compliant contracts
- Percentage of spend influenced by the Procurement Function

Theme 3: Social Impact: Obtaining social, economic and environmental benefits

The social impact of procurement is the positive (or negative) effect on people and communities that occurs as a result of procurement activity (or inactivity). Social impact is much more than just social value; it includes sustainability and the climate emergency, through to how the local economy can recover from the impact of the COVID-19 pandemic.

The Council has always used its purchasing power through contracts to obtain social, economic and environmental benefits for its residents and communities. However, given the current financial situation it is more important than ever to maximise the impact of every pound spent to obtain those benefits.

- **Social value:** Fulfilling the Council's legal obligations under the Public Services (Social Value) Act 2012 by obtaining appropriate social value pledges from suppliers and ensuring that they are delivered.
- **Climate Change:** Supporting the Council's response to the Climate Emergency to become carbon neutral by 2030 and carbon zero by 2050.
- **Economic recovery:** Incentivising suppliers to create employment locally through the work we contract.

With respect to the Social Value Act, we need to hone our approach and best practice through commissioning and procurement to deliver greater and broader value to our residents and the Redbridge economy and our environment. The opportunities to the Council in this area are plentiful, however the effective delivery of social value will need to be agile, so as to reflect any changing corporate strategies, but also based upon outcomes to avoid any misalignment of investment.

The Procurement Function cannot deliver social impact improvements by itself or in isolation from the rest of the Council and its stakeholders. Instead the Procurement Function will be at the heart of delivering improved social benefits from its third party spend, however it will be reliant upon the wider organisation. To support the wider organisation the Procurement Function

What is our ambition?

We aim to buy in a sustainable manner that provides long-term economic benefits to the communities that we serve. Against a backdrop of economic recovery from the COVID-19 pandemic this is about adding social value through jobs and training opportunities with our suppliers, economic value through getting local businesses into our supply chains so that more money is re-invested locally, and environmental value through asking our contractors to minimise their carbon emissions and waste.

Key actions in 2021 – 2024 to achieve our ambition

- Review social value guidance and provide appropriate training to ensure that relevant staff are trained on how to implement social value benefits in procurement and realise benefits during contract management.
- Pilot working with suppliers to provide climate impact assessments, including the identifications of opportunities for sustainable procurement and within existing contracts to track supply chain emissions.
- Increase consideration of the climate agenda at Strategic Commissioning Board.
- Provide advice to SMEs and VCSEs on how to improve chances of winning contracts and how they can assist the Council's efforts with respect to social impact.
- Establish procedures for publicising local successes in sustainable procurement.
- Support Community and Voluntary sector groups to access social value pledges from suppliers.
- Work with larger organisations to maximise community benefits from their relationships with the local supply chain
- Increase apprenticeships through procurement, including the recruitment of apprentices into the Procurement Function.
- Implementation of the Co-operative Party's Charter Against Modern Slavery

How will our stakeholders notice a difference?

- More diverse and competitive market responsive to our requirements
- Greater opportunities for local businesses
- More residents employed locally and improving life outcomes (eg better health outcomes, less dependency on council services)
- Sustainability becoming part of the normal evaluation criteria in tenders
- Contract management with suppliers will also encompass the need to ensure that suppliers are fulfilling community benefit obligations

- Awareness of impact of spending power on local economy.

Measuring our success

- Increased social value pledges secured from suppliers, as measured through the TOMs⁵ framework
- Increased spend with SMEs, VCSEs and local organisations
- More sustainable contracts, including carbon reduction
- Improved levels of training and understanding across the organisation
- Larger suppliers using local companies as part of their supply chain

⁵ <https://socialvalueportal.com/national-toms/>

Theme 4: The Right Resources: People, processes and systems

We will only be a success in fulfilling themes 1 to 3 if we invest in and develop the right resources to help us achieve this. Our people, processes and systems are the foundations that help us achieve our objectives.

- **People** Recruiting, retaining and developing people with the right technical, commercial and leadership skills.
- **Processes** Efficient and effective processes that add value and are easy to use. Digital and automation is utilised where appropriate.
- **Systems** Developing and maintaining the appropriate systems that support data insight, compliance, planning and processes.

Being able to recruit, retain and develop a diverse workforce is the most important resource that we have in helping us be successful. We will look beyond just the technical procurement skills in our people, but nurture and attract a breadth of commercial acumen and leadership skills that are necessary for the modern procurement professional.

As well as people within the Procurement Function, it is also vital that we support the development of commercial skills of non-procurement staff, those who are involved in procurement activity or contract management to become intelligent clients.

We will take into account in our tender evaluation and contracting processes, a potential contractor's approach to equality, diversity and inclusion in terms of its employment practices and service delivery. Where practicable we will do this by asking bidders relevant questions and include appropriate provisions in our contract documents relating to these matters, such as requiring our suppliers to sign up to the Council's Hate and Equalities pledges. The response to these questions will be evaluated as part of the selection process.

Similarly, we need to ensure that our systems continue to develop and provide the infrastructure necessary for effective spend analysis, procurement and contract management. At the heart of this strategy will be a push to automate routine and non-value adding processes and to adopt a data-driven approach to decision making.

What is our ambition?

The Procurement Function will be the primary and leading source of commercial expertise across the organisation. Delivery will be by a professional core of skilled staff supplemented by appropriate expertise as required to provide an agile workforce. It will also ensure it has the appropriate tools to support the wider Council.

Key actions in 2021 – 2024 to achieve our ambition

- Ensure that the Procurement Function is trained and accredited in accordance with the CIPS Global Standard, including the renewal of its CIPS corporate accreditation.
- Develop and implement a people strategy for the function, including skills and competency assessment followed by structured training.
- Review existing processes to eliminate any unnecessary process and automate where relevant.
- Implement the update to the Council's e-tendering system and in particular evaluate and implement contract management functionality.
- Continue to develop our spend analysis capability by ensuring all procurement staff proficient in using the system and used as a matter of routines
- Develop the team, and the wider Council, to be more commercially minded in their undertakings.

How will our stakeholders notice a difference?

- Officers and Members will welcome the Procurement Function as the primary source of commercial expertise and intelligence on markets and suppliers across the organisation.
- It will bring expertise around alternative/innovative procurement approaches commercial models when developing procurement options.
- Officers will benefit from being supported in their development and empowered to think creatively
- Officers will be actively encouraged to look to the private and broader public sector for leading edge ideas

Measuring our success

- Involvement and leadership in distinct commercial activities
- Award nominations

- Percentage of staff professionally qualified
- Absence and retention rates for Procurement staff
- Customer feedback