



ISLINGTON

London Borough of Islington

Procurement Strategy 2010-2013

Introduction

Procurement is the acquisition of goods, works and services to fulfil the wants and needs of our residents and customers.

Islington Council spends approximately half of its annual budget on externally procured services. It is essential that all of those services are planned in order to deliver improvements in economy, efficiency and effectiveness.

The Strategic Procurement Team (SPT) works in a fast moving environment of increased legislation and control and is aware of the current financial climate, and the impact that a financial slowdown may have. The economic environment may have an impact on this strategy, however we appreciate that positives can also be gained in a declining economy.

Our purpose is to:

- help the council to achieve its goals under the “fairness” agenda when procuring externally provided services;
- provide an overview and plan of procurement across the authority;
- oversee procurement activity of high risk and high value;
- help the council achieve value for money such as savings targets;
- provide procurement legal and financial advice to officers of the council;
- provide written guidance and increase collaboration;
- help to deliver value for money;
- commission and procure services to meet local needs;
- support the council’s transformation and efficiency agenda.

This paper sets out a strategic framework for procurement in Islington in 2010 to 2013.

It is supported by the Procurement Rules and the Procurement Service Plan. All staff must follow the Procurement Rules when carrying out purchasing. The annual Procurement Service Plan will support this strategy by detailing the actions we will take to achieve our strategic objectives.

Efficient procurement of services is crucial to the Council’s drive to deliver value for money. Collaboration, partnerships and shared services are becoming more commonplace. Our strategy has a clear focus on continued collaboration with other public sector bodies in procuring services.

Our strategy will pioneer socially, environmentally and economically responsible procurement. Increasingly the term ‘responsible procurement’ is being used and promoted within Islington. It is our duty to contribute to this wherever possible. In doing so we will assist the council to deliver improved social benefit and better value for money for our people and businesses

Our strategy will contribute to delivering the long-term goals of Islington’s Sustainable Community Strategy and the targets agreed in our Local Area Agreement.

Objectives

In fulfilling our duty to securing value for money the Procurement Strategy 2010/2013 seeks to achieve objectives in the following six key areas:

- Adopt a clear vision of outcomes for local people, based on an understanding of their needs, which will define what we procure and why;
- Involve local people, partners, staff and suppliers in procurement of services in Islington;
- Improve the customer experience, quality and value for money of services through service re-design and effective use of IT;
- understand supply markets and seek to influence and develop these where possible;
- Evaluate all options (internal, external and jointly with partners) for procuring services and supplies;
- Review the competitiveness of services and their value for money, while meeting wider social, economic and environmental objectives.

STRATEGIC OBJECTIVE 1 - Clear vision of expected outcomes

Procurement should be shaped by a clear vision of intended outcomes for local people based on an ongoing analysis and understanding of needs. We should prioritise areas of greatest need for improvement.

Where we are now:

- The council has published a Sustainable Community Strategy.
- Service planning and procurement reflect an understanding of wider social, economic and environmental issues as contained in that strategy.
- The council conducts joint strategic assessments of the health and social care needs of the local community with its statutory partners, and has identified opportunities for greater co-operation in service procurement and provision.

Our aim:

- The council will have a strategic approach to procurement that is clear about what it is setting out to achieve and how this will benefit local communities.
- We will continually assess and analyse need to ensure that services are procured that meet the long-term future priorities of local communities.
- The council will have a clear understanding of how the Procurement Strategy aligns with the Sustainable Community Strategy.
- Local communities will be engaged in identifying priorities for local improvement in services.

By the end of financial year 2010/2011 the Council will:

- Promote equalities and diversity in our local community in the services we procure;
- Implement a strategy for working with the local community;
- Evaluate achievable outcomes to reflect the wider social, economic and environmental issues affecting our residents;
- Identify and make links with our statutory partners;
- Identify areas of joint procurement;
- Have established a suite of performance indicators.
- Introduce the Equalities and Cohesion Charter into the procurement process;
- Increase the number of contracts that include community benefit clauses.

By the end of financial year 2011/2012 Council will:

- Provide training across all departments on how the procurement strategy links with the sustainable community strategy;
- Provide training to our supply chain on responsible procurement
- Produce corporate guidance on how to deliver outcomes with value for money;
- Have identified additional services that need commissioning;
- Have encouraged all contractors to sign up to the Equalities and Cohesion Charter;
- Promote the relationship between human rights and ethical procurement

By the end of financial year 2012/2013 the Council will:

- Through consultation increase understanding of ways in which procurement can narrow the gap between vulnerable groups and the rest of the community;
- Assess areas where the need for resources is greatest;
- Introduce specifications that are based on outcomes not outputs.

STRATEGIC OBJECTIVE 2 - Involving users in procurement

Procurement, by its nature, is about securing the delivery of a range of services that meet the diverse needs of a diverse population. In order to make certain this is as inclusive as possible we need to involve the people who use our services in the decision-making process. Our suppliers, small and local as well as large and multinational, need to be consulted on ways to improve service design and delivery.

Where are we now

- The council engages with a range of stakeholders and people who use services, to assist in establishing priorities and in service planning and design.
- Services are reviewed in light of feedback and consultation with service users, potential suppliers and others.
- Islington Council is committed to making tendering opportunities as widely available as possible.

Our aim:

- Service users and the wider community will be involved, as appropriate, at each stage of the procurement cycle: assessing needs, establishing priorities, designing services, and reviewing performance.
- Customer satisfaction surveys will be conducted, to gather feedback from partners, third sector, staff, residents and service users, to assist in making improvements.
- There will be a clear, accessible procurement strategy on the council's website, with effective and user-friendly guidance appropriate to all service users, the wider community and potential suppliers.

By the end of financial year 2010/2011 the Council will:

- Produce a strategy to engage with groups that are hard to reach which will assist in service planning and design;
- Identify services for review, to gain efficiencies that are directly linked with departmental needs;
- Have an established communications strategy;
- Introduce a process for opportunity management;
- Increase internal stakeholder involvement in procuring services;

By the end of financial year 2011/2012 the Council will:

- Involve service users, partners and potential suppliers in procurements which will result in the design of new services;
- Make services more economically and environmentally sustainable;
- Involve the wider community in each stage of the procurement and commissioning process, such as assessing the need, establishing priorities, designing services and reviewing performance;
- Promote internal satisfaction surveys for services;

By the end of financial year 2012/2013 the Council will:

- Promote satisfaction surveys for public procurements to cover different groups in the community
- Use feedback received to assist with service improvements;
- Incorporate greater levels of customer satisfaction surveys in contract specifications;
- Maintain and increase procurement activity with our partner organisations such as schools.

STRATEGIC OBJECTIVE 3 – Improvement through service re-design

In order that service users see an improvement in both quality and value for money, the council has to exploit technology to improve existing services and to introduce new ones. We can find ways to do the same things better through use of up-to-date technology, and also use the power and capability of technology to introduce new services or transform old ones. Regardless of technology however, redesigning our services means we have the potential to deliver them with higher quality or more cost-effectively.

Where are we now

- The council focuses on customer experience of services, and whether they offer value for money. Access to services for users is an important component of quality and in reducing inequalities within the community.
- The council's IT strategy is aligned with organisational strategic objectives and priorities. Services have been evaluated and redesigned to remove inefficiencies and exploit technology.

Our aim

- To identify new ways of delivering services, and maintain an awareness of developments in technology.
- To use technology such as interactive websites to potentially benefit service delivery, improve the customer experience of services or help to secure efficiencies.

By the end of financial year 2010/2011 the Council will:

- Maintain awareness of development in technology that can benefit service delivery;
- Research the market for technological solutions;
- Encourage greater online ordering, and streamline our ordering procedures;
- Investigate services and identify areas where procurement practice can be improved;
- Introduce electronic tendering for all contracts above the current EU threshold limits.

By the end of financial year 2011/2012 the Council will:

- Better understand the user experience of service delivery and if services provided are fully accessible;
- Reduce suppliers' dependence on the council through better financial management
- Identify areas where e-auctions can be used effectively to increase efficiencies and savings;
- Investigate electronic contract management;

By the end of financial year 2012/2013 the Council will:

- Identify new ways of delivering services;
- Investigate e-supplier management.

STRATEGIC OBJECTIVE 4 - Understanding the supply market

A key component for successful procurement to have a clear and current picture of the supply market in which the organisation operates, including local options.

This is not a passive role but involves shaping the market to meet the procurement needs of the organisation in the medium to long term.

Where are we now

- The council's procurement staff have a good understanding of our current and potential network of suppliers, and actively manage relationships with them in order to maintain a two-way dialogue, awareness of needs and ability to respond.

Our aim

- Maintain contacts, knowledge, relationships and information that will enable the council to create a network of suppliers that has the capability to meet all anticipated needs.
- Develop the capacity of potential new suppliers and work in partnership with other public sector bodies to ensure that a healthy diversity of supply is maintained, and support third sector and small and medium sized enterprises as providers through appropriate use of grants as well as contracts
- Ensure that 'off-contract spend' (i.e. what could have been procured by contracts but was not) is exposed, and implement our plan to extend procurement contracts to cover these areas.

By the end of financial year 2010/2011 the Council will;

- Have a better understanding of our supply markets to maximise competitiveness, choice and flexibility;
- Improve and manage relationships with suppliers;
- Help build the capacity of third sector suppliers to do business with the council
- Build stronger relationships with the voluntary sector;
- Meet with suppliers at least four times annually in "meet the buyer" or workshop sessions;

By the end of financial year 2011/2012 the Council will;

- Identify off-contract spend;
- Identify sources of market capability through partnerships;
- Prepare guidance for sub-contractors;
- Identify all third sector and social enterprises located in Islington and those currently doing business with us;

By the end of financial year 2012/2013 the Council will;

- Manage demand by minimising activity that is unnecessary;
- Pilot models of co-production with service users and communities;
- Introduce a work placement programme within procurement;
- Have developed guidance on options appraisals.

STRATEGIC OBJECTIVE 5 - Evaluation of procurement options

To ensure that procurement of services and supplies fulfils the council's *objectives and priorities* we must go “beyond the obvious” when considering the available options.

Contract management and procurement must be fair and consistent, ensuring that the local economy is supported where possible, reflect good practice, and provide value for money and sustainability.

Where are we now

The council currently considers the following factors in evaluating its procurement options:

- Where it looks to source goods and services – which includes internal as well as external suppliers;
- Compliance with legislation and relevant statutory guidance and legal requirements including European Union regulations
- Joint purchasing activities with other councils and public bodies;

Our aim

- The council will be proactive in understanding the costs associated with different procurement options, for securing goods and services and its community objectives.
- To use a formal appraisal process to choose the most appropriate method and explore and pursue collaborative arrangements with other councils and partners.
- Commissioning and procurement decisions include “whole life cost” and long term sustainability (environmental or otherwise) and will, where possible, specify products and services that minimise negative economic, environmental and social impact.
- The council will have a well-defined contract management process which reflects good practice both pre- and post-contract signing.

By the end of financial year 2010/2011 the Council will:

- Develop a comprehensive strategy on joint purchasing with other councils and public bodies with noticeable results;
- Prompt alternative cost options within all business cases submitted;
- Maintain systematic forward-planning of procurements.
- Have clear guidance on the difference between grants and procurements.

By the end of financial year 2011/2012 the Council will:

- Request feedback on performance of preferred procurement option and evaluate comparison with other suggested options;
- Audit a sample of procurements to ensure supplier compliance and contract management procedures are in place;
- Encourage community benefits clauses to be included in award criteria;
- Increase the number of opportunities for work experience and/or apprenticeships;
- Benchmark all tendered contracts that have sustainability policies;
- Track off-contract spend and introduce measures to ensure competition and compliance

By the end of financial year 2012/2013 the Council will:

- Appraise internal and external options to find the most appropriate method;
- Incorporate “whole life costing” in procurements;
- Benchmark options put forward in business cases to evaluate success rate;
- Include benefits analysis in high profile/high value procurements.

OBJECTIVE 6 – Reviewing service competitiveness and achieving value for money

Strategically, good procurement is meant to achieve services that are competitive in terms of the range of benefits they deliver in return for the cost of providing them.

The council must regularly take an objective view of its overall procurement performance through service reviews and options appraisal, and have a sound understanding of how effectively services are performing, and assess performance and outputs alongside inputs and costs.

It should apply this review process to all products and activities (including those currently provided in-house), and assess performance in relation to wider objectives – social, economic and environmental which will promote social cohesion.

It is important that for all procurements we make the right decisions at the start and always do what's right for the council, this includes detailed analysis of out-sourcing and in-sourcing options.

Where are we now

- The council has service reviews that aim to identify performance and value for money improvements. These include market testing, benchmarking and use of procurement consortia to identify potential savings.

Our aim

- The council will measure and externally benchmark all transaction or unit costs, constantly investigate opportunities to reduce them, and measure improvements.
- The council will adopt processes and ways of working that enable it to challenge why and how a service is being provided, how it performs, and if it achieves social, economic and environmental outcomes.
- The council will work with its statutory partners to evaluate (and adopt where appropriate) such efficiency savings as:
 - o sharing its procurement function with others to deliver economies of scale;
 - o exploiting opportunities for joint commissioning, economies of scale and bring different services together; and
 - o using e-procurement techniques, such as on-line catalogues and electronic tendering, to eliminate paperwork and shorten timescales.

By the end of financial year 2010/2011 the Council will:

- Produce market testing guidance;
- Encourage market testing in procurements;
- Produce guidance on using consortia contracts;
- Update list of all available consortia contracts;
- Encourage annual price reviews in contracts where volumes have increased;
- Increase guidance for local suppliers on environmental best practice;
- Increase the number of local businesses who receive tendering training;
- Establish systems to ensure our suppliers are financially evaluated on an equitable basis which is proportionate, relevant and reasonable;
- Take an active role participating in collaborative networks;
- Establish a compliance plan to seek continuous improvement;
- Promote Health & Safety compliance within procurement activity.
- Include business continuity as part of ongoing training workshops with our supply chain.

OBJECTIVE 6 (continued)

In the financial year 2011/2012 the Strategic Procurement Team will;

- Benchmark transactional costs with neighbouring boroughs;
- Review the way we use competition to improve services;
- Survey and understand spend reviews for key council contracts that challenge the efficiency of existing services.
- Introduce process to challenge why and how services are provided;
- Reduce transactional costs through spend analysis on top 100 suppliers with highest volume and lowest invoice values;
- Track the council top suppliers in relation to strategic importance and financial value to minimise risk of exposure from these companies falling into financial difficulties;
- Benchmark costs of the procurement service with other local authorities;

By the end of financial year 2012/2013 the Council will;

- Compare procurement performance with other London Authorities;
- Produce guidance on ways procurement can improve economic prosperity for deprived areas, and minimise the use of natural resources;
- Work with statutory partners to establish shared understanding of the totality of resources, to increase efficiencies;
- Promote and instigate spend reviews across the council for key council contracts where this is not happening.
- Through partnership with our top 20 suppliers, look at ways of making their supply chains more efficient with emphasis on time and money;
- Demonstrate the work of procurement in supporting the environment within supply chains;
- Research the markets that London Councils buy into and collaboratively exert more muscle in these markets;
- Demonstrate an improvement in the amount of local contracts we award.

APPENDIX 1: Drivers for Improvement

Efficiency and improved procurement practice is very high on the agenda for the Council. The drivers for improvement in a national context include:

Comprehensive Spending Review 2010

A spending review for the years 2011/12 through to 2014/15 was announced by the coalition government. This review was driven by a desire to reduce government spending in order to cut the budget deficit.

The Chancellor of the Exchequer announced the details of the spending review in October 2010. The cuts have been described as the biggest since World War II. The review will lead to substantial cuts in public spending in the remaining four years of the parliament, with average departmental cuts of 19%. In addition major changes in welfare were announced including extra welfare cuts, changes to incapacity benefit, housing benefit and tax credits and a rise in the state pension age to 66 from 2020. Public sector employees will face a £3.5 billion increase in public pension contributions.

Review of arrangements for efficiencies from smarter procurement, known as the Roots Review

Its recommendations include:

- Appoint a national “procurement champion” to drive, influence and direct the agenda;
- Give more strategic priority to council procurement functions;
- Strengthen the role of Regional Improvement and Efficiency Partnerships (RIEPs) with a focus on efficiency. They should act as the conduit for “best deals” and potentially provide procurement services themselves for councils to consider buying into;
- The Local Government Association (working in conjunction with the Office of Governance and Commerce and others) should co-ordinate advice and guidance to RIEPs and local authorities, especially on EU legislation;
- Simplify the procurement process for small and medium sized enterprises (SMEs), social enterprises and the voluntary sector;
- Local authorities should annually review their procurement activities;
- Encourage greater collaboration in procurement arrangements;
- Permit the private sector to offer solutions to known issues rather than wait to tender.

Public Sector Efficiency “Releasing Resources to the Frontline” – known as the Gershon report.

Key priorities for public sector procurement include:

- Better, more co-coordinated procurement and service delivery between public bodies,
- Overall savings in procurement costs

The Report has had a significant influence on the Government’s Comprehensive Spending Reviews and sets tough targets for efficiency savings to be gained from improved procurement practices.

Glover Report - Improving SME participation in public procurement

The report recommends that this is achieved by making the market work effectively to allow small and medium-sized enterprises (SMEs) to compete effectively for contracts. This requires that opportunities should be transparent, the process as simple as possible, and that a strategic approach to procurement encourages innovation and gives SMEs a fair deal when they are sub-contractors.

UK Government Sustainable Development Strategy – Securing the Future (March 2005) -

Key priorities identified:

- Sustainable consumption and production
- Climate change and energy
- Natural resource and environmental enhancement
- Sustainable communities

Sustainable Procurement Task Force 2006 - Key priorities:

- Developing the evidence base on sustainable procurement; Identifying priority areas with specific targets and key performance indicators
- Extend the range of mandated products reaching minimum environmental standards
- Work with key public sector suppliers to raise sustainability awareness and performance
- Ensure that public sector employees receive appropriate training;
- Remove barriers and increase opportunities for increased sustainable procurement activity

Regional Centres of Excellence

The Regional Centres of Excellence established to act as the lead government change agent for the public sector on efficiency; their role is to support the implementation of the National Procurement Strategy and the delivery of “Gershon Review” efficiency targets.

The Operational Efficiency Programme (OEP)

Sets a vision of creating new and better services for much less cost, and tackles the issues relation to:

- How we achieve effective outcomes from our frontline services.
- How can we make it easier to deliver these services and is it possible to come together with others to identify economies of scale and avoid duplication.

Local Government White Paper “Strong and Prosperous Communities “

Sets out a series of proposals “to give local citizens and communities a greater say over their lives”.

Islington Fairness Commission

Despite its wealthy image, Islington is the eighth most deprived local Authority area in England with extremes of rich and poor. The Islington Fairness Commission has been set up to look into how to make the borough a fairer place.

Contact Us:

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