

# **Procurement and Contract Management Strategy 2023-26**

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**‘The Very Best for the Southend £’**



# Foreword

We currently spend around £190m per annum with external suppliers and so procurement and contract management are critical to the future of the City and the Council. This strategy sets out the steps Southend-on-Sea City Council will take to

‘Ensure the very best for the Southend £’

It supports the 2022-2026 Corporate Plan and our Carbon Zero 2030 target by:

- Ensuring we are commissioning services effectively.
- Getting value for money from every contract we procure.
- Ensuring effective contract management of our suppliers so as to deliver the City’s outcomes.
- Ensure added value/social value is achieved.
- Supporting Southend’s economy through maximising our local spend and providing training to local businesses (Voluntary and Community Sector/Private) on how to source and successfully bid for public sector contracts.
- Driving commercial opportunities.

Our strategy also supports and complements the

- Council’s Medium Term Financial Strategy.
- Getting to Know Your Business programme.
- Delivery of the Transformational Blueprint.

The Corporate Procurement service will also ensure ongoing engagement with members, representation at the Council’s Governance Boards and continue to explore opportunities around joint procurement and contract management with other internal (i.e., South Essex Homes) and external public sector partners.

As we write this strategy there is a Procurement Bill going through the Houses of Parliament. The aim of this Bill is to reform the way public authorities purchase goods, services and public works by modifying procurement rules and procedures. As a service we are already preparing for the changes which are due to commence in 2024 and will take advantage of the opportunities this brings.

Alongside this we continue to engage with our key partners at Central Government (Department for Levelling Up, Housing and Communities (DLUHC), Crown Commercial Service (CCS), the Local Government Association (LGA), and the National Government Association (NGA)), with whom we are working with regarding the National Procurement Strategy review.

Councillor John Lamb  
Portfolio Holder for Regulatory Services

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# 1. About This Strategy

## 1.1 Why we need this strategy

Our third-party expenditure is approximately £190M per annum, of which £63M was spent with local Southend businesses in 2022 (and over £100M with Essex based businesses). How we source and deliver these services has a direct impact on the ways in which local people, community organisations and businesses judge the value that we provide and the quality of the outcomes that we achieve. We are judged on many different things including:

- **Use of financial resources** – the value for money that we get from our contracts, set against smaller budgets and the need for transparency and ethical behaviour.
- **Local economy** – the amount of money we spend in the local ‘Southend’ economy with local businesses and the voluntary, community and social enterprise sector (\*What Works Centre- local economic growth research- requested their report/findings)
- **Service outcomes** – the quality and frequency of what we do and how we serve local people set against increasing demand, changing demographics, social pressures and expectations.
- **Sustainability** – the way in which we work with our suppliers in using natural resources and their impact on the environment and the health and well-being of local people (e.g., carbon emissions, recycling, the circular economy and conservation)
- **Social value** – the added benefits that we achieve through our contracts, for the community, particularly for disadvantaged areas (e.g., through new facilities, job opportunities, digital enablement, improved living space, improved health and wellbeing)

This strategy sets out our vision and aspirations for the development of our procurement of goods, works and services over the next four years and how we then manage those contracts so that it can:

- Contribute directly to the City’s Southend 2022-2026 Corporate Plan and Carbon Zero 2030 targets.
- Contribute directly to the delivery of the council’s strategic policies and direction as set out in the council’s corporate plan, transformational blueprint, commissioning strategy and the recommendations from the 2022 LGA peer review.
- Respond to a rapidly changing world, ensuring that we keep up with best practice, changes in legislation (including current Procurement Reform) and local community aspirations.
- Ensure that we can contribute measurable improvements to the value for money and outcomes that we achieve through our contracts.

## 1.2 Why procurement and contract management matters

Our expenditure with third party suppliers contributes directly to, but is not limited to:

- **Key infrastructure projects**, such as council buildings, transport, highways, social housing and communications.
- **Community services**, such as events, culture, play areas, green spaces, parking provision, our beaches, leisure facilities and rough sleeper accommodation.
- **Environmental services**, such as street cleansing, waste collection and street lighting.
- **Supporting equipment and services**, such as technology, equipment and materials, that maintain our infrastructure.
- **Economic Regeneration**, such as construction and design of future works as set out within our Capital Programme.

Contract failure, or underperformance, can have a disproportionate impact on our reputation, budgets and erode our ability to fulfil our commitments to local communities.

## 1.3 Sustainability

We must manage our third-party expenditure effectively and in a fully transparent way to ensure that we are procuring in a sustainable and responsible way:

The **1987 UN Brundtland Commission** defined sustainable development as “*meeting the needs of the present without compromising the ability of future generations to meet their own needs*”. The distinction between sustainability and sustainable development is an important one; the former is a long-term goal (i.e., a more sustainable world), while the latter refers to how we seek to achieve it, in this case, through the services and goods that we acquire. Sustainable, or responsible, procurement is a process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy, whilst minimising damage to the environment.

To achieve sustainability, we must work in partnership with our suppliers and other stakeholders. This will enable us to attract the best suppliers, create greater opportunity for local businesses, voluntary and community sector organisations and social enterprises. By following this method, we can help to improve things such as:

- Local employment
- The payment of living wages
- The prevention of modern slavery
- Reducing the carbon footprint in our supply chain
- Ensuring services are accessible.

## 1.4 Ownership and Scope

Our **designated Portfolio Holder** is the strategy owner, the **Executive Director for Finance and Resources** is the corporate sponsor, and the **Head of Corporate Procurement** will oversee the actions associated with ensuring the strategy's successful implementation. The Corporate Procurement Team, in co-operation with the service areas it works alongside, will ensure that the deliverables from the Strategy are reflected within the corporate annual service plans (they include sections on contracts, contract management, sustainability/climate, budget management, commissioning and social value). Delivery of the overall strategy will be set within the Corporate Procurement Service Plan.

The strategy applies to the acquisition of all our third-party goods and services, regardless of whether they are through new or existing contracts or their funding source (capital, revenue or grant funding). We will ensure that we reflect the goals agreed in this strategy in all our projects and transformation work.

We will review the strategy's deliverables on an annual basis, in the light of Council priorities, the regulatory and commercial landscape and community needs to ensure that it remains current and relevant to local and national priorities.

## 1.5 Reporting and Measurement

Corporate Procurement will report on progress (as set out within the Service Plan) on a 6-monthly basis to the appropriate Governance Board/s within SCC as well as quarterly, via the Council's performance reporting system. We also report and present a dashboard on a 6-monthly basis to all Executive Director Leadership Teams (EDLTs) and so any relevant data relating to the strategy will also be shared in this way. We will also provide members with a 6-monthly highlight report on progress, as was requested and agreed during the member engagement sessions.

We have developed appropriate and simple measures, which are reflected within the Corporate Procurement Service Plan. The measures will be SMART<sup>1</sup> and key priorities and projects will also form part of staff Annual Conversation and Development Plans, 1-1s and will be monitored at Team meetings.

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<sup>1</sup> Specific, Measurable, Achievable, Relevant, Time-bound

## 2. Our Strategy for Success

### 2.1 Our Procurement and Contract Management Vision

**Through ensuring ‘The Very Best for the Southend £’ we meet the needs of our communities, the local environment and economy. We manage our contracts and supplier relationships effectively by planning, whilst also undertaking smarter market engagement. The Council continues to be financially stable and is generating a surplus budget which can be invested where it makes the greatest difference.**

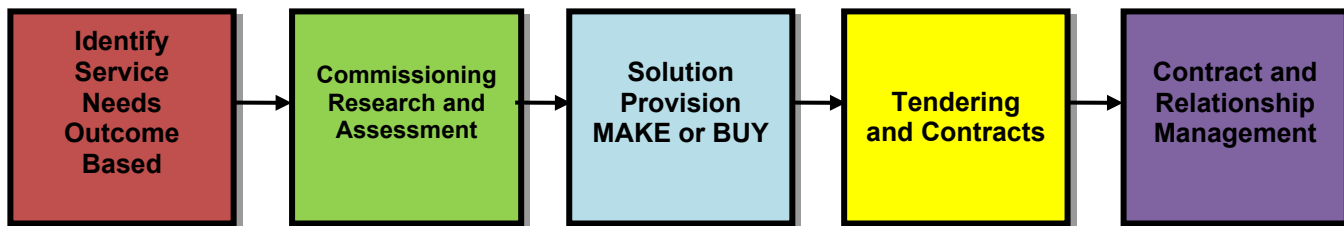
We will realise this vision by:

- Integrating the management of the commercial life cycle (commissioning, procurement and contract & relationship management – see 2.2)
- Embedding both commercial and sustainable principles into our commissioning and contracting activities, such as ‘greening’ the economy and reducing inequalities
- Maintaining sound governance, transparency, accountability and probity with proportionality in our operational processes
- Working effectively with our delivery partners including local businesses, voluntary and community groups and social enterprises to shape and inform our thinking and grow the local economy
- Making the most of our officers, by increasing their knowledge and skills on all aspects of procurement and contract and relationship management
- Ensuring that we further develop and make the most of our existing Procurement Team and re-directing resource to best support delivery and maximise value for money and ‘return on investment’

### 2.2 Managing the Commissioning Lifecycle

Commissioning is the entire cycle of assessing the needs of people in a local area, designing services to address those needs and securing a cost-effective service in order to deliver better outcomes. Whole life is the period from the initial definition of the business need through to the end of the useful life of the asset or service contract, including disposal where relevant – see Figure 1.

*“We will use our commissioning and procurement power to ensure we secure the best possible outcomes whilst delivering wider social, economic and environmental benefits to the community and ensuring value for money.”- Southend 2050*



*Figure 1 – The Commissioning Life Cycle (note in reality its not a linear process but one which continually evolves)*

We aim to manage each stage of the commissioning cycle in an integrated way to help us to achieve successful and sustainable outcomes and:

- increase our commercial leverage, particularly with large suppliers and our partners.
- consider within our service areas how we can operate more commercially, generate income and provide services in a different way.
- avoid cost overruns and sometimes poor contractor performance – global research by World Commerce & Contracting shows that contract costs overrun by an average of 9.2% when not managed correctly.
- achieve better outcomes through social value and the sustainability agenda.
- build proactive relationships with our partners and stakeholders.



### 3.0 Our Priorities and making it happen

This section summarises our priorities for delivering this strategy and how service managers working with our Procurement team will help oversee the required changes. Our priorities are:



\*Voluntary and Community Sector (VCS)

\*\* Effective Contract Management and Commissioning- refer to Appendix 1

Delivery of this strategy will be through the Corporate Procurement Service Plan. Given the speed of change this will allow us to re-prioritise and set new objectives during the year but also allow us to monitor and report on progress. The Service Plan will be built into staff annual performance management and development conversations and will form the core agendas for staff 1-1s and team meetings so as to drive delivery.

## Appendix 1- Effective Contract Management & Commissioning

In terms of **effective contract management and commissioning**, we will support contract managers to ensure that they are monitoring and reporting on the key aspects of their contracts and that across the Council the approach is appropriate and proportionate. Primarily we will focus on embedding effective contract management and commissioning within those most strategic contracts. The key areas will include:

- Meeting the requirements of the Council's Corporate Plan
- Delivery of contract outcomes/specification
- Applying the Council's commissioning framework
- Consideration of de-commissioning
- Development of local markets
- Opportunities to deliver outcomes differently and be more commercial (through technology, best practice, innovation, service re-design, transformation and/or other funding streams)
- Work with suppliers to ensure they implement their 'Carbon Reduction Plans'
- Ensure social value benefits are monitored and reported by contract managers
- Ensure that contract managers are provided with the tools to monitor supplier stability, financial health and the risk of insolvency (as well as supply chains)
- Work with other public sector bodies to joint contract manage our larger contracts
- Clear Value for Money and evidence-based business cases/options appraisals
- Monitoring supplier (and sub-contractor) compliance with legislation and contractual terms (such as):
  - Data protection
  - Modern Slavery
  - Health and Safety
  - Diversity, Equal Opportunities, and Inclusion
  - Payment of the National minimum wage and aspiration to pay the Real Living Wage
  - Prompt payment of supply chains (30 days)