



North East Lincolnshire Council

# Procurement Strategy

2023 - 2027



Stronger Economy: Stronger Communities. **Together we can be stronger.**

# Introduction

North East Lincolnshire's **Council Plan** states that:

With solid reporting and governance in place, we wish to take partners with us on North East Lincolnshire's journey – sharing objectives and interests for the benefit of all, creating stronger economies and stronger communities.

To be successful, it is important that our key objectives for North East Lincolnshire are owned by our anchor organisations and sectors. Along with our key partners in 2021 we revisited the Outcomes Framework for North East Lincolnshire.

**This has five outcome areas, and those are that our people should:**

- **Reach their full potential through skills and learning;**
- **Benefit from a green economy and a high-quality environment;**
- **Enjoy good health and wellbeing;**
- **Benefit from a strong local economy;**
- **Live in a safe environment, can have their say about things that are important to them and participate fully in their communities.**

This strategy underpins the delivery of our Council Plan.

The strategy provides a framework for decision making relating to the purchasing of goods, services and works by the Council. It incorporates the most appropriate elements of best practice in structure, policy, and procedure, and will remain sufficiently flexible to respond to both internal and external change.

There is an on-going challenge due to the current economic climate, placing public sector finance under increasing pressure and scrutiny. This means that obtaining value for money, creating opportunities for economic growth and the delivery of social value within North East Lincolnshire will be a strong focus of our procurement activity.

Value for money is more than financial value. We aim to use our procurement processes to derive the greatest benefit to the local economy and our residents, and to ensure that the goods, services and works that we procure reflect our values and priorities, for example, relating to climate change, fairness, tackling deprivation, and creating sustainable economic growth.

In keeping with the ambition of the Council's place led approach and aligned with the Council Plan, the **National Procurement Strategy**, and the **National Procurement Policy Statement**, this procurement strategy sets high standards for the Council. Delivery will require commitment, action and buy-in from elected members, staff, key stakeholders and suppliers if North East Lincolnshire citizens are to receive high quality and cost-effective services.

This document should be read in conjunction with the Council's **Constitution** which details the Contract Procedure Rules that all Council procurements must comply with.

<sup>1</sup> The Contract Procedure Rules set out the mandatory procurement procedures that must be followed by officers and elected members when the Council spends money on the services, goods and works. They form an integral part of the Council's Constitution.

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# Context

## Commissioning & Procurement – what is the difference?

Commissioning is the process of planning, designing, and monitoring services based on the understanding of a community's needs, within the resources available. Successful commissioning involves gathering data, intelligence, and insight from a range of sources, for example, organisations and sectors working with our communities, community groups, local businesses, or individual residents to ensure that we deliver the right outcomes at the right cost.

Successful commissioning leads to good decision making, based on evidence and a thorough understanding of need which together set a path for delivering the right outcomes within a value for money context. It is an on-going, iterative, and inclusive process of activities which determine where and how best to deploy the resources available and can determine where additional social value can be added into contracts or service delivery, for example, through creating opportunities for local employment or training, or by taking actions that improve environmental sustainability.

Procurement is the process of acquiring goods, services and works, and covers the full lifecycle from the initial concept to the end of useful life of an asset or service. It has a wider scope than 'purchasing' or 'buying'; as a public authority it concerns securing products and services that best meet the needs of the community whilst taking into account the fundamental principles of efficiency, economy and effectiveness. Put simply, commissioning is about the '**what**' and procurement is about the '**how**'.

Within the Council, procurement and commissioning are interrelated functions with the ultimate goal of sourcing the most appropriate delivery option based on the intended outcome.







# Our Procurement Aspiration

This strategy is intended to underpin our approach to procurement so that we deliver social value and sustainability whilst maintaining the best value for goods, services and works in the most cost effective and timely manner.

- It emphasises the importance of procurement decisions and will be communicated widely to Members, officers, partners, suppliers, stakeholders, and the community.
- It is designed to ensure goods, services and works are consistently procured in an open, fair, and transparent way, in compliance with the Council's Contract Procedure Rules and procurement legislation.
- It emphasises the importance of sustainable procurement; using procurement to support wider social, economic, and environmental objectives in a way that offers real long-term benefits to the local community.
- It paves the way for the Council's contribution to the broader public procurement landscape in North East Lincolnshire – one which promotes the needs of the North East Lincolnshire community, fosters innovation and efficiency, and uses procurement to support the local economy and develop and shape the local market.

<sup>2</sup> The Public Services (Social Value) Act 2012 came into force in January 2013. It requires the Council at the pre-procurement phase of procuring services to consider how what is being procured might improve the economic, social and environmental well-being of an area.



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# Aim

By adopting this strategy our aim is that our approach to procurement will:

- **Support** the local economy and work to enable small to medium sized enterprises (SME) and the voluntary, community and social enterprises (VCSE) in its activities and enable the local market to feel able and willing to work with the Council.
- **Deliver** tangible and meaningful social value benefits to the local community of North East Lincolnshire.
- **Achieve** value for money for the Council and residents of North East Lincolnshire.

<sup>3</sup> An SME is any organisation that has fewer than 250 employees and a turnover of less than €50 million or a balance sheet total less than €43 million. What is an SME

<sup>4</sup> VCSE means an incorporated voluntary, community or social enterprise organisation. VCSE definition

<sup>5</sup> Value for money is defined by the HM Treasury publication Managing Public Money as 'securing the best mix of quality and effectiveness for the least outlay over the period of use of the goods or services bought. It is not about minimising upfront prices.'







# Our Approach

## Commercial and Procurement Delivery

### Description

The right policies and processes are in place to consistently achieve value for money, ensure good governance, transparency, and continual improvement of procurement practice.

### Priorities

- Behaving Commercially
- Developing Market Awareness
- Modernising Procurements
- Developing Skills and Capabilities in Procurement
- Strong & Effective Governance
- Transparency and Openness

### How we will deliver

- Through adoption of a category management<sup>6</sup> approach to develop an understanding about the Council's key business areas, the related market's and to identify potential opportunities.
- Procurement processes are simplified as much as possible, making them easy to use, equitable, proportionate, and relevant, for Council officers and suppliers alike.
- Ensuring procurements comply with the statutory requirements and the Council's Contract Procedure Rules.
- By ensuring the sustainability and suitability of the suppliers we contract with, for example, by ensuring that suppliers comply with the Modern Slavery Act 2015.
- Ensuring compliance with transparency requirements so that suppliers are sighted on procurement opportunities and current contracts.
- Through publishing the procurement pipeline which will allow potential suppliers to understand future requirements.
- Through the provision of fit for purpose template documents, which both comply with statutory requirements and allow the Council to procure its desired outcomes.
- Through co-production with local, regional, and national stakeholders when relevant.
- Taking part in collaborative procurements when suitable in order to achieve value for money.
- By benchmarking procurement and commercial capabilities and providing training where gaps are identified.

<sup>6</sup> Category management is a strategic approach to procurement. It's where organisations segment their spend into areas which contain similar or related products. It allows more focus on categories that have opportunities for consolidation and efficiencies. <https://www.cips.org/intelligence-hub/category-management>





# Achieving Community Benefits

## Description

Ensuring that the contracts we let include relevant and deliverable social value outcomes.

Ensuring that we create the conditions that allow for local SME and VCSE organisations to engage and participate in the commissioning process and have the opportunity to tender for relevant contracts.

## Priorities

- Obtaining social value.
- Positively contributing towards the local environment.
- Enabling local SME and VCSE engagement and participation.

## How we will deliver

- Early visibility of tender opportunities to the local market, and in particular SME and VCSE organisations, via the publishing of the Procurement Pipeline, allowing them time to prepare for taking part in opportunities.
- When there is a local market for a requirement, and in particular SME and VCSE organisations, making opportunities accessible to them, through proportionality and simplifying of processes, and increasing their engagement in Preliminary Market Engagement.

<sup>7</sup> Preliminary Market Engagement is the way of engaging with the market in the development of scope, objectives, specification, evaluation criteria and conditions of contract prior to publishing a tender.

- Consideration is given to lotting procurements, especially when there is a local market for a requirement, to make opportunities more accessible for SME and VCSE organisations.
- When there is a local market for a requirement, particularly SME and VCSE organisations, procurement timescales reflect their limited resources.
- By considering how all procurements can positively contribute towards the Council's Social Value Policy and deliver tangible and meaningful added Social Value within North East Lincolnshire.
- As a minimum, all procurements over £100,000 will be required to consider and include Social Value metrics as a part of the scoring and evaluation process. However, in reflecting the Council's commitments to both social value outcomes and the development of the local economy and VCSE sector, wherever possible, procurements below this value will also seek Social Value benefits. Opting out of including a social value element will require evidence that the full potential of social value has been explored and there is clear evidence that social value cannot be included.
- Where possible, make social value inherent to the quality element of tenders for person-centred services.
- By considering how all procurements can positively contribute towards the Council's Environmental Vision and contribute towards the Net Zero target of 2030, and how suppliers can mitigate their impact on the local environment of North East Lincolnshire during performance of the contract.
- Encouraging ways of working that reduce waste, improve resource efficiency and contributing to the move towards a circular economy.
- Ensuring prompt and efficient payment of suppliers.
- Ensure that all contracts include management fees or core costs to ensure organisations are supported to operate sustainable businesses.



# Measures of Success

- Upcoming tenders are publicised ensuring we are transparent about our procurement intentions.
- Tangible and meaningful environmental benefits are delivered within North East Lincolnshire as a result of procurements.
- Tangible and meaningful added social value is delivered within North East Lincolnshire as a result of procurements.
- Spend with Suppliers based in North East Lincolnshire is maximised, to achieve tangible and meaningful economic benefit.
- When there is a local market for the Council's requirements, local suppliers become engaged in Preliminary Market Consultation and Procurements.
- Suppliers are paid within 30 days. Payment to local SME and VCSE are paid sooner where possible. We will contractually enforce payment to second and third tier suppliers, wherever possible.

# Monitoring Arrangements

The Council will keep the delivery of the strategy under review and report on progress to Audit and Governance Committee on an annual basis. In doing so, it will take account of changes in legislation and local priorities and ensure that the aspirations and commitments are being delivered.







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This document is also available in plain text. Please contact the North East Lincolnshire Council communications and marketing team at: **[communications@nelincs.gov.uk](mailto:communications@nelincs.gov.uk)**

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