

# Procurement Strategy

2023–2026



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# Introduction

Tunbridge Wells and Maidstone Borough Councils have a clear focus: To enable and encourage economic growth and investment into their respective boroughs, whilst ensuring the appropriate infrastructure is in place to support growth and enhance residents' quality of life.

The last three years have seen a period of significant disruption to everyone's way of life, with a global pandemic causing national lockdowns and changes to our everyday routines and working lives. Politically, there have been changes at both local and national level which have created challenges, and globally we have seen economies suffer following the invasion of Ukraine.

These socioeconomic issues create significant challenges for Local Authorities, particularly in terms of revenue generation and funding of local services. New ways of generating income or stretching existing budgets have been explored but must continue to be found in order to maintain front line services, and to give us the opportunity to enhance the lifestyles and wellbeing of our residents.

Procurement can play a vital role in delivering on the operational and political priorities of our partner authorities. 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 across Maidstone and Tunbridge Wells, along with contributing to the delivery of greener and prosperous boroughs over the coming years.

We understand that the context in which we operate will continue to 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 ensure that this strategy is reviewed and updated according to these conditions, with a commitment to providing innovative procurement solutions to the partnership.

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# Local & National Context

## Local Context

As a partnership of two borough councils, our responsibilities are clearly defined and different to those of our over-arching county council (Kent County Council). These responsibilities would broadly be categorised as follows:

**Partner Authority (TWBC & MBC):** Waste & recycling collection, Council tax collection, Housing, Planning applications, Environmental health, Leisure (facilities and open spaces/parks), Cultural Services (museums, theatres, events etc).

**Kent County Council:** Education and Children's services, Highways, Transport planning, Passenger transport, Adult social care, Libraries, Waste disposal and Strategic planning.

During the Covid 19 pandemic, local authorities were tasked with the distribution of several rounds of grants to businesses, as well as playing a leading role in helping with the rollout of vaccinations to local residents.

At the time of writing this strategy, both partner authorities face significant challenges:

1. **Budgetary Pressures** – The cost of re-procuring existing services is likely to rise significantly as contracts expire, which will add increased strain to budgets.
2. **Climate Change** – both authorities have committed to net carbon zero status by 2030, but progress is reliant on internal resources and suitable funding.
3. **Staff Retention** – our ability to compete with the private sector (and some other public sector bodies).

## National Context

At national level, the long-term effects of the UK leaving the European Union on 31st January 2020 continue to be monitored, with Northern Ireland trade protocols being a key area of focus at the time of writing this strategy.

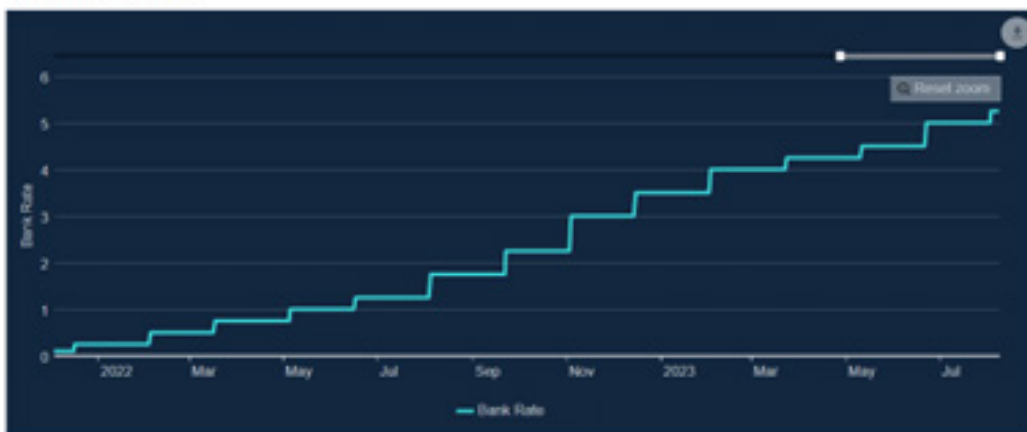
2023 has seen significant upheaval for the UK economy. The invasion of Ukraine in 2022 has triggered a cost of living crisis, with the costs of everyday essentials (food, fuel and utilities) hit with steep increases. The rate of inflation has hit double figures, with mortgage rates reaching a decade long high as the Bank of England raised interest rates 13 consecutive times (See fig. 1) – and these inflationary pressures have put greater strain on the already stretched finances of local authorities across the UK.

On a legislative front, the way in which public sector procurement is conducted is currently under review. A new legislative framework is being consulted on, with draft bills currently passing between the two houses of parliament. We anticipate that, unless any significant delays are incurred, this legislation will come into effect in late 2024. This will present a significant step change in how procurement is undertaken by local authorities, with a more flexible approach to the operational aspects of our roles. However, with the new changes there will also be a greater burden of administration, with several new requirements for publication of documentation and reporting.

Fig 1.

Date Changed	Rate
03 Aug 23	5.25
22 Jun 23	5.00
11 May 23	4.50
23 Mar 23	4.25
02 Feb 23	4.00
15 Dec 22	3.50
03 Nov 22	3.00
22 Sep 22	2.25
04 Aug 22	1.75
16 Jun 22	1.25
05 May 22	1.00
17 Mar 22	0.75
03 Feb 22	0.50
16 Dec 21	0.25
19 Mar 20	0.10

Official Bank Rate



The following PESTLE analysis details some of the challenges that may face the partnership as we move through the period of this strategy.

## Challenges facing the Borough

### Political



- Local elections: All out elections in May 2024; MBC move to all out election model
- Political composition of the Councils
- General election must be held in 2024
- Potential devolution or creation of Unitary Authorities if KCC continues to struggle financially
- Immigration policies/Cross Channel Migration

#### Commentary:

We accept that there may be times when the Council shifts its focus or priorities, particularly if there is a drastic change in the Councils composition post election. We will continue to be agile in our approach to managing projects, in line with the strategic focus of the Council, in order to ensure effective delivery.

Kent County Council (KCC) have stated that the demand for, and subsequent strain on, services caused by cross channel migration was at a critical level. If KCC continues to struggle financially it could lead to a potential devolution agreement, the formation of unitary authorities, or in the worst case – a Section 114 notice being issued. These could have a significant impact on our service, and so we must remain alert and prepared for any eventuality.

### Economic



- Local government funding
- Inflationary pressure when re-procuring expiring contracts
- Reduction in disposable household incomes
- Ongoing fall out from Brexit

#### Commentary:

Local government funding continues to be an area of concern. The Government's support grants for businesses and individuals during the pandemic was much needed but, in reality, will lead to further cutbacks in the future (as well as potential tax increases) in order to balance this cost.

Inflation has seen a significant increase since the invasion of Ukraine – running above 10% for a time, and leading to significant cost pressure for annual contract uplifts. This inflationary pressure has led to a sharp increase in interest rates, which can benefit the Councils financially, and could help to ease inflationary pressures over the medium term (although inflation is expected to remain higher than the 2% target set by the Monetary Policy Commission).

### Social



- Aging Population in Tunbridge Wells
- Population growth in Maidstone
- War in Ukraine
- High cost of housing/Lack of affordable housing
- Cost of living crisis
- Hybrid working

#### Commentary:

There are two fundamental population trends for our partner authorities from the most recent Census data. In Tunbridge Wells, the borough has seen an increase of 17.4% in people aged 65 and over – indicating an aging population which could have an impact on the local economy. Maidstone has seen a 13.3% increase in its total population, one of the largest increases in the South East, which would indicate a potential for pressures on infrastructure and availability of Housing.

In both areas, the lack of affordable housing is a fundamental issue and this, coupled with the cost of living crisis, could lead to significant pressure on our Housing services in the coming months and years. The war in Ukraine has put significant pressure on global markets, as well as displacing millions of Ukrainian nationals.

The move to hybrid working models in post-Covid workplaces will lead to new 'social norms' being established, but may also have a negative impact on the mental health of some workers.

# PESTLE Analysis, Tunbridge Wells Borough, 2023–2026

## Technological

- Hybrid working models becoming the norm
- Focus on 'digital first' approaches in new processes and procedures
- Cashless services



### Commentary:

We have worked diligently in order to ensure that our procurement processes are digital, with use of the Kent Business Portal and Contracts Finder now instilled as best practice. However, we will continue to look for opportunities for continuous improvement in this area, with a focus on approvals processes and audit trail as we move into the next 3 years.

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

Post-Covid, it has become widely accepted that organisations work on cashless terms. Some services within the partnership have made progress with switching to cashless methods of payment, but more could be done to accelerate this process and help the partner authorities to achieve savings and efficiencies.

## Legal

- New procurement legislation due in 2024
- Increased chance of legal challenges as previous precedents will no longer be used



### Commentary:

We operate in a heavily regulated sector and must be mindful of changes to procedure, policy or legislation. The Public Contracts Regulations (2015) are currently being reviewed, with a new legislative framework expected to come into force by the end of 2024. This will potentially see a significant change in the way that Procurement is conducted across the public sector, and we will ensure that our team is fully trained and prepared for the implementation of the new legislation in order to ensure the partner authorities are well protected, and achieving value from projects.

It is likely that we may also see an upturn in, or increased chance of, suppliers making legal challenges to contract awards in the public sector. The change in legislation will inevitably lead to decisions being tested/challenged in order to set new legal precedents. In order to combat this, we will work closely with our colleagues in Mid Kent Legal Services to ensure that our processes and procedures remain robust under the new legislation.

## Environmental

- Reduction of emissions to Net Zero by 2030 (Climate Emergency declaration)
- Restrictions on planning in Tunbridge Wells
- Rollout of EV charging infrastructure



### Commentary:

There will be a much greater focus on the environmental impacts of our processes and contracts as we move through the term of this strategy. We are working to reduce emissions and contribute to national carbon reduction targets by focussing on our own operations and estates. However, the infrastructure and access to more environmentally friendly modes of operation are a problem – both in terms of availability and cost. It will be vital that we keep up to date with improvements in technologies and grant funding opportunities in order to support our carbon reduction goals.

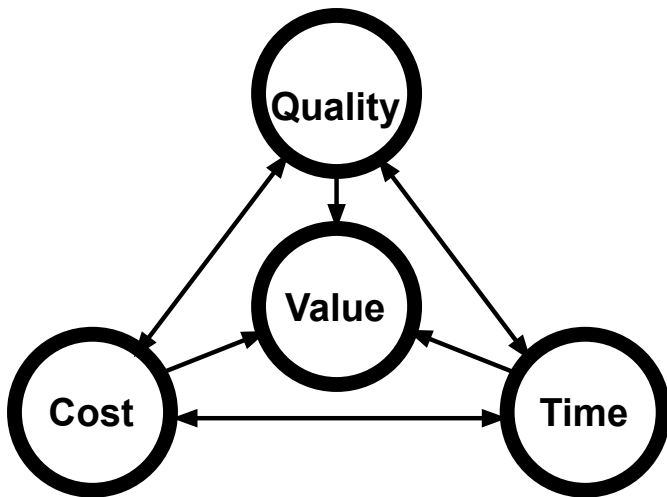
Due to the rural nature of Tunbridge Wells Borough, it is unsurprising that we have a number of restrictions on development. We have areas of outstanding natural beauty (AONB), green belt land, sites of special scientific interest (SSSI) and tree protection orders (TPO) which must be taken into consideration 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 effects our ability to meet new homes quotas handed down from central Government.

It is important to both authorities that certain steps are taken, as soon as practical, to de-carbonise our assets and contracts. Both partners want to increase the rollout of EV charging infrastructure across the respective boroughs, and large contracts will be heavily scrutinised for potential carbon savings when we consider specifications for re-tendering.

**We will be focussing on 6 key themes for the delivery of our strategic aims: Compliance; Sustainability; Localism; Commercialism; Stability and Expansion.**

## Compliance

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



In order to achieve our vision, we must ensure that each Council procures in a compliant manner – whilst attempting to derive as much value from our contracts as possible.

For this strategy, we will be concentrating on 2 key themes for compliance: Legislative Changes and Training

### Legislative Changes

A review of the legislation regarding public sector procurement was undertaken following the UK's exit from the European Union, and the subsequent pitfalls and issues identified within the current legislative framework by the Government whilst procuring supplies during the Covid 19 pandemic. This review aims to introduce a new legislative framework for the governance of public sector procurement, known as The Procurement Bill (2022-23), and is expected to be implemented from late 2024.

There are 3 key areas that we will focus on in regard to the proposed legislative changes:

1. Engagement – We will ensure that our team are up to date with the latest details of the bill and its passage through the two houses of Parliament. This will include:
  - i. Responding to any public consultations issued by the Government in relation to the bill, ensuring that our views are expressed, and;
  - i. Engaging with key stakeholders, including

Mid Kent Legal Services, within the partnership to ensure that they are kept up to date with the latest developments regarding the bill.

2. Updates – We will ensure that we update the following key documents in line with the new legislative framework:
  - i. The constitutions of both partner authorities, to reflect the new legislation and to align the thresholds for procurement across the partnership, and;
  - i. All procurement guidance documents, portals, and training materials in order to ensure delivery of timely and accurate advice to all stakeholders.
3. Communications – We will ensure that the legislative changes are communicated to all internal stakeholders, and that new training materials are rolled out ahead of the implementation of the new legislation.

By focussing on these key areas, we will also be continuing to work towards zero non-conformance across the Councils. Our forward plan (project pipeline) is likely to form part of the required new notices under the Procurement Bill, and as such this will be communicated to key personnel and cascaded amongst their teams for additional projects and information to be added.

We will also continue to ensure that the partner authorities comply with transparency requirements – ensuring that our stakeholders are fully aware of their obligations under the Local Government Transparency Code 2015.

As well as the procurement specific legislation, the partner authorities are committed to ensuring we have regard to the Public Sector Equality Duty in our processes so that we procure goods and services that take account of the needs of different users. Officers will be responsible for ensuring that equality impacts are considered prior to approval of any procurement project and mechanisms will be put in place to embed equality standards throughout the procurement process.



## What will success look like?

Success in this area will be defined by being fully compliant with the requirements of the Local Government Transparency Code 2015, having robust processes and procedures in place ahead of the new legislative framework being implemented, and having a well prepared team to lead our stakeholders through the implementation process – ensuring that our communications plans and training rollout are all put into practice as early as possible.

## 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 3 key stakeholder groups to engage in this objective:

1. **Officers** – Ensuring that the Procurement team are well coached and able to give professional advice to stakeholders whenever asked. We will do this by:
  - i. Rolling out new procurement training and guidance notes, to be delivered as early as possible before the implementation of the new legislative framework, and;
  - i. Creating self-help/reference functions on our intranet pages - for example: creation of Frequently Asked Questions (FAQs) and short guides to procurement - to support the training module rollout.
2. **Elected Members** – Ensuring that elected members are informed and offered relevant guidance and training on the new legislation by:
  - i. Updating the constitutions of both partner authorities to ensure that they accurately reflect the new requirements of the bill and to align the procurement thresholds of both authorities, and;
  - i. Offering member briefings/training sessions in order to ensure that members have the knowledge required to properly scrutinise procurement activity undertaken.
3. **Businesses** – Ensuring that local businesses are engaged with our processes, and the legislation which governs them, by:
  - i. Sending out relevant and useful communications to businesses by partnering with our Economic Development team to

provide information for their newsletters and social media posts, and working with the local Business Improvement District (BID) to send the information out to their members and networks.

- i. Holding in-person supplier events, at which we can update suppliers on the legislative changes and how this will effect how we do business. This will also help to encourage suppliers to register for the use our eTendering platform.
- i. Ensuring that the websites of each partner authority are fully updated with the latest information for external stakeholders and businesses to find.

## What will success look like?

Success in this area will be defined by having a well trained, professional and approachable procurement team, which will in turn enable us to create a coaching culture for our department. The team will continue working towards CIPS status by taking professional qualifications, and we will ensure that all team members are certified under the new legislative framework in order to offer expert advice and guidance to our stakeholders on all procurement matters.

The Organisation will have well informed and trained officers and members, who are fully aware of their obligations to ensure compliance with all local and national procurement regulations.

# Sustainability

In order to understand our approach to sustainable procurement, it is important to first define this term; 'Sustainable Procurement is 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 society and the local economy, whilst minimising damage to the environment' (LGA 2021). In 2022/2023 the Councils implemented a Sustainable procurement policy. This policy aims to support our Climate emergency pledge. This strategy outlines our vision to look beyond the Sustainable Procurement Policy into three areas Procurement can impact on the Councils Climate Emergency objectives.

## Carbon Reduction

In 2019 the Councils declared a climate emergency and set out a commitment to become carbon neutral by 2030. For the Authorities, the majority of greenhouse gas emissions and cost reduction opportunities lie outside internal operations. By looking at our main contracts forming our Scope 3 emissions, we open opportunities to look at how we can reduce the contract carbon emissions. These opportunities open through both the procurement process and effective contract management. Our sustainable procurement policy outlines how we will engage with potential suppliers and provides a timeline for measuring scope 3 emissions. It is our intention that we will look to work collaboratively with our suppliers to develop a proactive approach to reducing emissions. In order to best support the Councils objectives in this area, Procurement will be looking to continually expand on our growing sustainability knowledge, and we will look to provide officers with case studies and examples of contracts where carbon reductions have been achieved.

In the current economic climate, it is important to note that Local Government faces increasingly difficult financial decisions in its search for best value in its contracts. Whilst the Councils strive to achieve its goals of being carbon neutral by 2030, we must balance this with the requirement to deliver contracts within the agreed budget. Whilst we cannot say with certainty that contracts offering to make serious reductions in the carbon they omit will be at a higher cost, this strategy will note that this is a possibility that the Authorities will have to contend with.

## What effect will this have?

The reduction of the carbon emitted throughout our contracts will assist the Councils in its objectives of being carbon neutral in 2030. Through the outlined approach of collaborative working with our suppliers, this may allow us to pursue contracts that will reduce Carbon emissions at a cost maintainable by the Authorities.

## Three Pillars of Sustainability/ Triple Bottom Line

The section proposes our vision for changing the way in which we view procuring, Officers will be asked to consider The Three pillars of sustainability/ Triple Bottom Line (TBS/TBL). This theory is an expansion on the traditional bottom-line methodology, instead of focusing solely on their financial impact, organisations under this model are also looking to measure the influence that they can have on social and environmental factors. The below provides a brief outline of some of the areas that we will look to target and support under this model:

### 1. Environmental:

- Energy consumption – supporting with reducing consumption and the search for alternatives
- Waste management/ whole life costing – supporting service areas with understanding the whole life cost implications of purchasing, with an objective to guide towards the purchase of products that will be recyclable
- Reducing Carbon emissions – as stated above this will be a collaborative effort between the Council and its suppliers

### 2. Social:

- Social value – increasing value to our communities through the use of our social value policy whilst tendering to achieve deliverable outcomes.

### 3. Financial:

- Ensuring that we are operating within our budget and achieving best value

An essential part of implementing the TBL/ TPS is to establish the methods in which we will gather data to understand our impact on our TBL/ TPS. This will need to be established by collaborating effectively with contract managers and suppliers.

## What effect will this have?

In exploring key contracts and their impact on the Councils triple bottom line/ three pillars of sustainability, this will allow us to increase our positive impact in these areas. Our already implemented social value and sustainability policies will continue to allow us to focus on the impact we have on social and environmental factors, as well as looking after financial factors.

## Utilities

Our Utility contracts form an essential aspect of our operational abilities, these contracts provide opportunities to impact on our environmental goals. There are 2 main areas which we will look to target: reductions and future options.

### 1. Reductions:

- We will assist building managers in assessing their usage of utilities and understanding the strategies we can employ to reduce their usage.

### 2. Exploring procurement opportunities:

- We will investigate our options for procuring green energy, keeping a keen focus on opportunities that may arise. We will also continually review options that we have previously excluded due to their lack of viability to the Council and its objectives.
- The second opportunity that we could explore would be the production of our own energy, this will most likely take the form of backing a consortium of local authorities in purchasing a solar or battery farm.

## What effect will this have?

In recurrently analysing our Utility options this will continually provide our organisation with current information on the two areas listed above. In working closely on analysing opportunities, this will hopefully open a suitable opportunity that enables us to move towards our environmental goals, whilst carefully managing the impact on our budgets.

# Localism

In order to understand our approach to 'Localism', it is important to first define this term; 'the belief that services should be controlled and provided, or goods produced and bought, within a local area for the benefit of people in that area' (Collins Dictionary 2023). We will be exploring the factors surrounding social value, engagement, communications and how the Partnership can help generate more tender submissions and interest from local suppliers by utilising these resources.

## Social Value

Social Value refers to the way in which public sector contracts can benefit the community with responsible and sustainable business practices. It is the use of strategic procurement processes to generate wider public benefits beyond the core products and services purchased.

Our intention is to commit fully to the Social Value Act 2012, by embedding its principles into our procurement processes and procedures where it is feasible and appropriate to do so. Please refer to The Social Value Policy of each partner authority for further information. These can be found at the following links: [maidstone.gov.uk](http://maidstone.gov.uk) & [tunbridgewells.gov.uk](http://tunbridgewells.gov.uk)

The Partnership is committed to delivering best value for its residents in every area of service, ensuring they consider the total cost over the lifetime of the item or service, and to incorporate social value into its procurement processes. Commissioning/contract officers must look for opportunities to enhance the value of the contract to the wider community and not just the goods/ services they are procuring.

The benefits of incorporating social value into our procurement processes are:

- Generation of employment and training opportunities
- Attraction of social benefit suppliers whose business revolves around their purpose and what they do with their profits, for example Social Enterprises and Voluntary Community Social Organisations (VCSOs)
- More diverse supplier markets which can lead to increased innovations
- Businesses that have an important presence in the local area and can use local labour (enabling the communities to grow).

## **What effect will this have?**

The effect of the Partnership incorporating social value into their procurements will be defined by the commissioning/contract officers abiding by the Social Value Policy for the authorities, and by monitoring the added value that this brings to our contracts moving forward.

## **Engagement**

### **Supplier Events**

In the delivery of our Social Value Policies, we intend to be more engaged with local businesses to ensure that they understand how we do business. We have already taken steps within our Contract Procedure Rules to encourage local representation when requesting quotes from the market. However, many suppliers still lack the knowledge and/or confidence to quote for Council contracts as they are unfamiliar with our processes.

To encourage greater participation from the local suppliers we will be working with our colleagues in Economic Development, and with the Business Improvement District (BID), to offer Supplier Events and Training sessions. This would be a chance for local businesses to attend organised events to gain a better understanding of our processes, and what would be expected of them during a tender exercise. We would offer an overview of our eTendering platform and evaluation models and methodologies that may be used in our processes, provided it would not constitute a conflict of interest for the Councils.

### **Council Members**

Elected Members will be offered training and guidance to understand how we do business, and explain the benefits of, and how we utilise, our eTendering platform to run our procurement processes.

We commit to, where appropriate, utilising our corporate social media platforms to engage more local businesses. Council Members will be encouraged to share these posts through their own social media platforms, to reach a wider audience.

## **Parish Councils**

Parish councils are bound by the same procurement legislation as all public sector bodies. If they do not have access to dedicated, professional procurement advice then they may be vulnerable to falling foul of these rules. We would be happy to build relationships with our parishes in order to aid them with procurement processes, which in return could result in a possible revenue stream for the Partnership.

## **What effect will this have?**

The effect in this area will be an improved relationship with, and potentially 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.

## **Communications**

Communications is very important as it is a means to reaching a wide audience locally and this can be achieved through a variety of methods. The Partnership commits in helping to generate more business in the local area and one way to achieve this is by liaising internally with our Communications department, to share posts created by Procurement on our corporate social media platforms. The aim of this is to direct interested suppliers to where they can bid for the work.

Alongside this, advertisements will be posted on the Tunbridge Wells & Maidstone Borough Council websites explaining how the Councils do business and direct potential suppliers to our eTendering platform where they can bid for current opportunities.

Advertisements will be placed in local magazines explaining how suppliers can register on our eTendering platform, and how the Partnership operates their procurement processes enabling local suppliers to understand the processes better.

## **What effect will this have?**

The effect this will have will be defined very similarly to the previous section whereby the Partnership will have improved relationships with local suppliers, and this will translate into more tenders being received from local companies.

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# Commercialism

Commercialism has different meanings in varying contexts. For the purpose of this strategy, we will adopt the following definition provided by the National Procurement Strategy Local Government England 2022; 'Creating commercial opportunities refers to how an organisation promotes revenue generation and value creation through the way it plans its major third-party acquisitions (works, services and goods), reviews its business options (make or buy), engages with, and influences, markets and potential suppliers, seeks to support and encourage innovation, and promotes the development of new ideas and solutions to service delivery.'

In order to progress in this area, we will look to target 3 key areas: **skill sets, revenue generation and category management.**

## Skill Sets

Within both Councils, selected service areas are operating in a commercial manner, as we move forward whilst operating in a constrained financial environment, it is vital that Officers possess the skills to identify further opportunities to commercialise contracts. These benefits may be tangible (financial) or intangible (further services provided whilst reducing/ sharing the cost). We will seek to develop Officers understanding and will provide guidance in how they can enhance their contracts and internal services to generate further value.

In developing Officers commercial understanding, we will be looking to build upon relationships, especially in areas where cross functionality will be beneficial to the organisation. Cross functionality in this context will be defined as bringing together a group of service areas/ individuals with varying expertise to support the achievement of a common goal. These cross functional teams will be established with the objective of generating further commercial value.

### What effect will this have?

In developing the skill sets of our colleagues, we will seek to build on the competency of our officers to enable them to identify and explore opportunities to commercialise parts of their services. Through this exercise we will encourage cross functional working which will provide Officers with connections to potentially drive commercial value.

## Revenue Generation

Revenue generation is the process of identifying and establishing ways in which we can deliver a service/ contract in order to create a revenue income. Historically, the Councils have mainly considered concessions contracts as a means to satisfy these requirements. For future Revenue generation, it will be essential that service areas are participating in exploring and evaluating opportunities across the organisations. Any revenue generation will enable us to provide support to discretionary services which may otherwise become vulnerable to funding cuts.

To achieve revenue generation, we firstly have to look at producing options for business to become involved in our activities. To make this viable it is essential that during the planning phases we consider our engagement strategy both internally and externally in advance of progressing to any procurement exercise.

1. In reviewing potential opportunities in advance this provides the opportunity to collaborate with businesses through an early engagement in order to ensure both parties achieve a desirable outcome.
2. Internal engagement - We will look to work with service areas to understand and develop contracts that may be suitable for revenue generation, once identified we will look to engage with suppliers to understand viability before moving towards planning our procurement.
3. External engagement - This will involve co-ordinating sessions to help build a relationship between the Council and potential suppliers, these exercises will assist us in understanding what could be achieved.

### What effect will this have?

Success in this area will have the effect of providing further income streams for the Councils, and will provide the opportunity for us to assist local businesses in their development. In establishing regular income streams, this will enable us to invest further into the Councils aims and objectives.

## Category Management

In implementing a category management approach, we are looking to fully understand the breadth of our spend, then to break this down into categories for which we can employ management strategies in order to achieve best value.

This strategy proposes that as an organisation and a partnership we adopt a variation on the traditional category management approach. This will involve undertaking extensive analysis of our spend which will be completed in multiple phases. In breaking our analysis down into stages, we will be able to focus on areas where we will be able to achieve 'quick wins' before moving on to our more complex areas of spend.

The below documents the proposed four stage analysis journey that we will take to further understand our spend areas and how we will look to use this data to our advantage in a category management approach.

Stage 1: Spend data will be collected and then divided into broad categories.

Stage 2: Spend categories identified at stage 1 will be further broken down into subcategories. The structure for each category may be different, this will be scrutinised to fully understand the data.

Stage 3: Following stage 2, we will be looking to find synergies within the various categories both across the Councils and within the partnership.

Stage 4: Category management strategy options are evaluated for each category and implemented.

In following the above process at stage 3 in the above process we will be looking to identify synergies, which we hope will lead to potential opportunities to seek better value in procurements. Value in this context could relate to quality, or the costs associated with the goods and services we are looking to obtain. By adopting a category management approach, it may open further opportunities to work with other organisations around Kent. The potential benefit of which would be larger economies of scale and the creation of contracts that are more appealing and viable for bidders.

In order to implement an effective category management approach, we will need to establish a strategic toolkit. This will enable us to identify the drivers/ triggers for each category and to gain a greater understanding of effective management approaches that could be adopted to deliver value. We will identify the appropriate tools to use for each category following the analysis and evaluation of data.

## What effect will this have?

In reviewing the spend across the partnership we will begin to understand the breath of contracts that enable the Councils to deliver their services. In employing the category management approach, we aim to implement effective strategies to drive better value. This process enables us to look at how we can best deliver the contract and review all potential options or changes to services.

# Stability

Stability is an important value in any team or organisation. Lack of stability in a team can lead to poor productivity and communication, as well as halting and delaying projects. To address stability we will be looking at three key areas in this section: **contract management, training, and resources.**

## Contract Management

Contract management plays a pivotal role in our ability to maximise the value of our contracts. Effective contract management starts from the earliest moments of the commissioning cycle, with officers defining the organisations requirements and what the contract must deliver. To ensure effective contract management, we will provide practical support for contract managers where required, and access to a toolkit to assist officers with the management of their contracts. A key method of improving stability through contract management is by providing training for our officers. This can be achieved using compulsory training sessions, and/or through various walk-in surgeries that we hope to hold throughout the next three years.

## Training Sessions

Compulsory training sessions offer the opportunity for officers to understand procurement processes and procedures, and what their role is within them. This leads to our colleagues being able to fully participate in projects and set well-defined objectives and clear requirements for contracts. Compulsory sessions will be available for both partners, and we will aim to hold these on a regular basis.

Walk in sessions, or virtual drop-in sessions, are to be provided as part of this strategy. This will be provided in addition to the mandatory training and support that will be offered to managers and budget holders as part of their induction and will be available to all stakeholders. The benefit of allowing officers opportunities to attend these sessions is the refinement of skills and shared learning. As these are optional sessions, officers who attend are more

likely to engage and interact in the training sessions as they volunteered their own time to do so, and it also has the potential to increase competency throughout the councils as these are not limited to a select group of officers.

## Competency

To uphold quality throughout the councils it is important that there is a high degree of competency when it comes to how we conduct our processes. Whilst training can initially help with this, we aim to implement strategies in order to ensure best practice principles are observed.

As a service, we work closely with officers who manage and/or monitor contracts. During the natural course of the commissioning cycle, we will engage with the officers to ensure that each contract is reviewed on merit and complacency is avoided at all phases of the process.

We have developed a strategic tool kit, which is available to all officers, which we will be promoting and actively encouraging the use of. This toolkit is designed to assist officers in the management of contracts and includes links to useful sources, expectations of contract managers and guidance.

## What will success look like?

Success in this area will be defined by having a confident and capable team of contract managers across the Councils and ensuring that value is at the heart of our contracts. Officers will be well informed and able to deliver against organisational objectives in a compliant manner. Regular monitoring will be taking place to ensure that processes are followed, and non-conformance will be reported on regularly.

## Resources

### Team

We are a small service area, with a flat structure, designed to provide a service to the wider partnership. In developing the partnership, we have continued to instil an ethos of “growing our own”, which essentially means that we aim to provide development opportunities for our team members in order to support our succession plan.

Across the partner authorities, staff retention continues to be a key issue. Factors including remuneration, training and development opportunities and working in a political environment have played a part in increased levels of staff turnover.

Our strategy for staff retention focuses on providing

opportunities for training and career development. This includes, but is not limited to, offering dedicated coaching and support to officers and the opportunity to undertake the Chartered Institute of Procurement and Supply (CIPS) qualification. In adopting this strategy our hope is to increase staff retention, and to provide a flexible approach for the delivery of our service, by ensuring that officers have a varied skill set to best meet the needs of the partnership.

## Organisational

Organisational stability will have an impact on how efficiently we can provide our service. If staff turnover is high, this may lead to poor contract management, misalignment, misstep in procedures, delays, and communication breakdown. We can often find ourselves as a bridge between outgoing and incoming officers leading to additional pressures on our service. Effective communication is vital for the transfer and retention of essential information and knowledge during periods of staff turnover.

Some of the strategies that the partner authorities are attempting to use to enhance staff retention are:

- Hybrid Working – Provides opportunities for greater work life balance
- Pension – Highly competitive, contributory pension scheme
- Performance Related Pay (PRP) – Provides monetary recognition for employees valuable contribution
- Employee Benefit Schemes – Provides access to schemes such as cycle to work scheme, healthcare, childcare vouchers, and employee assistance program (EAP).
- Office Amenities – Provision of free hot beverages, fruit baskets etc.
- Social Events – Christmas party, staff awards

## What effect will this have?

By retaining our staff through the training and opportunities on offer, it allows the team to continue to improve and become more effective. The effect of improving staff retention is:

- Greater operational stability
- Retention of knowledge and expertise -
- Reduced recruitment cost
- Increased opportunities for efficiencies and value

# Expansion

During the next three years, we would like to explore the possibility of expanding our service; to provide an opportunity for growth within our procurement team, potentially share the cost of our service across multiple partners, and/or generate a revenue. We consider that this could be achieved in one of 2 ways:

1. By creating a Local Authority Trading Company (LATCo)
2. By expanding our partnership model

## LATCo

This is a tricky area of procurement law and practical operation. A LATCo model allows local authorities to take advantage of the wider market place in terms of the services they're already providing.

Traditionally, local councils provide a number of back office or front-line services for different areas, and for us in particular this would include

procurement services and finance processing. By taking our best practice, in-house solution and offering it as a service for other organisations, we would effectively become a commercial entity. This model would allow us the opportunity to generate additional revenue that can be reinvested directly into services.

## Expansion of the partnership model

By expanding our current partnership approach and model, we could look to create efficiencies for all by sharing a single set of resources.

We have a well established delivery model, which focusses on integration with existing service areas and building strong working relationships with officers across the breadth of the organisation.

The efficiencies in terms of resource would also be married with potential synergies in contracts – allowing us to combine volumes and requirements in order to achieve economies of scale.

## Opportunity & Threats Analysis

Opportunities	Threats
<b>LATCo:</b>	
<ul style="list-style-type: none"> <li>• Potential to generate revenue streams for the partner authorities</li> <li>• Greater flexibility within the supply chain</li> <li>• Potential to explore Framework &amp; DPS creations and generate income from access fees or rebates</li> <li>• Potential for establishing strong category management processes</li> </ul>	<ul style="list-style-type: none"> <li>• Potentially difficult to set up, administer and govern</li> <li>• Teckal regulations apply, and would need to be deeply rooted into operational processes and models</li> <li>• Demand – a lack of demand could lead to failure</li> <li>• Competition – better established LATCo entities are already trading and trusted within the industry</li> </ul>
<b>Expansion of Partnership:</b>	
<ul style="list-style-type: none"> <li>• Potential to partner with more neighbouring authorities to reduce costs and improve efficiency</li> <li>• Opens up possible lines of communication for other shared services/joint contracts</li> <li>• Operational model is already established and repeatable</li> <li>• Potential for establishing strong category management processes</li> </ul>	<ul style="list-style-type: none"> <li>• Interest – potential lack of interest from neighbouring authorities could prevent an expansion</li> <li>• Politics – Political relationships between authorities need to be strong in order to achieve backing</li> <li>• Resource – We run with the minimum resource required at present, and expansion without consideration of resource could overstretch the service</li> </ul>



## What will success look like?

Success in this area would be an expansion of our current service to aid efficiencies, and generate greater savings potential or revenue streams.

## How will we measure our success?

By its nature, our service is very dynamic and prone to change. In order to measure the success of this strategy, we will commit to:

Reviewing progress against our stated aims on a 6 monthly basis, and providing a written report to the strategic leads at both partner authorities.

Working with our strategic leads to determine any suitable performance measures to be implemented.

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# Summary

In summary, the next three years will be a time of significant change and challenge for Procurement. We have a solid foundation from which to build, and we will continue to explore opportunities for improving and enhancing our service further. We have undertaken a re-design of our processes and procedures in the last 3 years to ensure a more digital approach – which has been achieved without compromising compliance and visibility.

Moving ahead, we need to ensure that we make the most of every opportunity to extract added value from our contracts, with a focus on category management, supplier led innovation, and cost reduction/revenue generation initiatives. We must ensure that a more sustainable approach to our procurements is adopted, in order to achieve the very challenging target of achieving Net Zero carbon emissions by 2030. Our budgets will continue to be stretched, but we will still be expected to deliver the vast amounts of services required by our residents in increasingly challenging economic markets. There will be some very difficult decisions to be made by elected members regarding services, in consultation with our residents, and we stand ready to support in any way that we can.

We move into the next three year period with renewed focus, and a desire to enhance our service – knowing that we must innovate in order to prosper. We will continue to offer advice, guidance and support to our colleagues and stakeholders in order to ensure compliance – and will ensure that we focus on adding value in our interactions with these key groups.

None of us can predict the impact of the new procurement legislation, which is due to come into effect in 2024 - but we will be fully prepared and will work very closely with our colleagues in Legal to ensure a smooth implementation.