

Procurement Strategy 2020 - 2023

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1 Introduction

Tunbridge Wells Borough Council has a clear vision for the future: 'Shaping the Borough, Making a Difference'. The Council is an enabler of change, encouraging economic growth and investment into the borough whilst ensuring the appropriate infrastructure is in place to support growth and enhance residents' quality of life. Procurement is at the heart of delivering this vision.

The last three years have seen a period of significant political change at both local and national level.

This creates significant challenges for Local Authorities, particularly at a time when revenue funding from central government has been withdrawn. New ways of generating income or stretching existing budgets must be found in order to maintain front line services, as well as looking to enhance the lifestyles and wellbeing of our residents.

Delivering best value is the foundation of what we do. It underpins our organisation and allows us to

build for the future. We are committed to delivering a quality service to our stakeholders and residents, and contributing to the Council's aim of providing a greener, more confident and more prosperous borough over the coming years.

Procurement is a key contributor to achieving our long term strategic vision and we understand that the context in which we operate will evolve on both a local and national level. We will keep up to date with the latest Government legislation and guidelines, and ensure we are compliant across the organisation whilst continuing to promote fair and equal competition within the market. We will work in partnership with other councils in Kent and, if appropriate further afield, to drive best value.

We will ensure that this strategy is reviewed and updated according to these conditions, with a commitment to providing innovative procurement solutions to the borough.

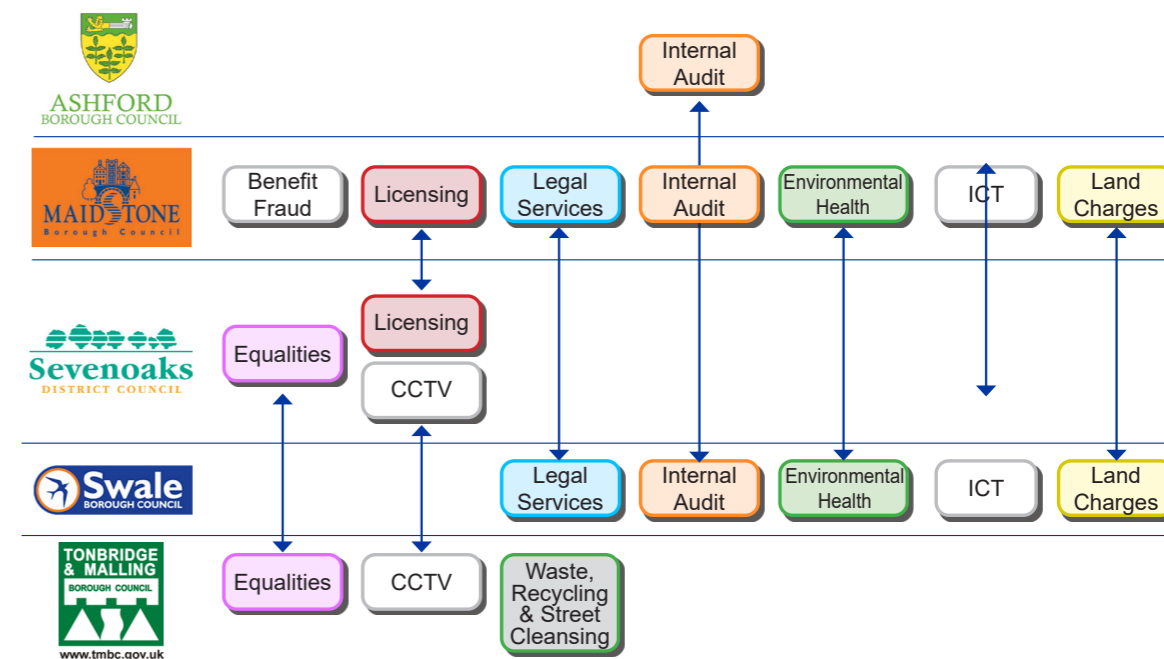
2 Current position

Overview

Tunbridge Wells Borough Council has been working towards adopting a strategic procurement approach for the last three years. A great deal of the information and responsibility for contracted spend used to reside with the contracting department, owing largely to the lack resources that were available within the Procurement department. We have worked hard to engage with our stakeholders and contract managers across the organisation to ensure that we have greater visibility over the spend and contracts that are being let, whilst also ensuring departments are afforded the autonomy they need to ensure their service runs smoothly.

Over the course of several years, we have worked closely with our colleagues at Mid Kent Services (MKS), and with other local boroughs to try to work more collaboratively to deliver greater value against contracted spends. At present we have the following links:

Tunbridge Wells partnering arrangements



We are acutely aware of our responsibilities in regards to legislation and ensuring our residents are receiving excellent value for money. We are committed to ensuring that our understanding of legislation is up to date and that we remain fully compliant. We also undertake any necessary training as deemed appropriate in order to carry out our roles and ensure continued professional development.

Local Context

As a borough council, our responsibilities are clearly defined and different to those of our overarching county council (Kent County Council). These services include: education, highways, transport planning, passenger transport, social care, libraries, waste disposal and strategic planning.

The Borough of Tunbridge Wells had a population of 118,100 in 2018, with this figure set to grow.

Some of the key statistics for Tunbridge Wells borough are:

- Residents have the highest Gross Disposable Household Income (GDHI) in Kent at £25,957
- The unemployment rate for the Borough was 1.4% as at September 2019 – Significantly below the national level (2.8%) and Kent level (2.6%)
- The number of VAT registered businesses in the borough was 7,000 for 2019, continuing the upward trend - from 2015 (6,460) to 2018 (6,940).
- The three year survival rate for businesses in the borough is 62%, which is just below

the Kent average of 63%

- 50% of residents in the borough aged between 16 and 64 are qualified to NVQ Level 4 or greater - the highest figure in Kent.

Challenges facing the Borough

Political

- Local elections: One third elected each year at council level with one year in every 4 being election free.
- Political composition of the Council
- General election is currently set for May 2024



Commentary:

We will continue to provide advice and assistance to all projects, but accept that there may be times when the Council chooses to take a different route after work has started. We will continue to be agile in our approach to managing these projects, as both local and national elections can shift the strategic focus of the Council depending on the members elected and the manifesto they were elected to deliver.

Economic

- Negotiations on future trade arrangements with the European Union
- Local Government funding



Commentary:

The government's austerity measures have been challenging for local councils. Tunbridge Wells Borough Council had lost its central government funding as of 2019 (fig. 1). We have worked diligently to go 'grant free' three years ahead of other organisations within the sector, but the loss of funding is still a major concern and means that we have to look for alternative ways to increase our revenue in order to maintain services. The borough has one of the lowest council tax rates in Kent, and with our ability to increase this capped by central government it would be almost impossible for us to align our income from this area with other boroughs. Similarly, the changes to the structure of the new homes bonus (coupled with our planning restrictions) means that our income is severely affected. This will mean that keeping costs low is a high priority for the Council, which Procurement will play a key part in achieving.

Social

- Growing and Aging population ratio in Kent
- High cost of housing
- Pockets of deprivation



Commentary:

Although the borough has a forecast population increase of 11 per cent in the period 2017 to 2021, the underlying issue is that the population is aging. In fact, the borough is forecasting a decline of 23 per cent in 25-44 year olds by 2026. This is in part caused by the high house prices due to the high demand but lack of availability, and the draw of London. The continued roll out of the universal credit system is a growing concern for both the Council and our residents. Our housing team are likely to be stretched by a growing homeless population due to income reductions associated with the new system, and it is possible that other revenue streams for the Council will be affected (council tax and housing loans for example).

PESTLE Analysis, Tunbridge Wells Borough, 2020–2023

Technological

- Implementation of a digital first approach with all procurement undertaken digitally (via Kent Business Portal)
- Improving our Purchase to Pay process
- Reducing the number of active suppliers on our financial systems
- Reducing the volume of invoices processed by the finance team



Commentary:

We work closely with our colleagues in Finance to ensure that our purchase to pay process is as efficient as possible. We have implemented changes to ensure that our processing of invoices is entirely digital (ahead of the EU deadline), and have looked to reduce the number of invoices being processed by moving to consolidated invoicing wherever possible, and we will continue to monitor this area moving forward. Our procurement processes are digital, with use of the Kent Business Portal and Contracts Finder portals now instilled as best practise.

A lot of work has been undertaken in regards to how we process payments. The Council has a digital first approach, but is obliged to consider the impact of equalities legislation, and that around the provision of statutory charges. However, this must be balanced with the costs of taking payments by cash or cheque rather than by electronic means.

Legal

- Compliance with regulations such as the Public Contracts Regulations (2015)
- Future relationship with the European Union
- Social Value Act 2012
- Increased chance of legal challenges from suppliers who are not awarded tenders and are happy to take a chance



Commentary:

We operate in a heavily regulated sector and must be mindful of changes to procedure, policy or legislation. The Public Contracts Regulations (2006) were superseded in 2015 to implement the 2014 EU Public Sector Procurement Directive. However, we are as yet unsure of how Brexit will affect our legislative position moving forward, but early indications from Cabinet Office are that there will be little change. The Social Value Act 2012 places more emphasis on local authorities to consider the social and environmental benefits when letting contracts, but there is a lack of guidance on how to apply the Act to public procurement processes and the definition of agreed standards for measuring social value which needs to be addressed. We are confident that this Act will be strengthened in the fullness of time, but Brexit has taken priority over these issues.

We may also see an upturn in, or increased chance of, suppliers making legal challenges to contract awards in the public sector.

Environmental

- Reduction of emissions in line with national guidelines
- Restrictions on planning due to Area of Outstanding Natural Beauty (AONB), green belt, Sites of Special Scientific Interest (SSSI), Tree Protection Orders (TPO's) etc.
- Climate Emergency declaration



Commentary:

In line with the Borough's strategic vision, we aim to help shape the Borough by looking at the environmental impacts of our processes and contracts. We are working to reduce emissions and contribute to national carbon reduction targets by focussing on our own operations and estates. However, the infrastructure (particularly in the major urban areas) is a problem. Traffic congestion is often highlighted as an area of concern for residents and those commuting to the borough for work or business.

Due to the rural nature of much of the Borough, it is unsurprising that we have a number of restrictions on development. We have areas of outstanding natural beauty (AONB), green belt land, sites of special scientific interest (SSSI) and tree protection orders (TPO) which must be taken into consideration when planning. This limits our scope to develop and therefore generate more income, which in turn has a direct effect on our core spending power. This also affects our ability to meet new homes quotas handed down from central Government.

In 2019, The Council declared a Climate Emergency for the Borough, and agreed to a challenging target of achieving carbon neutral status by 2030. We will of course support this aim in any way possible with our procurement processes, and have already taken steps to look at how we can incorporate this into our projects.

Core Government Grant

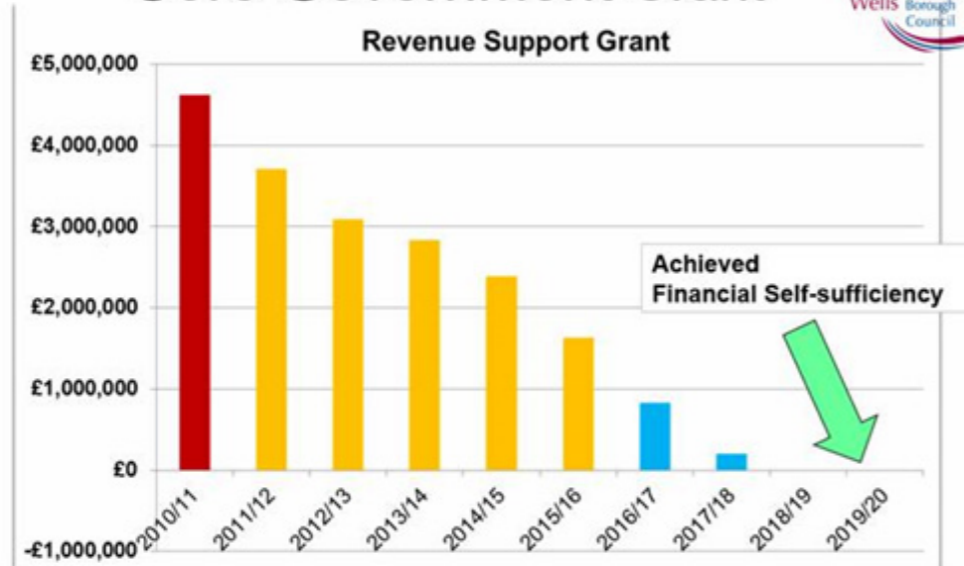


Fig 1

National Context

At national level, the consequences of the UK leaving the European Union on 31st January 2020 remain to be seen but we will pay close attention to any changes that will impact upon this strategy and update it as necessary.

On 26th February 2015, the Public Contracts Regulations (2006) were superseded and replaced by the Public Contracts Regulations (2015) with the updated legislation implementing the 2014 EU Public Sector Procurement Directive. The headline changes from the update were as follows:

- i. Updates to EU publication notices, including the introduction of new notices to reflect new provisions within the directive. These include notices for the modification of contracts and notices relating to 'Light Touch' regime contracts.
- ii. Replacement of the PQQ (Pre-Qualification Questionnaire) with the new SQ (Standard Questionnaire). The new document is derived from the European Single Procurement Document as was intended to be a supplier's 'passport' to accessing contract opportunities across the continent. However, the UK has taken the position of requiring an SQ to be completed for each new contract notice as opposed to accepting pre-verified SQ's from other European countries.
- iii. All tender documents must now refer to contracts being awarded on the basis of the most economically advantageous tender (MEAT).
- iv. The authority's choice of award criteria may include the 'qualification' and 'experience' of staff, which effectively implements previous EU case law in this area.
- v. Authorities now have the right to terminate a contract and re-tender in the case of a contractor being taken over or insolvent.
- vi. New reporting and retention requirements are outlined as follows: 1. a requirement to retain all concluded contracts where the contract value exceeds €1 million for supplies or services, or €10 million for works, at least for the duration of the contract; and to grant access to these contracts if requested subject to EU or national rules on access to documents and data protection, and 2. a requirement to collate a report on every contract, framework agreement or dynamic purchasing system to which the 2015 regulations apply in their entirety. This report should be held on file, but may be requested in whole or in part by the European Commission and/or the Cabinet Office. The

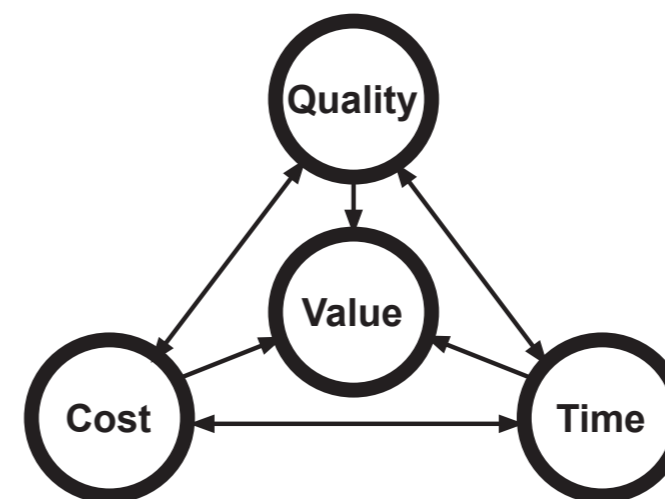
regulations list the information that must be contained in the report such as the contract value, the names of bidders rejected at the prequalification stage and the reasons for their rejection, and any conflicts of interest identified and how they were addressed. It would be prudent for authorities to prepare a template report that they can use for all fully-regulated contracts and framework agreements. The Cabinet Office has reserved itself an additional right to request information beyond the scope of that listed in the regulations in order to enable it to respond to Commission requests.

Alongside the EU provisions stated above, there were a number of UK specific reforms recommended by Lord Young. These provisions introduced rules that must be followed by authorities when awarding 'below threshold' contracts that are still above minimum thresholds of £10,000 (central government) or £25,000 (sub-central government authorities or NHS Trusts). These provisions are designed to help SME's compete for public contracts and they also incorporate some additional guidelines on the advertisement of contract opportunities in the UK.

These changes were the catalyst for changing the way we conduct our procurement and contract management as an Authority. Since these changes came into effect, the UK left the European Union, and it is not yet known what impact this will have on future legislation. This will be an area we will continue to monitor very closely.

3 Our Vision

Our vision is to ensure that we deliver best value to the Council: Quality, Cost, and Time (Availability of goods and services):



In order to achieve our vision, there are 2 focus areas that we will be working on: **Compliance** and **Process**. Under each, a number of objectives will be put into place to measure our achievement:

Compliance:

Stakeholder Engagement

There are 3 key areas that we will focus on in regards to stakeholder engagement:

1. Relationship development and management – Continuing to develop relationships with key stakeholders within the Council and ensuring we look for synergies and collaboration opportunities wherever possible.
2. Reduction in non-conformance events – To work towards zero non-conformance across the Council by ensuring that our forward plan (project pipeline) is communicated to key personnel and cascaded amongst their teams for additional projects to be added.
3. Compliance with transparency requirements – Ensuring that our stakeholders are fully aware of their obligations under the Local Government Transparency Code 2015.

What will success look like?

Success in this area will be defined by having productive and effective working relationships with our stakeholders, and reducing our non-conformance occurrences to zero as a result. We will also be fully compliant with the requirements of the Local Government Transparency Code 2015.

Skills Development & Training

The development of skills and training of staff in our procurement and contract management processes and procedures is a key area of focus for the Procurement team in order to ensure compliance.

We consider that there are 4 key parts to this objective:

1. Coaching – Ensuring that the Procurement team are well coached and able to give professional advice to stakeholders whenever asked. By developing a coaching environment, the Procurement team will also be able to coach others within the organisation in order to enhance their skills and aid their development.
2. In House Training Modules – A number of training modules are to be produced with the aim of creating a training pathway that will give officers the information, knowledge and skills required to undertake successful procurement processes and enhance their contracts to ensure value is provided for the Council.
3. Professional Development/Succession Planning – A key focus for the Council is not just how we train and develop individuals, but how we best utilise them when they acquire additional skills. In Procurement, the aim is to provide professional development in the form of Chartered Institute of Procurement & Supply (CIPS) qualifications. This in turn will ensure that we have the next generation of leaders in place who are confident and capable of stepping into more senior roles as they become available.
4. Contract Management – We will produce and present dedicated training on contract management to instil good practices across the organisation. This will be a mandatory training module for all managers, and will be strongly recommended to anyone that has any contract management input or responsibility.

What will success look like?

Success in this area will be defined by having produced and delivered training modules to colleagues and key stakeholders. The procurement team will be well trained and receive ongoing coaching, which will in turn enable us to create a coaching culture for our department. The team will also be working towards CIPS status by taking professional qualifications. The Organisation will have well constructed and manageable contracts, and contract managers will be given the training and development they need to ensure that good practices are embedded across the Council.

Social Value

The Council is committed to delivering greater Social Value as part of its contracts. In 2019, a Climate Emergency was declared by the Council with a challenging target of obtaining carbon neutral status by the year 2030. With this in mind, we consider that there are 2 key aims to this objective:

1. Adoption of New Policy – To ensure that the Council adopts the Social Value Policy put forward by procurement, taking into consideration any comments or alterations suggested from elected members.
2. Monitoring – Once adopted, there will be an expectation that Social Value is not only made part of the procurement process, but that proposals put forward by contractors are properly monitored to ensure that the value is being realised. This will need to form part of the ongoing contract management, for which we will be providing training and support.

What will success look like?

Success in this area will be defined by having a fully adopted Social Value Policy for the Council, and by monitoring the added value that this brings to our contracts moving forward.

Process:

Process Automation & Efficiency

As part of our commitment to adopting an agile working approach, we have reviewed our current working practices and identified some processes which could be made completely digital in order to increase efficiency, decrease cost (in both officer time and printing) and improve our service.

We will work with our colleagues in Digital Services to develop and implement these changes, testing as we go with other colleagues from around the Council to ensure that the processes are both robust and simple to use for the end user.

The key processes identified in the review were:

- Authority to Tender forms
- New Supplier Forms
- Purchasing Card Approvals Processes
- Forward Plan Communication and Input

What will success look like?

Success in this area will be defined by having robust and manageable processes in place that officers are able to use from anywhere that they are able to work. We will be able to monitor and report on trends or issues in a more accurate and detailed manner when required to, and will save the Council money by reducing printing and making better use of officer time.

Supplier Engagement

In order to enhance our Social Value commitments, we will be more engaged with suppliers from the local area. We have already taken steps within our Contract Procedure Rules to ensure local representation when requesting quotes from the market. However, many suppliers still lack the confidence to quote for Council contracts as they are unfamiliar with our processes.

In order to encourage greater participation from the local suppliers, we will be working with our colleagues in Economic Development to offer the following:

1. Supplier Events – A chance for local businesses to come along to presentations or ‘meet the buyer’ style events to gain a better understanding of our processes and what would be expected of them.
2. Supplier Training – This is a relatively new concept, whereby we would offer training on the use of Kent Business Portal or more specific topics such as evaluation models and methodologies, provided there is a demand for it and it would not constitute a conflict of interests for the Council.

Alongside this, we are committed to ensuring that market testing is undertaken on any project where an officer does not have a good understanding of the current market and its trends. This will ensure that our specifications and evaluation models are always up to date and that we do not simply recycle previous specifications in the hope of obtaining something different.

What will success look like?:

Success in this area will be defined by having an improved relationship with local suppliers, and this translating in to more tenders being received from local companies. The number of tenders received from local suppliers can be monitored and reported upon, and publicised, to increase the drive for local participation in our procurement process.

Contract Management

Contract management plays a pivotal role in our ability to maximise the value of our contracts. Good contract management starts from the earliest moments of the commissioning cycle, where officers will be establishing exactly what they want and what the contract must deliver – but how are they going to monitor the results? This is a key question, and to provide support to our officers we are committing to the following objectives:

Practical support for contract managers – We will be on hand to help officers with the management of their contracts when needed. This could include (but is not limited to):

- Looking at management information and helping to interpret it or identify trends
- Assisting officers in their preparations for review meetings
- Advising officers on appropriate actions to address performance issues with suppliers
- Attending meetings to assist with any discussions as required by the officer

This will be provided in addition to the training and support that will be offered to stakeholders as part of our training and development objective.

What will success look like?:

Success in this area will be defined by having a confident and capable team of contract managers across the Council, ensuring that value is achieved from all of our contracts. Regular monitoring will be taking place to ensure that processes are followed and that contracts are performing to acceptable levels.

Collaborative Procurement & Cross Functional Working

As noted earlier in this document, Tunbridge Wells Borough Council work in partnership with several other councils in order to undertake a number of services.

There will be 2 key aims for this objective:

1. Leadership - We are in a position, having been through a period of change in our own processes and procedures, to assume a leading role in collaborative procurements with our partner authorities.
2. Project Management – We will work with internal stakeholders to offer advice and project management to ensure that projects mitigate as much risk as possible. We have the skills to

manage complex procurement projects both internally and for partner authorities, and will be happy to make use of these moving forward.

What will success look like?:

Success in this area will be defined by having an embedded project management process which allows us to mitigate risk, and we will be able to provide updates on the progress of projects and renewal of contracts accurately and efficiently.

Revenue Creation & Collaborative Growth Opportunities

As a service provider, we would like to explore the possibilities of generating an income for the Council. We consider that this could be done in a number of ways:

- Other authorities outsourcing their procurement requirements to us
- Consultancy – Project specific or general (processes and procedures)
- Tender evaluations
- Training

If we are able to begin to generate an income, we would look to re-invest some of the revenue into expansion of the team to give us greater resilience and capacity. This would be done in the same way in which we have developed the team to date, with a junior member being recruited and provided with training and development opportunities to enable them to progress to Chartered Institute of Procurement & Supply (CIPS) qualified status.

What will success look like?:

Success in this area will be defined by having well trained officers across the organisation that are capable of managing compliant procurement processes for multiple clients and stakeholders. We will have a professional and effective Procurement department who are able to influence and guide key officers and stakeholders to ensure we achieve best value for the client, be it TWBC or another authority. We will also be attracting and developing talent in order to safeguard the future of procurement within the organisation.

Section 4: Summary

In summary, the next three years will be a challenging time for Procurement. We are looking to build upon the foundations that we have put in place over the last 3 years, as well as redesigning our processes and procedures to ensure a more digital approach – without compromising compliance and visibility. We will need to make the most of every opportunity to gain more value from our contracts, with a greater focus on supplier led innovation and cost reduction initiatives as well as a more sustainable approach to our procurement to reflect the Climate Emergency which was declared by the Council in 2019. Our budgets will be stretched but we will still be expected to deliver the vast amounts of services required by our residents in this increasingly challenging economic environment.

However, we move into this period with a renewed energy and focus and a desire to change the way we think and work, and must innovate in order to prosper. We must offer advice, guidance and support to our colleagues and stakeholders in order to meet challenging targets and ensure we are compliant with the latest legislation.

None of us can predict the economic landscape post Brexit, but we can take positive steps now in order to shape our processes, policies and procedures for the future.