

# CORE GREATER LONDON AUTHORITY PROCUREMENT STRATEGY

**T**he core Greater London Authority (GLA) is a £30 million organisation providing strategic leadership to London. It has a directly elected Mayor who has a statutory duty to develop regional strategies for London. The GLA has TfL, the LDA, the MPS and the LFEPA all linked to it as functional bodies. This family of organisations together provides a powerful base for corporate purchasing with a total budget in the region of £3 billion across the functional bodies.

The core GLA is a small organisation charged with influencing the economic, social and environmental well-being of London. It will best undertake its strategic role by setting out strategies for change and monitoring progress. In some areas (such as planning and culture) it will deliver services directly; however, in most instances it will need to commission or procure services to enable implementation of its role.

## THE ROLE OF PROCUREMENT IN ACHIEVING THE MAYOR'S VISION FOR LONDON

*The procurement strategy will contribute to the achievement of this vision by:*

- encouraging collaboration across the GLA family to deliver Best Value services
- encouraging joint procurement initiatives with the GLA family wherever appropriate to secure economies of scale
- influencing employer practice by supporting fair employment terms in all procured contracts
- actively supporting supplier diversity initiatives



- actively supporting environmentally sound provisions in all procured contracts
- providing a sound competition policy guiding decisions on in-house or externalised service provision based on Best Value and quality

## MECHANISMS

The GLA has developed a Procurement Code which sets out its detailed organisational procedure for procuring goods and services.

*The Code sets out:*

- the financial thresholds for purchasing goods and services and by what method
- the GLA's standard terms and conditions of contract
- the procedure for opening tenders, evaluating them and letting contracts
- the non-commercial considerations that need to take place in advertising tenders and tender evaluation

The GLA has established a Procurement Strategy Group at SMT level to take responsibility for the GLA's procurement objectives.

*The GLA's Procurement Objectives:*

- Purchase goods and services from suppliers that provide best value for money, including through e-procurement.
- Purchase goods and services from suppliers that operate sound environmental policies and whose national and international practice is ethically sound.
- Purchase goods and services from suppliers who have a commitment to equality of opportunities for their workforce and their customers.
- Nurture a wide range of small and medium size enterprises representing London's diverse communities and encourage them to tender for GLA contracts.
- Develop value for money partnerships with expert businesses to provide high-level management consultancy to the GLA.
- Secure its purchase of goods and services as fast and efficiently as possible.
- Use the collective bargaining power of the GLA family to secure economical high-value purchases.
- Secure fair employment terms and conditions of service for employees delivering in-house or externalised services.

### ACTION PLAN:

*The GLA will achieve these objectives by:*

- establishing and maintaining a select list of providers of goods and services to ensure fast-track and open procurement procedures for smaller-scale contracts
- joining the SCATT scheme to enable fast-track and open procedures for larger-scale contracts
- integrating its environmental and equal opportunity policies within its procurement code, including building in clear tender evaluation criteria
- consulting with London business representatives on its overall procurement strategy
- monitoring and reporting on its letting of contracts so that a clear picture of spend across businesses is available for audit and review

- following best practice on nurturing supplier diversity
- devising an annual plan of high-level consultancy requirements and tender for an annual partnership arrangement
- issuing and following best practice guidance on fair employment provisions in procured contracts

### GOOD PRACTICE:

*The GLA subscribes to the following principles of good procurement:*

- the procurement process should give the GLA sufficient information to form a view of potential service providers' competence but without placing undue burden on them
- potential service providers should understand clearly from the outset what categories of information and service standards may be expected. They will be provided with adequate, accurate and timely information at all the relevant stages of the procurement process
- all potential service providers will be subject to the same requirements to ensure fair competition and be treated equally throughout the procurement process
- care will be exercised to avoid taking too narrow a view of how the service might be delivered as this may limit the options and deter potential providers
- in order to be able to demonstrate that procurement has been undertaken in an open and transparent manner, the GLA will ensure that bidders are fully aware of the basis for bid evaluation and that all stages of the procurement process can be audited satisfactorily with reference to a clear, written policy on evaluating tenders and awarding contracts, which is publicly available and made available to all bidders

### COMPETITION POLICY

The GLA has no presumption on the best mode of service delivery, whether this is through in-house services, externalised services or partnership arrangements.

*Its policy is to:*

- procure contracts through open competition
- determine contracts based on Best Value, quality and the most effective delivery of the service

For high-risk/high-value contracts serious consideration must be given to a partnership arrangement. A 'mixed economy' of service



provision (ie a number of providers and/or forms of service delivery) is likely to provide the optimal solution for Best Value in the GLA. Where it is established that a service is materially not competitive, and is likely to remain so, or has consistently failed to meet agreed performance improvement targets, some form of alternative service delivery will be explored.

Where it is found that there is no viable supply market for a service the Authority will explore ways of encouraging new providers, such as working with other Best Value authorities, with social or voluntary enterprises or repackaging services. Existing partnerships and/or contracts are not exempt from the competition requirement and will be reviewed regularly (normally at least once every three years) to assess whether they deliver Best Value or whether changes should be made.

## GREEN PROCUREMENT

The GLA shall seek to minimise the environmental impact of its purchases/procurement through enforcement of a comprehensive environmental purchasing policy. It will endeavour to ensure that all suppliers and contractors have environmental policies and wherever possible are working towards EMAS or an equivalent. The Authority will seek to ensure that in all contract work the environmental dimension is fully taken into account, not as an add-on, but as an integral part. This will entail specification drafting, appropriate pre-tender and tender evaluation criteria and contract conditions that give adequate prominence to the environmental dimension. Adequate contract monitoring methods will be established to ensure that the desired environmental impact actually takes place.

## EQUALITIES

The GLA will encourage applications for inclusion in its tendering processes from all of London's diverse communities. It will endeavour to appoint contractors who are committed to promoting equality of opportunity in their own employment practices and service delivery methods and who can demonstrate the ability to assist the Authority achieve its statutory responsibilities in this important area.

Monitoring will take place on the diversity of businesses securing GLA contracts and fair employment provisions will be required in all GLA contracts. Risk management of contracting with suppliers with no track record will be explored. This will ensure, for example, that previous experience outside this country is not necessarily ignored or that suppliers without long-term experience but demonstrating capability are not ignored. In this regard the need to demonstrate financial and economic standing by requesting for three years' final accounts will be reviewed to introduce some flexibility and avoid discriminating against smaller and new suppliers, including those from black and ethnic minorities who might otherwise be disadvantaged.

## FAIR EMPLOYMENT

The GLA does not wish to see procurement or outsourcing of services driving down terms and conditions of service for employees. The GLA will therefore invite tenders from contractors who are prepared to employ the staff engaged on the contract work on terms and conditions of service which are no less favourable than those of the GLA. For this purpose, terms and conditions of service shall include all provisions relating to salary, benefits, entitlements, hours of work, holiday rights and pension rights. The GLA will consider such tenders in so far as they are compatible with achieving Best Value.

## TRAINING AND ADVICE

The GLA will need to develop new skills and capacities to better understand and explore supply markets and to make use of innovative procurement processes. Such training will complement the current training on the Authority's Contracts Code.



## THE MAYOR'S VISION FOR LONDON

*“To develop London as an exemplary sustainable world city, based on three balanced and interlocking elements of strong and diverse economic growth; social inclusivity to allow all Londoners to share in London’s future success; and fundamental improvements in environmental management and use of resources. This will mean London needs to become a prosperous city in which all share in the benefits of the wealth created in London’s dynamic economy.*

*“A city for people: a liveable city of safe, attractive streets, where goods and services are within easy reach and where everyone feels safe and secure.*

*“An accessible city: with fast, efficient and comfortable means of transport, and access to affordable homes, education and training, health, leisure and recreation. A fair city: showing tolerance and abolishing all forms of discrimination, where neighbourhoods and communities have a say in their futures. A green city: making efficient use of natural resources and energy, respecting the natural world and wildlife, using to the full the varied patterns of open space, eco-friendly design and construction methods, recycling waste and creating new ‘green’ industries.”*