

# **The Lambeth Procurement Strategy**

**2010-2014**

## Foreword

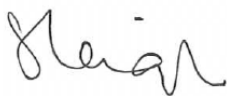
As Head of Lambeth Corporate Procurement it is my firm belief that this new Procurement Strategy will drive forward continuous improvement, so that our procurement service will carry on providing excellent Value for Money whilst meeting all of the complex needs and demands of our customers.

In recent years procurement has increasingly been under the national and political spotlight. Far from being just a means to buy products and services at the lowest prices, procurement is now an important tool in a local authority's toolkit through which to deliver its wider social, economic and environmental aims.

When procuring goods, works or services an effective procurement officer will ask a number of questions about the project such as: how can it boost the local economy? What is the most environmentally friendly way to fulfil this need? Can I involve the voluntary and community sector? Is the product or service ethical? How do Lambeth citizens want this delivered?

A key goal for procurement has always been saving money; and with ever-decreasing resources this has never been more relevant than now. It has long been recognised that the best Value for Money is not necessarily achieved by choosing the cheapest price, but by looking at the sum total of whole life costs and benefits. Recognising this, however, is not enough: procurement procedures must be in place to allow for the long term, more sustainable options to be selected over the short term cheaper price option - and more importantly, budget setting must reflect this; saving more money, and doing more for less money, will be paramount.

Lambeth's past procurement strategies took us a long way towards achieving sustainable procurement. This new Procurement Strategy will now consolidate the improvements that have been made over recent years, and strengthen Lambeth's procurement processes.. Lambeth procurement will continue to improve community engagement and strengthen our relationship with the voluntary and community sector. Lambeth procurement has embraced the Local Government Sustainable Procurement Strategy, which provides a benchmark. We can see what Lambeth has achieved; now we will concentrate on the work that still needs to be done.



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Lambeth Corporate Procurement

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**Introduction**

The Procurement Strategy for the London Borough of Lambeth sets out what the Council means by procurement – the current position, our aims and objectives as well as the vision and mission for procurement. The Strategy will outline the principles we will employ in order to procure and deliver the goods, works and services that support the authority’s overall aims and objectives.

**Who This Strategy Is For**

- Council Members - so that they can lead, challenge and monitor the way procurement is carried out in the Council
- Lambeth Senior Management - so that they can manage their department’s adherence to the principles and actions contained in the Strategy
- Procurement Managers - so that they can support Lambeth’s aims and goals as outlined in the Strategy in order to shape their procurement processes accordingly
- Procurement Officers - to help explain the background behind the need for areas of procurement development
- Suppliers & Potential Suppliers - so that they can see the direction the Council is taking in procurement
- Suppliers & Potential Suppliers in the Charitable, Voluntary and Community Sectors - so that they can comment, input and be aware of the Council’s procurement agenda
- Customers - so that they can comment, input and be aware of the direction the Council is taking in procurement
- Partners - so that our policies and strategic direction can be aligned to key procurement aims, goals and initiatives
- Other Stakeholders - such as other Councils, Government Agencies, Trades Unions, the Audit Commission, Environmental and Quality agencies

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**The Lambeth Procurement Mission Statement**

Procurement at Lambeth will strive to be a first class, professional, customer-focused and responsive procurement service that will enable the Council to obtain the maximum possible benefit from the money it spends on the goods and services it requires and deliver savings for re-investment in front line services. We will listen, advise, teach and develop procurement skills, knowledge, experience, ethics and confidence.

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**The Vision for Lambeth Procurement**

The Council’s vision for effective procurement is to procure goods, services and works by the most efficient and sustainable means to ensure that the needs and aspirations of the community are furthered, within a clear framework of accountability and responsibility. In doing so, the Council will strive to become best in class by adopting world-class procurement practices and techniques.

Lambeth's approach to procurement is to achieve Value for Money and savings through effective procedures and robust option appraisal leading to a clear mix of service and goods provision. We will dedicate ourselves to the improvement of procurement staff capability and will encourage procurement officers to obtain professional procurement qualifications. The Council can demonstrate its strength in building sound relationships through a variety of models, whilst recognising the value that SMEs, local businesses and Third Sector Organisations can offer.

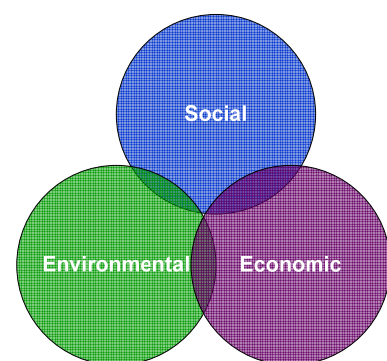
## **Commercial Considerations In Lambeth Procurement**

Strategic procurement at Lambeth will address, embrace and develop the following commercial issues in public sector procurement:

- The consistent pursuit of savings in all our procurement activity, encouraging our suppliers to innovate in order to do more for less
- A dedication to the attainment of Value for Money in our procurement and contract management activities
- The development of robust commercial relationships, the placement of aggregated corporate contracts and the use of partnering, PFI and PPP contracts
- Collaboration will be at the heart of Lambeth procurement. Where practical Lambeth will pursue collaborative opportunities in contracting for services and supplies and seek to join with other public sector bodies in the procurement of contracts and contract management to deliver savings through volume. Wherever practicable we will make our contracts available for use by other public bodies
- Development of internal and external strategic partnerships, including a commitment to ensure that our approach to individual contracts, large contracts and framework agreements is supported by a sound business case and options appraisal
- A dedicated commitment to the use and development of electronic procurement solutions, including the use of a secure contract document library
- Regular reviews of contract terms and conditions
- Effective risk management in the procurement process, ensuring that probity is maintained throughout according to internal, UK and EU procurement regulations
- We will strive to make our procurement processes efficient, effective and streamlined, reducing waste and duplication of effort wherever practicable

## **Responsible Procurement: The Aims & Goals of Lambeth Procurement**

Procurement at Lambeth is committed to sustainable, or Responsible Procurement - 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 the society and the economy, whilst minimising the damage to the environment. Responsible Procurement is about looking at what our products and services are made of, where they come from and who has made them. Lambeth procurement officers and contract managers will strive to achieve Value for Money by employing sustainable procurement processes and considering the triple bottom line of the economic, environmental and social aspects of



their contract or procurement project; Lambeth procurement's further aims and goals are outlined using this methodology:

## Economic

- Procurement will be based on a partnering approach in which the Council and its partners will seek to gain mutual advantage through continually improving relationships.
- Strategic service delivery partnerships will play a central role in modernising the way in which the Council's public services are delivered. In developing strategic partnerships, consideration will be given to exploiting synergies that exist between services across the public sector or across geographical or administrative boundaries.
- The Council believes in a procurement process that demonstrates openness, transparency, propriety, probity and fairness and consistency to all providers. Suppliers and service providers will be paid in a timely manner, in line with the Council's corporate performance measures.
- Procurement performance progress will be formally benchmarked with peer organisations.
- Procurement managers at Lambeth will undertake strategic supply chain analysis for the Council's key areas of procurement, in order to identify savings and economies of scale opportunities. Managers will consider partnership and collaboration working possibilities and work towards avoiding duplication of effort.
- The framework of rules by which the Council will operate its procurement will be those laid down by the European Union and UK law and those set out by Lambeth's Contract Standing Orders and in the Lambeth Procurement Guide; officers must be fully conversant with these before undertaking any procurement exercise, or seek appropriate advice.
- Lambeth officers will ensure that they comply with the Council's standards of conduct identified in the Managers Charter and the Council will ensure that all its procurement activity complies with all relevant and appropriate Lambeth standards.
- Effective risk management will be applied at every stage of the procurement and contract management process.
- Lambeth procurement officers will seek to develop packaging solutions for contracts, which consider the most attractive and cost efficient way of presenting service and supply requirements.
- In the competitive tendering process, bidders will be invited to demonstrate their track record in achieving Value for Money through effective use of their supply chain.
- Accountability and responsibility will be key elements in the procurement process. All Council Officers must recognise and accept their responsibilities before embarking on a procurement process.
- The Council requires officers to use electronic processes to minimise tendering and transaction costs wherever possible, as well as providing a commitment to support the eGovernment agenda with electronic trading. Council officers will ensure that, where practicable, electronic procurement solutions such as e-catalogues, e-marketplaces, electronic ordering and invoicing are used to purchase from contractors and approved suppliers.
- The Council will ensure that the supplier selection and contract award process will be conducted as separate processes. The selection process will seek to select the most competent suppliers and the award process will award contracts based upon either lowest price or the consideration of whole life costing and the achievement of an appropriate balance between price and quality.
- All procurement processes which result in a legally binding agreement will be managed by an appropriately skilled officer throughout the implementation, development and

throughout the life of the contract.

- All contracts will contain and be managed against clear performance targets. The Council will take a long-term view regarding the procurement of its requirements, including the potential for innovative funding and the management and balance of risk.
- The Council will use its position and procurement power to influence and stimulate the development of markets and competition. It will seek advice where necessary from the marketplace concerning capacity, the latest innovative methodologies and funding opportunities.
- All procurement documentation will be maintained in line with the Lambeth Procurement Guide, Lambeth Financial Regulations and the Council's document management policy. These records will clearly document the process and the decision-making authority and ensure the existence of a clear audit trail.

## Environmental

- Lambeth Corporate Procurement will maintain and develop The Lambeth Sustainable Procurement Charter that will communicate our position on sustainable procurement.
- Lambeth has signed the Small Business Friendly Concordat and has adopted the Local Authority Sustainable Procurement Strategy & Flexible Framework. We have also signed up to and will support the Mayor of London's Green Procurement Code.
- Benefits from sustainable procurement activities at Lambeth will be clearly evidenced, reported and promoted. Independent audit reports will be made available on the Lambeth website.
- Lambeth procurement officers will strive to remove barriers to sustainable procurement and will reward contractors based upon their sustainable procurement progress.
- Suppliers are essential to the delivery of Lambeth's Responsible Procurement agenda and they will be encouraged to continually improve their sustainability profile.
- Procurement specifications for tendering projects and contract management practice at Lambeth will incorporate key sustainability performance indicators and deliverables. Lambeth procurement officers will consider and challenge suppliers on key sustainable procurement initiatives, including:
  - Environmental impact – CO2, other emissions (including noise and light) waste products, energy use, the impact of DNA modified species on the natural environment, loss of natural habitat or eco-systems
  - Use of scarce natural resources, including fossil fuels and water
  - Use or production of dangerous or hazardous substance
  - Depletion of resources e.g. chemicals derived from oil, resources that are used faster than the natural process of replenishment (e.g. fish stocks in the North Sea, or tropical deforestation)
  - Diversity – bio diversity, the depletion of species either directly or through loss of habitat
  - Animal Welfare – treatment, transportation and use of animals, DNA modification, animal testing. Animal welfare is less commonly referred to but is a consideration

## Social

- The Council is committed to eliminating discrimination in its procurement process, service delivery and employment on the grounds of race, gender, disability, age, sexuality, religion, belief or any other grounds.
- Procurement officers will remain committed to the role procurement plays in delivering the Council's objectives and its contribution to the community strategy, workforce issues & the reduction of worklessness, diversity, equality and sustainability.
- Procurement officers have a duty under the Race Relations Acts to eliminate unlawful discrimination and promote equality of opportunity and good race relations between persons of different racial groups when carrying out any procurement activity.
- The Council has a duty under Section 17 of the Crime and Disorder Act 1988 which requires local authorities to consider the community safety implications of all their activities.
- The Council has a duty under the Disability Discrimination Act 1995 to ensure that disabled people are not discriminated against in relation to access to information on the provision of the Council's services and the services themselves, whether supplied by the Council or through contractors.
- The Council and its suppliers and partners will consult with and actively listen to customers and stakeholders when making decisions that will affect them. The Council will require all its suppliers, contractors and partners to adopt a customer care approach at least equal to and compatible with the Council's own policy in this area.
- Best Practice achievement at Lambeth will be shared with other organisations and publicised and used to attract procurement professionals.
- The Lambeth Chief Executive and all Lambeth leaders will engage with suppliers and help promote the aims and goals of the Lambeth Procurement Strategy.
- Procurement officers will remain committed to how we will encourage and do business with a diverse and competitive supply market, including working with small firms, social enterprises, ethnic minority businesses, voluntary and community sector suppliers and apprenticeship schemes.
- Procurement officers will encourage local business in tendering for Council work and will seek to remove obstacles and inhibitors to doing business with the Council. In the delivering of elements of larger contracts and framework agreements, the roles of SMEs and Third Sector organisations will be considered.
- We will foster relationships with the Third Sector and Social Enterprises to build capacity and remove barriers that may exist to doing business with the Council.
- Wherever practicable the Council will seek to work with any relevant consortia, frameworks or collaborative opportunities to procure its requirements, in order to widen the scope of its experience, maximise purchasing power and harness any economies of scale which may be achievable.

## The Future for Lambeth Procurement

In the future, Lambeth procurement will strive towards embedding new procurement processes to ensure that procurement at Lambeth is fit for purpose. The Contract Register will be used to improve planning, collaboration and visibility of decisions.

The London Borough of Lambeth has 6 key priorities for the future:

<b>A Safer Lambeth With Strong Communities</b>	<b>More Opportunities For Children &amp; Young People</b>	<b>Better Housing &amp; Flourishing Local Communities</b>	<b>Respect For The Environment</b>	<b>Developing Personalised Care Services</b>	<b>Serving Our Customers Well</b>
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Lambeth procurement will remain committed to these high level objectives. Within these 6 key priority areas, we have several goals for the future; our activities will include:

**1. Processes, Procedures and Management Information**

- Continued development of the Lambeth Gateway process within the procurement lifecycle process
- Support processes with training (back to the floor, coaching, mentoring)

**2. Development of Procurement Specific KPIs & Business Unit Dashboards**

**3. Promote the Lambeth Procurement Strategy**

**4. Contract Management**

- Develop a corporate approach to the strategic contract management of Lambeth's key contracts
- Release resources for front line services
- Conduct strategic contract reviews

**5. Achieve Council Wide Savings**

- Achieve council wide procurement savings through tendering and/or improved contract management of existing or potential corporate contract arrangements, via strategic category review
- Incorporate collaborative and partnership working in order to maximise opportunities
- Support Finance & Resource's provision for the Use of Resources Key lines of Enquiry submission(s)

**6. Building Capacity in Procurement**

- Continued development and delivery of the internal procurement training programme, the procurement coaching & mentoring programme, the procurement Lunchtime Surgeries and the CIPS training programmes
- Conduct training reviews on the internal procurement training programme and consider and develop new courses
- Create partnerships and continue working with the Third Sector

**7. Conduct a Procurement Capability Review for Lambeth Procurement**

**8. Contract Register**

- Ensure that all contracts valued at £25,000 and greater are recorded on a Corporate Contract Register with scanned contract and procurement documents. Ensure that contract purchase orders valued at £25,000 and greater are attached to all requisitions via a mandatory link to the Contract Register
- Collect historical data to populate the Contract Register database
- Development of Contract Register reporting

## **9. Customer Facing Activity**

- Carry out the annual Corporate Procurement Customer Service Survey and review
- Implement proposals to improve service provided to internal customers
- Place adverts for work onto the Supply 2 Gov and Lambeth internet sites
- Work towards a Shared Services methodology of procurement where Lambeth contracts are made available to other local authorities, public sector organisations, schools and private bodies

## **10. Support and Deliver Major Corporate Tenders**

## **11. Support the Lambeth Procurement Community Through Enhanced System Reporting**

## **12. Development of the London Procurement Hub**

## **13. Manage the Number of New & Existing Suppliers that Lambeth Uses**

In endorsing this Procurement Strategy the Council formally acknowledges the importance of effective use of procurement in contributing to the delivery of its strategic objectives. The Council wholeheartedly embraces the principles of making savings whilst pursuing Best Value and the principles of sustainable procurement; this Strategy supports these through the wider cost/benefit approach on the social, economic and environmental level in keeping with sustainable market development.

This Procurement Strategy will be reviewed annually and will also be benchmarked against the National Procurement Strategy for Local Government for compliance and the OGC Procurement Capability Review Model & Standards Framework. The Strategy will be available electronically, via the Lambeth intranet and on the Lambeth internet pages at [www.lambeth.gov.uk](http://www.lambeth.gov.uk).