

## **Item 9a STaR Procurement Strategy (DRAFT 5.0 @ 1/7/15)**

### **Foreword**

This STaR Procurement Strategy sets out the strategic direction and priorities for procurement for the participating partners of STaR. It establishes how they can use procurement to focus activity on delivery of outcomes and realise corporate priorities during a period of local government reform.

The challenge of the devolution agenda across Greater Manchester, the continued emphasis on delivering services locally combined with the constant focus on deficit reduction across the public sector, combines to create an operating environment where the procurement of goods and services is increasingly important and strategic.

The focus to deliver value for money has always been a priority for public sector procurement services. However STaR's ambition is not only to meet these challenges, through the effective use of category management across our client's organisations, but also to assist in the delivery of corporate objectives, support local economic development and deliver innovative social value solutions. In this way STaR will help deliver effective service outcomes across our partner organisations.

It is essential that we extract maximum value from public resources and the manner in which these resources are managed is critical to the successful delivery of the functions the partner organisations undertake. This STaR Procurement Strategy provides a framework to obtain value for money in all procurement activities.

Each partners' vision for their community is contained within their various corporate plans and priorities. In broad terms these visions are concerned with enabling each area to be an excellent place to live, work and visit. They strive to represent and advance community interests by providing high quality services, which will meet the aspirations of local people and which can demonstrate that they are performing well and achieving high standards. It is ever more important to develop clear policy and guidelines for how these externally provided resources are selected, acquired and managed.

In order to streamline the procurement process across the participating bodies, the Contract Procedure Rules have been redrafted to reflect current best practice and allow for flexibility in order to enable officers to obtain best value whilst observing high standards and relevant legislation and protocols.

This document sets out STaR's strategic approach to procurement. It is not intended to be an operational guide to procurement; however, the principles contained within this strategy should be applied to all procurement activity. Supporting this Strategy are not only the Contract Procedure Rules, but also a Procurement Handbook and a suite of common and standardised documentation. Together they provide a consistent approach to procurement and practical guidance enabling officers to work effectively on procurement and secure an excellent procurement service.

We look forward to working with you.

**Councillor A. Brett, (Rochdale) Chair, STaR Joint Committee**  
**Councillor I. Roberts (Stockport), Vice Chair Joint Committee**  
**Councillor P. Myers (Trafford), Joint Committee**

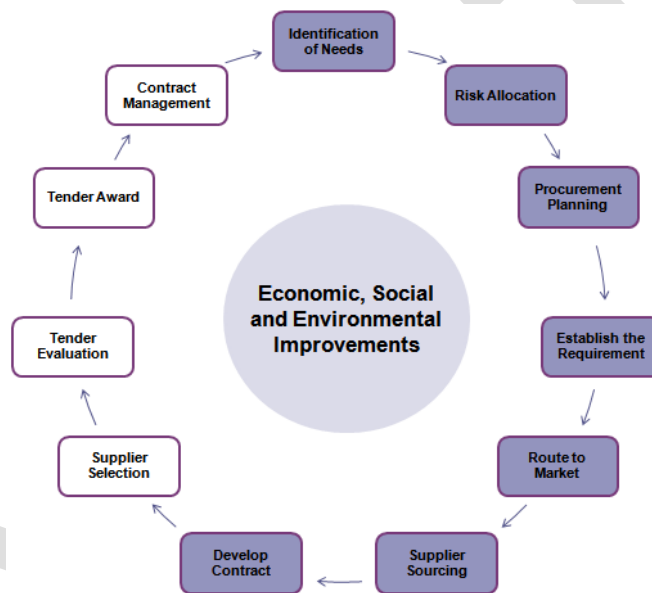
## Commissioning & Procurement

**Commissioning** is the process of ensuring that outcomes identified in the needs analysis are delivered through the right service, and the right models of delivery (whether public, private or other sectors through voluntary sector, or through social enterprises).

*(National Procurement Strategy for Local Government. 2014)*

**Procurement** is the process of acquiring goods, works and services. It includes acquisition from third parties and also from in-house providers. The process spans the whole cycle from (and supporting Commissioners with) the identification of needs, through to the end of a service contract or the end of a useful life of an asset. It involves early stakeholder engagement, assessing the impact on relationships and linkages with services internally and externally, options appraisal and the critical 'make or buy' decision and determining the appropriate procurement strategy and route to market.

*(National Procurement Strategy for Local Government. 2014)*



## Our Vision

The partners share a vision that services, supplies and works procured should be of a high quality, flexible, demonstrate value for money and above all be customer/user focused. They expect our suppliers to find an appropriate balance between delivering high quality, economical, and fit for purpose goods and services, with promoting equality, good employment practices and sustainable development.

This strategy is intended to ensure that procurement:

- reflects the partners core values and corporate aims;
- reflects national objectives and best practice guidance;
- secures member and senior management commitment to effective procurement;
- secures effective partnership working across STaR and with other key public sector agencies, and with the local supply chains;
- operates effectively and is understood and applied throughout our organisations
- ensures financial probity

STaR has aligned its approach with the National Procurement Strategy for Local Government in England 2014, and will work to align its approach and priorities to position procurement at the strategic heart of local government.

STaR's strategic vision for its procurement service

- Commitment from the top in (from both executive and senior managers)
- More efficient use of the procurement resources available
- Speaking with a clear and authoritative voice on procurement matters
- Exerting influence right across the public sector

## **Our Objectives**

The key objectives for STaR are:

- Providing Leadership;
- Making Savings;
- Supporting Social Value and Local Economies
- Modernising Procurement.

In order to do this STaR will:

- Provide resilience, enhance skills and expertise within procurement and commissioning
- Increase the impact of procurement by economies of scale and increased leverage of the market
- Help partners get best possible value from spending, whilst maximising outcomes from a lower resource base
- Strike the appropriate balance between compliance and the requirement to drive down costs
- Maximise the impact of the Public Sector expenditure (social value) e.g. economic growth, protecting local businesses, apprenticeships
- Focus on contract & supplier performance management
- Recruit more partners and grow

Through working with commissioners and budget managers STaR will support partner organisations to make informed decisions about how to procure services to deliver corporate and service objectives most effectively and how to support its Strategic and Community Plans. It is also a mechanism to assist the delivery of key policies such as those addressing social value, diversity and sustainability.

## **STaR – Providing Leadership**

For many years local government has led the way in the public sector, demonstrating initiative and resourcefulness to rise to the social, economic and environmental challenges that our communities are facing. It is this willingness to think about doing things differently; then actually take action, that has made local government effective. The initiative and innovation developed through the creation of STaR embodies this approach.

There is a strong commitment from the top to develop procurement excellence. STaR recognises the strategic importance of procurement and how it can help in improving the delivery of public services and is well supported by elected members and senior officers in our strategic approach to procurement. This understanding of leadership ensures that procurement is not viewed simply as something that procurement professionals do. It is expected that all staff involved in procurement and commissioning cycles will strive for procurement excellence.

In order to make the most of its influencing role, STaR is committed to establishing early and stronger engagement with markets, and in particular with commissioners of services to establish the best option for the service being commissioned. STaR will use its understanding of existing markets to work with commissioners to find the right route to market and where appropriate, to facilitate consultation with the market to appraise potential delivery models, within the fairness and transparency rules.

To embed this leadership approach to procurement STaR will develop a comprehensive training and capacity building programme which will endeavour to update commissioners, senior managers and elected members on the implementation of good practice. There is an established training programme for STaR employees to ensure that our staff are able to fulfil their potential as procurement professionals and are fully equipped to deliver our ambitions.

### **STaR – Making Savings**

STaR recognises that the public sector is dealing with significant reductions to finances and increasing demand and as such will be working to deliver sustainable savings. In order to demonstrate leadership of key spend categories to address financial pressures, drive market management and to develop new models of service delivery through procurement, STaR employs a 'category management' approach as a starting point to identify key spend areas and opportunities.

This will help to reduce the cost of buying goods and services, reduce risk in the supply chain, increases overall value from contracts and gain access to more innovation from suppliers. It is a strategic approach that focuses on the majority of organisational spend and if applied effectively; seeks to reduce demand, simplify the way we buy and aggregate spend across the entire organisation or multiple organisations. The results can be significantly greater than traditional transactional based purchasing.

There is an appropriate balance to be struck between compliance and savings. The public sector has obligations to demonstrate open and transparent competition in the context of Public Contract Regulations 2015 and the relevant Contract Procedure Rules. STaR will work with stakeholders to ensure that these obligations are fulfilled and support the delivery of savings.

STaR promotes contract and supplier management to ensure that opportunities for both additional income generation and the potential savings these bring are maximised. Contract management is more than ensuring suppliers meet their contractual obligations, it can also help our clients to identify and manage their own and their suppliers' risks, and achieve savings and continuous improvement throughout the life of the contract.

Additionally STaR focuses on the performance management and transparency of suppliers as long as this is proportionate to the budget and level risk in the contract. STaR will adopt a risk management approach in order to reduce additional costs through the procurement cycle. STaR will maintain reliable and up to date information about risk and put in place monitoring and decision making processes. This does not mean that STaR will be risk averse, but it will take a balanced approach, thinking about the likelihood of the risk happening against the impact and the cost of action.

STaR will work with commissioners closely to understand and find alternative ways of meeting customer needs. Demand management practices will often involve changing the respective roles of provider and customer and the relationship between them, as such STaR will promote independence, facilitating peer to peer support and by empowering customers to decide how budgets are spent.

### **STaR – Supporting Social Value and Local Economies**

Across the entire public sector there is an ever increasing focus on providing the maximum benefit to communities from every taxpayer pound that is spent. The Public Services (Social Value) Act of 2012 requires councils to consider social value in all services contracts with a value above the EU threshold. Social Value can mean many different things, for example the inclusion of targeted recruitment and training opportunities in public contracts that can make a contribution to addressing the issue of poverty and reduced social mobility.

The Greater Manchester Social Value Framework has been adopted by STaR and STaR will work with commissioners to ensure that Social Value considerations are embedded within procurement

practice and economic, environmental and social outcomes are delivered through procurement activity. STaR will endeavour to continue to make better use of their purchasing power to create opportunities; for jobs and training, for regeneration and to maximise value for money.

In order to encourage a mixed range of suppliers to deliver value for money services STaR will encourage suppliers to bid for new or emerging requirements, to be innovative and to work collaboratively with other providers in the economy. The private and the voluntary sector organisations that are so important to local and regional economies need to view STaR contracts in a positive way and want to do business with STaR.

STaR will work to remove barriers to effective working by improving access to tendering opportunities, providing information so that potential suppliers can become “tender ready”, being open and transparent about what we have already procured and as far as possible by identifying and publishing future requirements.

### **STaR – Modernising Procurement**

Recognising the importance of political drive and vision behind increasing commercial activity to drive financial self-sufficiency, there will be an increasing role for STaR in commercialisation and income generation. Renegotiation of existing contracts could be a useful source of further savings or income but STaR will take an approach that will see each new contract negotiated as an opportunity for a more commercial approach which may also include, exploiting assets, selling services and understanding and reducing costs through cost/benefit analysis.

In order to get best value from the market, STaR will encourage supplier innovation. This may be through hosting supplier or provider innovation days on specific procurement projects, through allowing for innovative tenders in the procurement process and by promoting outcome based specifications that focus attention on the results – or outcomes – that the services are intended to achieve. STaR will build a knowledge bank on this approach and is keen to share information about innovation through case studies, discussion forums and sharing templates.

STaR will continue to utilise e-procurement tools – The CHEST providing a Northwest Hub for e-tendering. Furthermore the recent enactment of the 2015 Public Contracts regulations brings increased flexibility for STaR and businesses, freeing up markets and facilitating growth.

### **STaR Procurement**

In February 2014 Stockport, Trafford and Stockport Councils established a ground breaking shared procurement service – STaR Procurement.

This procurement strategy is the first to be developed by STaR to reflect, in a single document, the key aims and objectives of the participating bodies for the STaR service.

STaR has been created to become a key change agent that will support partner organisations as they develop new, innovative and cost effective ways to deliver services to all our communities, whilst at the same time minimising the risks and costs associated with such transformations.

The intention is that STaR will provide an excellent procurement function which sits at the heart of service redesign and commissioning processes. It will ensure best practice procurement which will inform investment decisions and champion social value which can go a large way to addressing elements of demand management and supporting public sector reform.

End.