



CORPORATE PROCUREMENT STRATEGY

2024 – 2026



Foreword

Middlesbrough Council has the resilience, drive and ambition to address its current challenging financial position, with procurement emerging from a back office function and being embraced as a change-making strategic function and will be key in ensuring value for money and achieving financial efficiencies.

It is more important than ever that we ensure every pound spent or invested contributes to our objectives and allows the Council to find opportunities to help local businesses, the voluntary sector and the community as a whole, in the most cost effective and transparent way.

Middlesbrough Council spends approximately £130m per year across its supplier base to support its various activities; from keeping the streets clean, to providing care and support for our most vulnerable, to building and creating new affordable housing for residents in the heart of our communities.

The promotion of strong governance in procurement sits at the heart of this procurement strategy, and through this we will seek every opportunity to ensure that we maximise wherever possible spend locally and promote the utilisation of local supply chains.

Procurement will be one area that will be supporting the Council to achieve and evidence Social Value return, as part of our procurement processes we will focus on strengthening how we secure and evidence social value return from our contracts.

We recognise that procurement has a pivotal role to play in supporting much of what the Council is looking to do. This document sets out how the Council is looking to align our priorities and embed the Procurement Strategy three pillars to achieve the economic, social and environmental benefits for Middlesbrough.

As an organisation we have a significant level of change during the lifetime of this strategy, and as Executive Member for Finance I view this as a real opportunity to bring the procurement function along that journey and really add value to the Council.



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Executive Member for Finance &
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1 Introduction

This procurement strategy is in place to support the delivery of the Council's strategic priorities by ensuring they are central in every procurement that is undertaken for Middlesbrough.

The Council wishes to ensure that its own values and ethos are reflected in the organisations and individuals that it does business with.

This includes awareness and adherence to the UK Law and Middlesbrough Council policies. For example, Health & Safety Acts and regulations, Safeguarding, Equality & Diversity, Confidentiality & Publicity, Data Protection, Freedom of Information, the Modern-Day Slavery Act, Anti-Terrorism and Anti-bribery.

The Council promotes effective procurement across the Borough, by having regard to local employment and skills shortages, social value, localisation and ensuring wherever possible contracts are Small and Medium Enterprise (SME) friendly.

Council Priorities (Middlesbrough Council Strategic Plan 2024 – 2027):



This Strategy therefore sets out how we will:

- ◆ Strive to make procurement easier for suppliers and the Council alike
- ◆ Challenge and drive value for money from all procurement activity.
- ◆ Maximise innovation, sustainability and collaboration in our procurement activities to support the Council's strategic objectives
- ◆ Ensure social value and local return is at the heart of our procurement opportunities
- ◆ Continue to increase the visibility of our tender opportunities to our local and SME suppliers
- ◆ Make the best use of local, sub-regional, regional and national collaborative arrangements where significant benefits for Middlesbrough can be evidenced.

This Strategy is intended to provide a high-level statement about our direction of travel and the principles that we will follow. If you need detailed information about the “how to” aspects of procurement then you should refer to the Strategic Commissioning and Procurement Team.

2 What is Procurement?

When we need to acquire goods, services or works that cannot be provided in house we procure those from external providers (which may be a contractor, third sector supplier or another public sector body). Procurement is the process we use to acquire/purchase such goods, services and works from those external providers.

Whilst responsibility for procurement activity resides in each Council service area, the Strategic Commissioning and Procurement Team will assist service areas with their procurement requirements as appropriate.

Procurement is a strategic process that follows a clear pattern and includes the following:

- ◆ managing the various categories of expenditure to identify the most appropriate procurement route to the market
- ◆ securing the most cost effective solution to meet the Council's needs
- ◆ management and the delivery of the contract
- ◆ learning any lessons for future procurements

Competitive procurement remains the foundation of the Council's procurement approach but there will be circumstances where negotiations and contracts with specialist providers may be appropriate.

Within this strategy it is essential to understand the interrelationship between commissioning and procurement, as the functions are aligned within the Council to achieve efficiency.

Commissioning takes place first. It is the strategic process whereby the Council decides what services or products they require and what services they should be buying to meet their priorities and people's needs. It is a stakeholder centric and strategic approach that considers the needs of citizens and is focused on delivering meaningful outcomes for those citizens.

Procurement is the process by which the Council purchases services from an organisation (i.e. a social enterprise, a charity, a business or other). It involves buying the services and issuing a contract to the provider in order to make this process legally binding.

There is opportunity to explore innovative approaches within both commissioning and procurement practice, which can achieve cost effective quality service provision.

3 The Vision for Procurement -The Three Pillars

The vision for Procurement is to enable the Council to procure what it needs to achieve its priorities ensuring the Council obtains the goods, works and services to the highest standards within the financial and other resources available.

To do this we have adopted the following Strategic Themes for the period covered by the Strategy.

Straightforward	Strategic	Develop local Opportunities
<ul style="list-style-type: none">• To make procurement as straightforward as possible for the Council and potential suppliers, in particular to improve access for local suppliers, SMEs, the VCS/ Third Sector and to eliminate anything that does not add value to the procurement.	<ul style="list-style-type: none">• To use sound procurement practices and innovative solutions to promote sustainability and value for money, making use of collaboration and partnership opportunities where this meets the needs of the Council	<ul style="list-style-type: none">• To support and encourage an effective local supplier market including the voluntary sector and the promotion of local social value in contracts (such as the creation of apprenticeships and local supply chains).

4 Our Procurement Principles

Fundamental to this strategy are our Procurement Principles. These are the principles that will guide how we conduct our procurements and how we develop procurement activity and the central resource. Central throughout the procurement principles will be our conduct and adherence to governance.



General

- ✓ Throughout any procurement the Council will be clear about the outcomes and objectives it wants to achieve and the steps that it will take to achieve them.
- ✓ The Council's requirements identified at each stage of procurement will be critically assessed in relation to the Council's strategic priorities and affordability.
- ✓ The assessment of risk associated with a procurement will aim to achieve a balance with commercial outcomes placing risk where it is best managed.
- ✓ Wherever possible requirements will be expressed in terms of outcome and performance to provide scope for innovation.

Value for money

- ✓ The Council will aim to achieve the best combination of whole-life cost and quality to fulfil the requirements of the users of the service (internal or external as appropriate) or works (e.g. a building) or commodity.
- ✓ The Council will take a long-term view of the procurement or its requirements, including the potential for innovative funding and the opportunity for working with other authorities especially for goods and services which can be procured more cost-effectively in a collaborative group.
- ✓ The Council will strengthen its contract and category management systems in order to improve and innovate our analysis and interpretation of spend to ensure resources are allocated in the right places.
- ✓ The Council will continue to monitor its use of purchasing cards across the Council to ensure they are being used effectively and in line with policy and procedure and subject to annual audit.

Social Value

- ✓ The Council will develop and strengthen how Social Value return is achieved and evidenced through procurement process and contract management.
- ✓ The Council will work collaboratively with the North East Local Authorities to identify how Social Value for Middlesbrough is achieved through regional procurement processes and contract award.

Sustainability

- ✓ Improving sustainability throughout our supply chain is an essential component of our commitment to reduce our environmental impact and lead by example and we will seek every opportunity to drive sustainability through our procurements.

The local supply base

- ✓ The Council will support local businesses and VCS organisations through a range of initiatives including:
 - Making it simpler to do business with the Council;
 - Reduce the bidding burden on suppliers.
 - Have regard to the impact on small/local firms of the way in which a procurement is structured;
 - Providing clear information about selling to the Council on our website;

- Providing information where it can about potential sub-contract opportunities arising from major Council procurements .

Relationships with suppliers

- ✓ In longer-term contracts, the Council will incorporate provisions for continuous improvement both within the contracted service and to the benefit of the community it is serving.
- ✓ In higher value contracts the Council will challenge contractors to identify ways in which they can contribute to improving the economic, social and environmental well-being of Middlesbrough.

Equality

- ✓ Equality issues must be considered as a key requirement in any contract which involves direct contact with the public or where the contractor is acting on the Council's behalf in a public environment.

Our conduct

- ✓ In all our dealings in the procurement process, the Council will preserve the highest standards of honesty, integrity, impartiality and objectivity and shall comply with the Council's Contract Procedure Rules and Codes of Conduct at all times.
- ✓ All procurement opportunities will be published electronically on the North East Procurement Organisation (NEPO) e-tendering system and all potential bidders will be offered access to advice, guidance and training as required either via the supplier, NEPO or the Council.
- ✓ In selecting contractors the Council will generally evaluate offers received on the basis of the most economically advantageous tender (MEAT) and will take into account, where appropriate, whole life costing seeking an appropriate balance between cost and quality.
- ✓ Will make every effort to ensure that any contractor delivering a service on behalf of the Council conducts themselves in such a way as not to cause any reputational damage to the Council and will be expected to comply with our Codes of Conduct.
- ✓ In every procurement the Council will ensure that its approach to the market is consistent with these principles.

5.0 Supplier Relationship Management

We will build strong, long term, positive relationships with our suppliers across all sectors, not just when actively procuring goods and services but also when considering alternative delivery models. We will establish strategic relationships with suppliers to ensure that both parties are delivering against the commitments within the contract and to embed continuous improvement practices throughout the contracted period and beyond.

Effective engagement with suppliers will also inform future specifications to ensure we are approaching the market with requirements that meet our needs and are commercially attractive to the market, and therefore generate value for money contracts that can be successfully delivered.

Our procurement activity will be driven and informed by engagement with customers and our partner organisations.

6.0 Contract Management

By managing contracts from the point of award until expiry, we will be able to ensure we get what we pay for and that suppliers perform well and consistently over time.

7.0 eProcurement

The Council recognises the importance of electronic procurement in delivering lower transaction costs, improving visibility of contract opportunities to the supply market, making procurement activity visible to all and providing a clear audit trail.

The corporate procurement portal will be utilised for tender and quotation processes, ensuring a transparent and auditable process. Support is given to small businesses on how to use the portal. Purchasing cards are used for low value purchases where relevant, with monitoring with regard to purchase card activity monthly to ensure adherence to policy, but the majority of spend will be commissioned via the Council's electronic purchase ordering system.

8.0 Commitments & Deliverables

We will:

Have a rolling 12 month Procurement Plan
Ensure value for money is secured from all our expenditure on goods and services
Continue to increase our on contract spend

Provide appropriate training to all relevant staff

Actively collaborate with partners on procurement activity

Contract with a wide range of organisations from different sectors

Performance manage and realise the benefits of all contracts

Improve relationships with suppliers, ensuring small businesses can bid for council contracts and increasing the proportion of council spend with local businesses

Ensure any relevant procurement activity adheres to the commitments of the Council's Healthy Weight Declaration, and other Council commitments within budget parameters