



**SOMERSET COUNTY COUNCIL**

**PROCUREMENT STRATEGY**

**January 2020 – December 2022**

## Introduction

This Procurement strategy draws upon the National Procurement Strategy for Local Government in England 2018. It is our intention to set a procurement strategy for Somerset County Council which is aligned to this wider national approach.

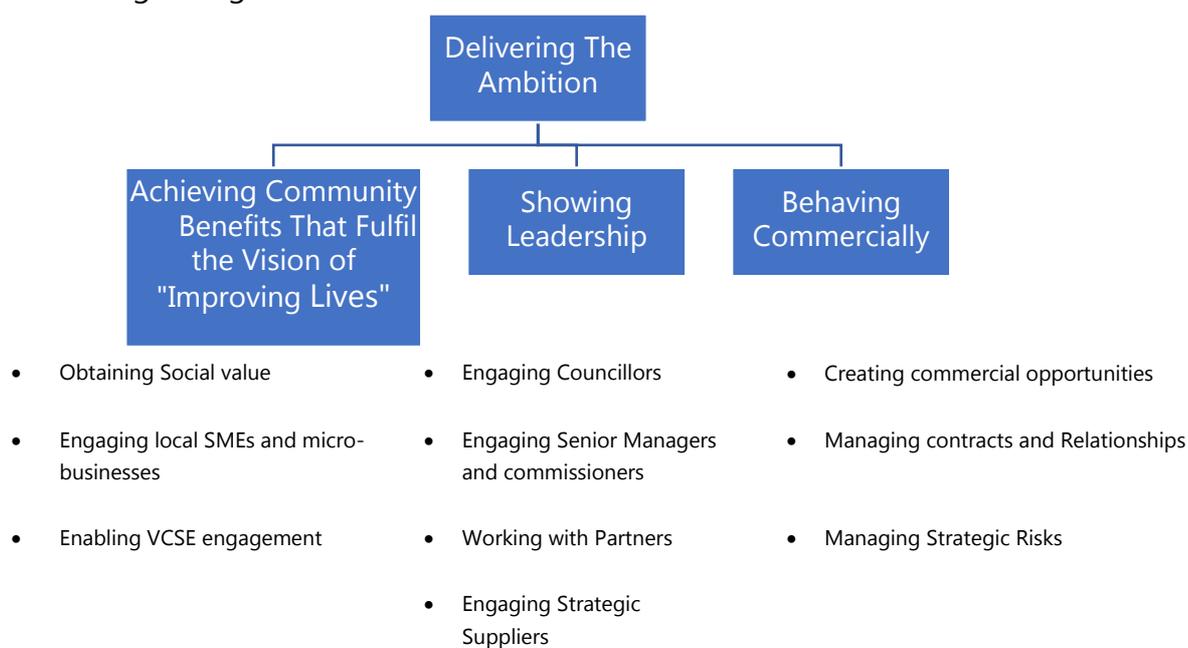
## Key Priorities

There are three themes;

- Showing leadership
- Behaving Commercially
- Achieving benefits that fulfil the vision of "Improving Lives"

This strategy then identifies four "enablers" to achieve these themes.

- Developing talent
- Exploiting digital opportunities
- Enabling innovation
- Embedding change



## Showing Leadership

<b>Key Area – Engaging Councillors</b>				
<p><b>Description</b> – The engagement of councillors in the leadership and governance of council procurement and commercial activity. This includes both the Cabinet, Oversight Committees and Scrutiny members as well as the wider cohort of members. To perform their roles effectively, councillors must be equipped with the necessary skills and value and benefit from good procurement and commercial advice.</p> <p><b>Importance</b> – When councillors are fully engaged with procurement and commercial matters, the quality of decision-making is better, and oversight and accountability is improved. Among other things, councillor engagement leads to better project delivery and better outcomes for the local community, helping fulfil the Council Vision of “Improving Lives”</p>				
<b>Minimum</b>	<b>Developing</b>	<b>Mature</b>	<b>Leader</b>	<b>Innovator</b>
Councillors regard procurement and commercial issues as purely operational matters	The Council is exploring the best approach to councillor engagement in procurement and commercial matters	Councillor engagement is delivering better results on some projects	Councillor engagement is delivering better results across all procurement and commercial activity	Councillor engagement is contributing to the success of the Council’s project or another innovative project
<b>Current</b>		<b>Aspiration</b>		

**Key Area – Engaging Senior Managers and Commissioners**

**Description** – Refers to the corporate management and commissioning teams valuing and benefitting from procurement and commercial advice at all stages from early in the commissioning cycle, engaging with business support to provide the necessary evidence basis for decision-making.

**Importance** – Good procurement and commercial advice can have a decisive impact on the outcome of a project, particularly one involving innovation. It is important that senior managers engage with the commercial and procurement issues from the earliest stages of the project.

<b>Minimum</b>	<b>Developing</b>	<b>Mature</b>	<b>Leader</b>	<b>Innovator</b>
Senior Management regard procurement and commercial issues as purely operational matters	The Council is exploring the best approach to obtaining procurement and commercial input into decision making	Senior managers engaged with procurement and commercial issues routinely taking advice at key decision points	Council demonstrating better results from early procurement and commercial advice on projects	Council procurement and commercial advice valued by leaders the Council's projects or in connection with an innovative project
	<b>Current</b>		<b>Aspiration</b>	

**Key Area – Working with Partners**

**Description** – Refers to a “one-team” approach to the design and implementation of solutions for public services which spans council departments and other organisations

**Importance** – A team approach makes best use of limited resources and can lead to innovative solutions and better results. The team approach should characterise how council departments work together and how the council works with other councils, and strategic partners such as health, fire, police, housing associations, district councils, VCSE’s.

<b>Minimum</b>	<b>Developing</b>	<b>Mature</b>	<b>Leader</b>	<b>Innovator</b>
There are teams, but they work in isolation from commercial and procurement advisors	Council acknowledges the business case for a cross council approach to design and implementation of solutions and is seeking to encourage this.	Designing and implementing solutions as a single team in high value/high risk projects	Designing and implementing solutions as a single team is the Council’s normal way of working (policy)	Designing and implementing solutions with health, fire, police housing, VCSEs and other partners
	<b>Current</b>		<b>Aspiration</b>	

**Key Area – Engaging Strategic Suppliers**

**Description** – The process of identifying strategic suppliers and engaging with them to improve performance, maximise potential efficiencies, mitigate risk and harness innovation.

**Importance** – Effective management of strategic supplier relationships can deliver a range of benefits, including improved outcomes for the public, added social value, reduced costs, reduced risk and increased innovation.

<b>Minimum</b>	<b>Developing</b>	<b>Mature</b>	<b>Leader</b>	<b>Innovator</b>
Firefighting. Ad hoc engagement with important suppliers usually when there is a problem to be resolved	Acknowledges business case for improved strategic supplier management and is piloting engagement.	Delivering a programme of engagement with strategic suppliers at council level.	Playing a leading role in a programme of engagement with strategic suppliers at county level.	Playing a leading role in programme of engagement with strategic suppliers at regional/national level.
	<b>Current</b>		<b>Aspiration</b>	

## Behaving Commercially

<b>Key Area - Creating commercial opportunities (including income generation)</b>				
<p><b>Description</b> – Refers to how an organisation promotes revenue generation and value creation through the way it plans its major third party acquisitions (works, services and goods); reviews its business options (make or buy); engages with and influences markets and potential suppliers; seeks to support and encourage innovation; and promotes the development of new ideas and solutions to service delivery.</p> <p><b>Importance</b> – As funding from central government is reduced, organisations are required to look at other means of income generation or maximising efficiencies. Commercial opportunities can be created in many different ways, from increasing returns on assets to the way we engage with development parties and third-party contractors.</p>				
<b>Minimum</b>	<b>Developing</b>	<b>Mature</b>	<b>Leader</b>	<b>Innovator</b>
<p>Focused on business as usual and compliance</p>	<p>Some high value/high profile acquisitions examined for creating commercial opportunities</p>	<p>Clear understanding of the ways in which new revenue generation opportunities can be created across the commercial cycle. End to end policies and processes promoting this approach in place across the organisation</p>	<p>Revenue generation and potential wealth creation is a part of all contract review meetings. Procurement staff are encouraged to enhance commercial skills and demonstrate commercial behaviours.</p>	<p>Organisations work collectively to identify and exploit new commercial opportunities through market shaping and shared working with development partners.</p> <p>Organisations see staff innovation and knowledge/information utilisation as a commercial opportunity</p>
<b>Current</b>		<b>Aspiration</b>		

**Key Area – Managing contracts and relationships**

**Description** – The effective management and control of all contracts from their Commissioning Intentions until their completion by the appointed contractor. It covers supporting policies, procedures, and systems needed to undertake it, together with broader issues from the identification and minimisation of risk, successful and timely delivery of outcomes and performance, effective control of cost and variations, and the maintenance of clear communications and operational relationships with contractors.

**Importance** – Research shows that contracts exceed their expected costs by 9.4% on average over their lifetime. Poor contractor performance or commercial failure can seriously damage a council’s reputation and its ability to deliver effective services and support to local communities.

<b>Minimum</b>	<b>Developing</b>	<b>Mature</b>	<b>Leader</b>	<b>Innovator</b>
Compliance driven. Reactive approach to contract and relationship management	Identified the need to change and improve/ Basic policies, procedures and systems in place.	All basic policies, procedures and systems in place to support contract and relationship management across the organisation and used in all departments.	Well-developed policies, procedures and systems in place to support contract and relationship management. Used to drive forward planning, cost control and contractor performance.	Contract and relationship management recognised by the leadership team as being essential to driving ongoing improvement and better service outcome, Systems procedures and staff delivering consistently high results.
	<b>Current</b>		<b>Aspiration</b>	

**Key Area – Managing Strategic Risk**

**Description** - The impact by an external event, passing of a statute or illegal activity upon business as usual, reputation and/or financial health of an organisation

**Importance** – The occurrence of any risk, particularly when it could be foreseen can have a devastating impact on the organisation’s reputation and the lives of the people it serves, the quality of the services it provides, and even its financial viability.

<b>Minimum</b>	<b>Developing</b>	<b>Mature</b>	<b>Leader</b>	<b>Innovator</b>
Compliance driven. Doing enough to meet statutory requirements.	Good awareness of issues involved and potential threats with basic systems in place to manage should they occur	Taking a proactive approach to strategic risk management with all vulnerable areas identified and mitigating policies and plans in place.	All vulnerable areas identified and policies and plans in place and shared ownership, transparency and reporting with appropriate contractors.	Effective policies and plans in place in all areas, shared with contractors with contingency plans in place and active management of all strategic risks.
	<b>Current</b>			<b>Aspiration</b>

## Achieving Community Benefits That fulfil the Vision of Improving Lives

<b>Key area – obtaining social value</b>				
<p><b>Description</b> – Refers to wider financial and non-financial impacts of programmes, organisations and interventions, including the financial wellbeing of individuals and communities, social capital and the environment. It can be summarised as the net social and environmental benefits (and values) generated by an organisation to society through its corporate and community activities reported either as financial or non-financial performance.</p> <p><b>Importance</b> – Experience from procurements let by Councils that have fully included social value requirements has shown that a minimum of 20% social value “additionality” can be obtained on contract value by way of direct community benefits.</p>				
<p><b>Minimum</b></p> <p>Compliant. Doing just enough to meet the conditions of the Act.</p>	<p><b>Developing</b></p> <p>Compliant but only proactively seeking social value in a few key contracts.</p>	<p><b>Mature</b></p> <p>Taking a proactive approach to integrating social value into procurement and commissioning</p>	<p><b>Leader</b></p> <p>Social value embedded into corporate strategy and have comprehensive frameworks for management and delivery.</p>	<p><b>Innovator</b></p> <p>Social value is a core operational metric, integrated into all directorates/departments and activities with regular reporting against targets.</p>
		<p><b>Current</b></p>		<p><b>Aspiration</b></p>

**Key area – Engaging local small medium enterprises and micro-businesses**

**Description** – Businesses with fewer than 250 employees and turnover of less than £50m

**Importance** – SME’s play a major role in creating jobs and generating income for those on low income; they help foster economic growth, social stability, are a source of innovation and contribute to the development of a dynamic private sector.

<b>Minimum</b>	<b>Developing</b>	<b>Mature</b>	<b>Leader</b>	<b>Innovator</b>
Council does not see any benefits to be gained from SME engagement	SME organisations are engaged in a few key contracts only	Taking a proactive approach to integrating SME organisations into procurement and commissioning	SME Engagement is embedded into corporate strategy.	SME engagement is a core operational way of doing business, integrated into all directorates/departments and activities with regular reporting against targets.
		<b>Current</b>		<b>Aspiration</b>

<b>Key area – Enabling Voluntary Community and Social Enterprise (VCSE) engagement</b>				
<p><b>Description</b> – Organisations that include small local community and voluntary groups, registered charities, foundations, trusts and social enterprises.</p> <p><b>Importance</b> – VCSE organisations can play a critical and integral role in health, wellbeing and social care, including as providers of services, advocates and representing the voice of service users, patients and carers.</p>				
<p><b>Minimum</b></p> <p>Organisation does not see any benefits to be gained from VCSE engagement</p>	<p><b>Developing</b></p> <p>VCSE organisations are engaged in a few key contracts only</p>	<p><b>Mature</b></p> <p>Taking a proactive approach to integrating VCSE organisations into procurement and commissioning</p>	<p><b>Leader</b></p> <p>VCSE engagement is embedded into corporate strategy</p>	<p><b>Innovator</b></p> <p>VCSE engagement is a core operational way of doing business, integrated into all directorates/departments and activities with regular reporting against targets.</p>
		<p><b>Current</b></p>		<p><b>Aspiration</b></p>

Whilst the current rating shown is felt to be representative of the Authority as a whole, it is acknowledged that within each Key Area there is evidence of some good behaviours and practices that can be built upon.

# Enablers – Somerset County Council Position

## Developing Talent

Minimum	Developing	Mature	Leader	Innovator
Recruits staff with appropriate experience/professional qualifications	Recruits staff with appropriate experience/professional qualifications and responds to ad hoc requests for training and development	Service plan includes support for staff to obtain professional qualifications and for apprenticeships	<p>Planned approach to talent development in relation to future procurement and contract management workload including;</p> <ul style="list-style-type: none"> <li>• Contracts pipeline</li> <li>• Resourcing plan</li> <li>• Competency framework</li> <li>• remuneration strategy</li> <li>• comprehensive training and development plan including provision of staff not currently in procurement or contract management roles</li> <li>• Secondments to and from the private sector and VCSE sector</li> </ul>	Planned talent development (as for leader) but at regional level

## Exploiting Digital Technology

Minimum	Developing	Mature	Leader	Innovator
<p>Basic purchase order functionality for some products and services using finance/operational systems.</p> <p>Limited procurement and contract management information available via static sources.</p>	<p>Use of an integrated P2P system with online ordering for all services/products. May include some human intervention and paper trails.</p> <p>Some procurement and contract management information available online to all stakeholders with appropriate searching and filtering</p> <p>Use of electronic tendering and quotations system for some tenders/quotes</p>	<p>Use of integrated P2Psystem with online ordering for all services/products fully automated and paperless with human intervention being restricted to exceptions only.</p> <p>Comprehensive procurement and contract management information available online to all stakeholders with appropriate search and filtering.</p> <p>Use of electronic tendering and quotation system for all tenders/quotes.</p> <p>Access and interaction to all the above possible from any mobile device.</p>	<p>Access to a PSP system via secure mobile application, promoting self-service approach for suppliers.</p> <p>Technology used to forward plan all strategic acquisitions and to underpin sourcing and procurement decision making.</p> <p>Performance monitoring and communications underpinned by dashboards and diagnostics.</p>	<p>Mobile applications designed for supplier and contractor interactions including future opportunity alerts, contract management, contractor performance ratings and procurement satisfaction levels.</p> <p>Shared systems and information with delivery partners (including voluntary sector/local businesses) and other councils and citizens</p> <p>Knowledge management accessing paper and electronic sources to build comprehensive intelligence about contracts markets and trends.</p>

## Enabling innovation

Minimum	Developing	Mature	Leader	Innovator
Ability to harness procurement innovation in organisation non-existent	Innovation only considered in a few contracts where technology is involved	Outcomes based on procurement and market making are the "standard" way of doing things.  Innovative procurement approaches are not just applied to technology but to established services.	Innovation in procurement and contract management is mainstreamed.  Procurement techniques such as innovation partnerships, pre-commercial procurements used regularly	All contracts reviewed to identify new service delivery and income generation models.  Procurement challenges and innovative potential solutions shared across councils and regions.

## Embedding change

Minimum	Developing	Mature	Leader	Innovator
Success depends on individuals, no organisational engagement	New approaches and ideas applied in isolated procurement processes	Procurement change comprehensively applied across multiple projects and departments	Senior Leaders recognise the importance of procurement and contract management, and promote as a way of leading and managing organisational change	Procurement and contract management are key drivers of organisational change and are embedded at all levels in the organisation.  Lessons learned shared with other organisations at regional and national level