

Procurement strategy

Meeting: Kaipara District Council
Date of meeting: 11 December 2019
Reporting officer: Jim Sephton, General Manager - Infrastructure Services

Purpose/Ngā whāinga

To seek approval of the Kaipara District Council Procurement Strategy 2019 for adoption

Executive summary/Whakarāpopototanga

Procurement activities provide a unique opportunity to promote broader cultural, economic, environmental and social outcomes for Kaipara. This Procurement Strategy will guide and direct our activities over the next 5 years which incorporates the 2021 to 2025 Long Term Plan.

The proposed Procurement Objectives set a clear direction for us, our partners and our supply chain

- Deliver safely – a commitment to reducing harm to us and the people involved in our supply chain
- Create and demonstrate public value through our activities with particular focus on
 - Good price - whole of life costs
 - Good quality - customer centric delivery
 - Good outcomes - Social, cultural, environmental and economic
- Improve the efficiency of how we progress projects through their lifecycle and deliver the capital programme
- increase the ability of our Iwi, communities and businesses' in Kaipara to participate in Council activities;
- increase the size and skill level of the supply chain delivering work in Kaipara;
- support the transition to zero net emissions and promote efficient use of resources

Recommendation/Ngā tūhunga

That Kaipara District Council:

- a) Approves the Kaipara District Council Procurement Strategy 2019 for adoption.

Context/Horopaki

Current procurement activities are managed through the 'Kaipara Procurement Manual & Guidelines', however the overarching direction is not clear.

The Ministry for Business Innovation and Employment (MBIE) Government Procurement Rules 4th edition came into effect on the 1st October 2019 and introduce 'Broader Outcomes' and 'Public Value' which is a shift in previous procurement philosophy. Whilst it is not mandatory for Local Authority to follow these rules, it is considered good practice and with our capital programme heavily subsidised through Provincial Growth Fund (PGF) and National Land Transport Fund (NLTF)

This Procurement Strategy will guide and direct our activities over the next 5 years which incorporates the 2021 to 2025 Long Term Plan. Activities include Capital, Operations, IT and Workplace.

The Draft Procurement Strategy was presented to Council on the 25th October and feedback from that session has been incorporated.

Discussion/Ngā kōrerorero

The Kaipara District Council Procurement Strategy 2019 is included at Appendix A.

The aim of the strategy is to align procurement activities with KDC Direction, Good Practice and other organisational activity.

The Strategy does not replace the KDC Procurement and Contract Management Manual (September 2014).

We will give effect to our Procurement Objectives through

1. **Stronger oversight** and guidance of our activities through a Programme Oversight Group (POG) and standard tools developed through the Procurement and Project Management Office teams to align processes and drive consistently good risk, programme and cost management practices as well as incorporate continuous improvement
2. A stronger focus on **Prequalification** with clear Performance Expectations which align with our business processes and lifecycle of the project
3. **Procurement Plans** (in line with our Procurement Principles)
4. Packaging of work to achieve **critical mass** which allow us to focus on effective relationships with suppliers based on longer-term planning and investment
5. **Collaborative** arrangements including regional procurement opportunities as well as earlier involvement of Contractors in project development

Options

Option 1 – Approve the Procurement Strategy for adoption

Option 2 – Do not approve the Procurement Strategy

Policy and planning implications

Where necessary, our policies may need to be developed to align with and support this Procurement Strategy. This includes existing Kaipara and Regional policies such as those relating to Iwi relationships and Waste Minimisation.

Financial implications

The implications of the Strategy are that we will make decisions based on Public Value and Broader Outcomes. Whilst this does not remove the drive to achieve a 'good price', the emphasis on whole of life, social, environmental and cultural outcomes will be more balanced.

There will be an opportunity for Council to have oversight of significant investments at the Procurement Plan stage where the expectations regarding 'value' will be clearer.

Aspects of the strategy which relate to 'critical mass' and 'collaboration' are intended to increase competition for work and improve procurement efficiencies.

Risks and mitigations

Adopting best practice procurement rules will mitigate the current risks relating to a lack of strategic direction in our procurement activities.

Significance and engagement/Hirahira me ngā whakapāpā

The decisions or matters of this report do not trigger the significance criteria outlined in council's Significance and Engagement Policy, and the public will be informed via agenda on the website.

Next steps/E whaiake nei

Once adopted, the Strategy will be rolled out across the organisation by the Procurement and Project Management Office (PMO) team.

Attachments/Ngā tapiritanga

| Number | Title |
|--------|--|
| A | Kaipara District Council Procurement Strategy 2019 |
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Jim Sephton, 25 November 2019