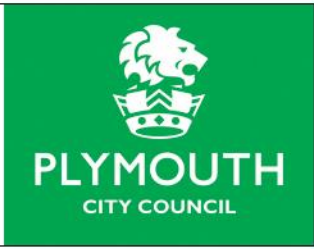


# PLYMOUTH CITY COUNCIL- PROCUREMENT STRATEGY

2024- 2026



*“Our vision is to be a leader in local authority procurement where the value created through our procurement activity is maximised for the benefit of Plymouth’s economy, community and environment and secured in a way which is open, fair, responsible and encourages co-operation and collective growth’*

## Introduction

Plymouth City Council (The Council) is responsible for delivering more than three hundred local services and spends on average £350 million per annum with external suppliers in the fulfilment of this duty. These external suppliers are contracted through procurement and commissioning activity (collectively hereafter termed ‘procurement’) and this document sets out the Council’s strategy for ensuring that these contracts meet the needs and expectations of the City and secure the best possible deal for Plymouth.

Procurement has a wide reach across Council activity and applies to the acquisition and commissioning of supplies, services and works, revenue and capital spend, new requirements, the re-contracting and/or variation of existing contracts and the spending of grant funding.

Procurement is concerned with the whole contract lifecycle from identification of a business need through to the successful delivery of the supplies, services or works including any asset disposal. The procurement lifecycle is illustrated below:



This strategy incorporates current national and local priorities but also, as far as possible, takes account of known upcoming government legislative and policy changes. For example, the statutory provisions are presently undergoing a transformation based on the Procurement Act 2023 with the new regime going live on the 28 October 2024. Many of the new regime priorities are considered within this strategy but future amendments may be required.

It is in recognition of this notable change that this strategy initially only spans a two-year period (2024-2026) and enables the alignment of the Council's strategy to that of the Local Government Association's National Procurement Strategy for Local Government in England which is due to be updated in 2026.

## National Priorities

This strategy is informed by two key national procurement priority publications:



Central government's **National Procurement Policy Statement** which sets out the strategic priorities for public procurement. Priorities include:

- a. Value for Money
- b. Social Value
- c. Small and Medium-sized Enterprises
- d. Commercial and procurement delivery
- e. Skills and Capability for Procurement



The Local Government Association's **National Procurement Strategy for Local Government in England 2022** which sets out the ambition of the sector. Priorities include:

- f. Showing Leadership
- g. Behaving Commercially
- h. Achieving community benefits

## Local Priorities

This strategy is informed by several local priority policies and plans, including:



The **Plymouth Plan**- which sets a shared direction of travel for the long-term future of the city. Priorities include:

- a. Plymouth as a healthy city
- b. Plymouth as a growing city
- c. Plymouth as an international city



The **Corporate Plan**- which sets out the vision for the city and the Council and reflects the Council's mission, values, and priorities to support this. Priorities include:

- d. Tackling crime and anti-social behaviour,
- e. Fewer potholes, cleaner, greener streets, and transport,
- f. Build more homes,
- g. Better access to health, care, and dentistry,
- h. Keeping children, adults, and communities safe,



The Council's **Net Zero Action Plan**- which sets out how the Council will tackle climate change and meet its ambition of achieving net zero by 2030.



The Council's **Equality and Diversity Action Plan**- which sets out how the Council will fulfil its Public Sector Equality Duty



The Council's **Modern Slavery Policy**- which sets out how the Council will fulfil its commitment to eliminating practices and conditions which may foster modern slavery to occur.

# Council Procurement Strategy

In order to deliver these national and local priorities the Council will pursue the following Procurement strategy:

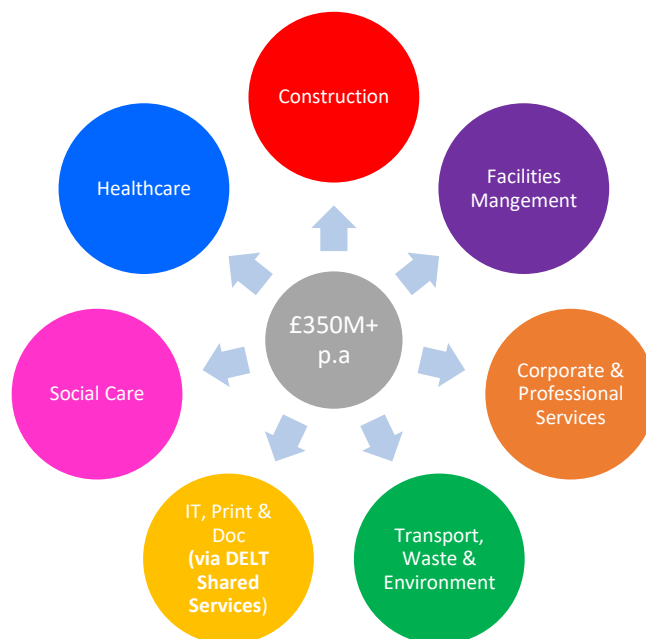


## Framework

The Council's chosen strategic procurement framework is Category Management which is where an organisation segments its spend into areas which contain similar or related characteristics for the purposes of managing procurement activity. Category Management is widely held in the profession to be the most effective and efficient approach to Procurement and can deliver the following benefits:

- Developing expertise and market knowledge through **categorisation** aligned with external supply markets to discover opportunities to be commercial and for innovation,
- Focusing on data and spend **analysis** to make insights and overall better-informed decisions,
- Securing reductions in costs including purchase price by increasing volumes and reducing transactions through **aggregation** of business requirements,
- Achieving consistency and assurance through the **standardisation** of policies and procedures,
- Building strong relationships with suppliers to ensure the successful delivery of outcomes, and pursue continuous improvement through a focus on **relationship management**,
- Taking a risk-based approach to the management of procurement through **segmentation** to inform prioritisation and make best use of resources,

Following an analysis of the Council's spend profile the Council's chosen procurement categories are:



For the purposes of assigning Council requirements to these categories the Council's chosen classification system is Proclass which is owned and developed by local government. The benefits of adopting this system are:

- Mapped to 'Common Procurement Vocabulary' for ease of cross-reference to Procurement Regulations,
- Hierarchical structure to support flexible and adaptable application,
- Used by most local authorities in England for ease of collaboration,
- Understandable for both professional and non-professional procurers,
- Free to use.

## Strategic Themes

Under the structure of Category Management, the following strategic themes will be delivered:



### Value For Money

The Council is committed to putting value for money at the forefront of its procurement activities which means procuring in a way that will secure the optimum balance of price, quality, and social value. Factors to be considered when determining the optimum balance include- the subject matter, scope, frequency, estimated value, and delivery timescales of the requirement, the level of market interest, process complexity, legal compliance, resource demands and the other strategic objectives.

Why it is important: To ensure the Council fulfils its obligation to use taxpayers' money wisely, deliver public services efficiently and maximise the benefits for its citizens.

This priority will be delivered by:

- Setting corporate procurement rules and procedures which are designed to deliver value for money as standard,
- Where appropriate, undertaking procurement options appraisals to identify the route to market which will deliver best value on a requirement-by-requirement basis,
- Considering the whole lifecycle cost of a product, service or works when undertaking a procurement activity,
- Holding the default position that the running of a competitive multi-supplier process will deliver best value for money and should be pursued wherever possible,
- Requiring robust justification where a direct award strategy is pursued.

Success will be measured by: monitoring levels of non-compliance with Council procurement rules and procedures as well as the monitoring of instances where decisions are made to waive those rules and procedures.



### Commercial Opportunity

The Council will consider opportunities to be commercial when undertaking procurement activity to ensure the delivery of public services is sustainable.

Why it is important: As government funding changes and costs rise local authorities are required to look at other means of reducing funding deficits.

This priority will be delivered by:

- Gathering market intelligence to ensure procurement opportunities are specified in a way which is commercially attractive to suppliers,
- Maximising commercial attractiveness by aggregating requirements where appropriate,
- Developing sourcing strategies that are appropriate and proportionate for a given requirement to ensure suppliers remain interested and engaged,
- Focusing on output-based/ performance specifications to give suppliers the opportunity to offer innovative and added-value solutions,
- Income generating/ cost recovery through delivering procurement services for the Council's family of companies.

Success will be measured by: The continuing delivery of both statutory and discretionary public services to a sufficient standard.

## **Social Value**

The Council will look to maximise the benefit of its spending for the local economy, community and environment beyond the basic cost and quality of a contract which is known as ‘Social Value.’ Examples of social value include- tackling climate change, promoting local skills and employment, and supporting healthier and safer communities.

**Why it is important:** The concept of value has evolved in recent years and the expectations placed on local authorities has expanded over and above the delivery of public services directly required.

This priority will be delivered by:

- Embedding social value into the Council’s standard rules and procedures
- Procuring in accordance with the Council’s Social Value policy
- Including social value criteria in procurement activities even where is it discretionary to do-so within the Council’s policy, where is it relevant to the subject matter of the contract and proportionate to do-so

Success will be measured by: organisational performance against a corporate social value target as well as the monitoring of instances of social value inclusion within procurement activities.

## **Buy Local**

The Council will look to ‘keep the pounds in Plymouth’ where possible through its procurement activity by engaging directly with local businesses.

The Council’s definition of ‘local’ is ‘PL Postcode’ on the basis that investment in the local economy and benefits to the city are not only delivered through direct spend with central Plymouth businesses but are also a result of spending with the wider economic area. For example, the substantial number of Plymouth citizens who work for companies out of the Council boundaries.

**Why it is important:** The Council is a unitary authority that is responsible for the wellbeing of Plymouth and its citizens and therefore has a duty to invest in the local economy where possible for the benefit of the city.

This priority will be delivered by:

- Embedding a ‘Buy Local’ Agenda into the Council’s standard procurement rules and procedures which looks to maximise local business engagement in procurement activities where possible,
- Procuring in accordance with the Council’s ‘Buy Local’ Procedural Note,
- Developing a Directory which aims to bring local business buyers and suppliers together,
- Looking to reduce and remove barriers faced by local businesses to maximise their chances of success,
- Requiring robust justification where the Buy Local agenda is not delivered as part of procurement activity where appropriate,

Success will be measured by: organisational performance against a corporate PL postcode spend target as well as the monitoring of the number of PL postcode suppliers the Council does business with as a percentage of its total direct supply chain.



## **SME, Co-op, Mutual, VCS and SE Engagement**

The Council is committed to supporting small and medium enterprises; micro businesses; co-operatives and mutuals; social enterprises; and the voluntary and community sector.

Why it is important: These businesses and organisations are the backbone of the UK economy and play a significant role in local communities, creating jobs and generating income for those on low incomes, advocating and representing the voice of service users as well as being a source of innovation in the delivery of public services.

This priority will be delivered by:

- Embedding an ‘SME Agenda’ into the Council’s standard procurement rules and procedures which looks to maximise the engagement of these businesses and organisations in procurement activities where possible,
- Looking to reduce and remove barriers faced by these businesses and organisations to ensure there is a level playing field in competing for public procurement opportunities e.g. the letting of contracts,
- Pursuing policies and implementing measures which recognise the particular complexities and challenges faced by these businesses and organisations e.g. 15 days SME payment terms.

Success will be measured by: organisational performance against a corporate SME spend target as well as the monitoring of the number of SMEs the Council does business with as a percentage of its total direct supply chain.



## **Equality and Diversity**

The Council will demonstrate as part of the contracts it procures and the suppliers it does business with, its commitment to valuing, promoting, and celebrating equality, diversity, and community cohesion.

Why it is important: To ensure the Council fulfils its Public Sector Equality Duty and that Plymouth residents, employees and visitors enjoy an outstanding quality of life.

This priority will be delivered by:

- Consideration of equality and diversity when assessing the suitability of suppliers to deliver Council contracts where relevant and proportionate,
- Including equality and diversity related expectations and standards in contract specifications where relevant and proportionate,
- Setting equality and diversity related contract award criteria where relevant and proportionate,
- Requiring contracted suppliers to comply fully with the Equality Act,
- Monitoring supplier performance in relation to equality and diversity as part of contract management,
- Embedding equality impact assessments into Procurement decision-making where appropriate,
- Developing Officer guidance on how to consider equality and diversity effectively and appropriately at each stage of the procurement cycle.

Success will be measured as part of corporate equality and diversity-related indicators and the completion of procurement actions under the Council’s Equality and Diversity Action Plan.





## Climate Emergency

The Council declared a climate emergency in 2019 and has made a commitment to become carbon neutral by 2030. Procurement has a key role to play in reducing scope 1, 2 and 3 emissions both directly, by the Council controlling what and how it decides to procure and indirectly, through influencing its supply chain.

Why it is important: Tackling climate change is one the Council's top priorities and one of the most significant challenges facing the city and the planet.

This priority will be delivered by:

- Consideration of environmental management and carbon reduction plans when assessing the suitability of suppliers to deliver Council contracts where relevant and proportionate,
- Including environmental expectations and standards in contract specifications where relevant and proportionate,
- Setting environmental related contract award criteria where relevant and proportionate
- Monitoring supplier performance in relation to environmental impact as part of contract management,
- Embedding climate impact assessments into Procurement decision-making where appropriate
- Requiring robust justification where climate considerations are not included in procurement activity where appropriate,
- Developing Officer guidance on how to consider the environment effectively and appropriately at each stage of the procurement cycle.

Success will be measured as part of corporate environmental-related indicators and the completion of procurement actions under the Council's Net Zero Action Plan



## Modern Slavery

The Council is committed to taking steps to ensure that the practices and conditions which may allow modern slavery to occur do not take place in the delivery of Council contracts or through its wider supply chain.

Why it is important: Modern slavery is a significant risk to individuals and communities and government legislation is making increasing demands on public bodies such as the Council to tackle this serious and often hidden crime.

This priority will be delivered by:

- Consideration of modern slavery when assessing the suitability of suppliers to deliver Council contracts where relevant and proportionate,
- Requiring contracted suppliers to comply fully with the Modern Slavery Act,
- Putting mechanisms in place to challenge abnormally low-price tenders to ensure they do not rely upon the supplier practising modern slavery,
- Developing Officer guidance on how to consider modern slavery effectively and appropriately at each stage of the procurement cycle,
- Exploring use of the government's Modern Slavery Assessment Tool with contracted suppliers.

Success will be measured by the completion of procurement actions under the Council's Modern Slavery Action Plan and as part of the Council's Annual Modern Slavery Statement reported to Cabinet annually.



## Compliance

The Council will comply with all procurement-related legal requirements, primarily being the Council's Contract Standing Orders, current statutory provisions including the Public Contracts Regulations 2015 the Concession Contracts Regulations 2016 and The Health Care Services (Provider Selection Regime) Regulations 2023 and future statutory provisions such as The Procurement Act 2023.

Consideration will also be given to central government policy and guidance.

Why it is important: Public Sector procurement is heavily regulated as a mechanism for ensuring public funds are optimised and are spent in a fair, transparent, proportionate, and non-discriminatory manner. The consequences of not comply with procurement law are serious and can for example include significant financial, operational, and reputational risks.

This priority will be delivered by:

- Ensuring the Council's Contract Standing Orders are comprehensive and up to date but also user-friendly.
- Maintaining robust governance procedures to ensure that compliant practices and processes are adhered to.
- Maintaining dedicated Procurement teams who are responsible for providing expert advice and guidance and facilitating procurement activities where appropriate.
- Ensuring procurement professionals within the Council remain up to date with relevant legislative changes, procurement case law and other evidence of best practice.
- Restricting access to the undertaking of procurement activities to officers who have the necessary pre-requisite training and authorisation.

Success will be measured by: monitoring levels of non-compliance with Council procurement rules and procedures as well as instances of formal legal challenge.

## Enablers

To realise the Council's ambitions related to these strategic themes there are several cross-cutting 'enablers' that must be sufficiently recognised and supported as follows:



### Partnership Working

The Council's philosophy to delivering successful outcomes through procurement activity is based on a 'one team' approach, bringing together Council departments and organisations as well as collaboration with local and regional partners. This is to ensure that service needs are recognised, visions and strategic priorities are understood, expert knowledge is shared, resources are used efficiently and culminate in the design and implementation of public services which meet the City's needs and expectations in the most effective and efficient way possible.

Internally this means engagement with all levels of the organisation from Councillors and senior managers to officers involved in administration and direct service delivery. This also includes officers who work for the Council's family of companies such as DELT Shared Services, CATERed and Plymouth Active Leisure.

Externally this means engagement with local partners through groups such as the Plymouth Buyers Network and regionally through groups such as the Devon and Cornwall Procurement Partnership and Southwest Procurement Board.

The Council must ensure that it encourages these internal and external stakeholders to actively engage with the Council's procurement teams and make connections at the earliest opportunity.



### Developing Talent

A Council's ability to ensure taxpayers money is spent effectively and efficiently and address commercial challenges and issues of value is predicated on the talent management, recruitment, and retention of Procurement professionals.

In recognition of this the Council has two dedicated professional procurement teams. These teams are set up based on the categories outlined above and structured to encourage the development of technical procurement knowledge and category expertise, professional empowerment, diversity, a safe space for peer challenge and support and job satisfaction.

The full range of professional qualifications available under the Chartered Institute of Procurement and Supply are offered to procurement officers along with opportunities for continual professional development.

The value which Procurement professionals bring to an organisation cannot be underestimated and the Council needs to ensure a sufficient level of appreciation and support is maintained.



## Digital Transformation

Data is the cornerstone of Category Management and access to and rapid analysis of data, particularly spend data, is critical for understanding how to manage procurements and contracts. The Council needs to ensure that appropriate digital systems and processes are in place to gather sufficiently transparent and granular data which will enable procurement officers to gain the insights necessary to make the best professional recommendations.

Consideration must also be given to how technology can be embraced to drive procurement efficiencies for the benefit of all stakeholders. Such opportunities include: the digitalisation of processes and forms for increased accuracy and consistency, implementation of intelligent automation to reduce the level of and time taken for data processing, use of cyber security software for safer confidential and commercial communication and making it easier for suppliers to do business with the Council.

Digital transformation will be particularly important considering the significantly increased publication and transparency demands which will be made on contracting authorities under the new Regulations.



## Contract and Supplier Relationship Management

The effective management of contracts and maintaining appropriate relationships with suppliers is vital to the successful delivery of public services by ensuring that costs are controlled, the quality and timeliness of agreed outcomes and performance levels are met, and the occurrence of risks are minimised.

Good contract and relationship management also looks to go beyond the basic delivery of a contract and work with the supplier(s) to make continuous improvements whether that be through efficiencies and cost reductions, increasing the quality of outputs/outcomes, generating additional social value, or exploring innovation.

Contracts held by the Council are owned and managed within service departments rather than by the Procurement teams which makes visibility of the extent to which contract or supplier relationship management elements of a procurement strategy are delivered, difficult. The Council must support the development of a corporate contract management framework which all contract managers will be expected to adhere to.

In accordance with category management principles this framework should take a segmentation-based approach to managing contracts and supplier relationships considering factors such as the subject matter, value, complexity and importance of the contract to the Council in achieving its ambitions as well as the level of competition in the relevant supply market, the supplier's market power and wider general political, financial, legal opportunities and threats.



## Risk Management

The Council's procurement activity is diverse ranging from low value, low risk transactional purchases right up to multi-million-pound complex strategic partnership arrangements across seven unique categories. This diversity means it is not appropriate to take a 'one size fits all' approach to procurement, instead decisions must be made on a requirement-by-requirement basis taking into consideration relevant information on a proportionate basis. This naturally places risk management at the heart of procurement activity by putting expectations on officers to identify and assess internal strengths and weaknesses and external threats and opportunities to determine the procurement sourcing strategy that will deliver the best outcome, whatever that looks like for a given requirement. This includes putting in place risk mitigations where necessary.

Risk management is embedded into every stage of the procurement cycle and the Council's procurement processes and internal governance procedures as set out in Contract Standing Orders embed a risk-based approach to decision-making. In alignment with the Procurement Regulations and the Council's approach to other decisions this risk-based approach takes contract value as the primary consideration however it also recognises the importance of other factors as part of procurement due diligence.

A key part of the Council's approach to risk management is through engagement with subject matter experts. In accordance with the Council's 'one team' procurement philosophy subject matter experts within the Council including but not limited to, Procurement, Health and Safety, Finance, Legal Services, and Democratic Support should be engaged throughout the procurement lifecycle to provide advice and guidance on any risks and mitigations relevant to their area of expertise where it is appropriate to do-so. Any gaps in the Council's internal expertise must be identified and plans for the appropriate mitigation of any associated risks put in place.

The Council must continue to maintain such a strong focus on risk management when undertaking procurement activity to ensure the above strategic themes are achieved.

## **Governance**

The delivery of this strategy will be overseen by the Head of Procurement.

### **Action Plan**

In order to ensure the successful delivery of this strategy a supporting 'Procurement Strategy Action Plan' will be developed by Quarter 3 of 24/25.

The action plan will be refreshed annually by the Head of Procurement in consultation with the Cabinet Member who holds responsibility for Procurement.

The action plan will set out:

- Whether strategy commitments are 'business as usual' or require specific actions to delivered within the period,
- Details of specific actions to be delivered within the period,
- Action owners,
- Action timescales,
- Any specific targets and /or trends to be aimed for within the period as part of the measures of success.

### **Monitoring**

Where specific targets and/or trends are set these will be monitored on a monthly basis.

Where procurement actions form part of wider corporate action plans, these will be monitored as part of the governance of the wider plans.

The Council will also respond to the LGA's *National Procurement Strategy for Local Government in England* benchmarking process when invited to do-so to:

- Compare our progress from previous benchmarking exercises,
- Understand our maturity against other local authorities nationally,
- Understand our maturity against other local authorities regionally,

The results of this benchmarking activity will be used to identify areas of success and areas for further improvement.

### **Reporting**

Delivery against the strategy will be reported to the Corporate Management Team and the Cabinet Member who holds responsibility for Procurement on a six-monthly basis.

Where procurement actions form part of wider corporate action plans the latest official update as reported on the wider plans will be referenced.

Where an LGA benchmarking exercise has been undertaken, this will also be included as part of the report.

## Reference Material

- National Procurement Policy Statement- [National Procurement Policy Statement - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/policies/national-procurement-policy-statement)
- The Local Government Association's National Procurement Strategy for Local Government in England 2022- [National Procurement Strategy for Local Government in England 2022 | Local Government Association](https://www.local.gov.uk/national-procurement-strategy-for-local-government-in-england-2022)
- The Plymouth Plan- [Approved Plymouth Plan | PLYMOUTH.GOV.UK](https://www.plymouth.gov.uk/procurement/procurement-strategy)
- The Corporate Plan- [Corporate Plan | PLYMOUTH.GOV.UK](https://www.plymouth.gov.uk/procurement/procurement-strategy)
- The Council's Net Zero Action Plan- [Net Zero Action Plan | PLYMOUTH.GOV.UK](https://www.plymouth.gov.uk/procurement/procurement-strategy)
- The Council's Equality and Diversity Action Plan- [Our commitment to equality and diversity - report | PLYMOUTH.GOV.UK](https://www.plymouth.gov.uk/procurement/procurement-strategy)
- The Council's Modern Slavery Policy- [Modern Slavery Policy | PLYMOUTH.GOV.UK](https://www.plymouth.gov.uk/procurement/procurement-strategy)
- Contract Standing Orders- [DOCUMENT TITLE \(plymouth.gov.uk\)](https://www.plymouth.gov.uk/procurement/procurement-strategy)
- Social Value Policy- [Social Value Policy\\_Final.v2 - 30.09.19.pdf \(plymouth.gov.uk\)](https://www.plymouth.gov.uk/procurement/procurement-strategy)