

Group procurement strategy

Division	Finance
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Approved by	Council

Version	Author	Date	Description
V 1.0	Nishana Reddy (Risk and Assurance Manager)	November 2023	Creation of Strategy



Introduction

Overview

Council's purpose is to make Te Awa Kairangi ki Tai – Lower Hutt a city where everyone thrives.

Procurement plays an important role in how the Council Group delivers its priorities and works to build a resilient and connected city where all residents thrive. As a major buyer of goods, works and services, the way the Council's Group plans, sources and manages expenditure has an impact in the local economy and can affect the Council's Group performance and reputation.

To enable and advance long-term benefits for the community, the Council's Group outlook on procurement leans towards a strategic approach rather than a reactive approach. This allows for a key focus on procurement planning and delivery, achieving public value for money and strengthening our relationships with suppliers.

To achieve all of this we are guided by our Procurement Principles and the Government Procurement Rules.

Purpose

The purpose of this strategy is to outline how the Council's Group Procurement function will support achievement of priorities, ensuring maximum benefits and desired results are realised, within the parameters of public sector guidance and rules.

Scope

The scope of this strategy encompasses all procurement activities, sets out the Council's Group procurement direction, and encompasses the whole procurement lifecycle. This is supported by ensuring good planning, effective sourcing strategies, contract management, supplier management, review, and continuous improvement exists.

Applicability

This strategy is applicable to Hutt City Council and its wholly owned Council Controlled Organisations (Council's Group).

The Transport Team has its own procurement strategy, "Transport Procurement Strategy", which has been developed in conjunction with Waka Kotahi. The Transport Procurement Strategy must be followed for all Roding Network procurement activities and overrides this strategy.

Objective

The objective of this Strategy is to:

- Contribute and support the achievement and delivery of the Council's Group priorities.
- Proactive identification and analysis of future procurement activities, delivering public value for money.
- Procure using agile methods, improving transparency and accountability;
- Develop, maintain, and support effective strategic partnerships with suppliers.
- Increase social outcomes by supporting and strengthening opportunities with local and regional businesses, including employment and training opportunities for the community;
- Increase sustainable outcomes by carbon reductions;
- Effectively manage the risk and risk sharing with suppliers; and
- Promote consistency and continuous improvement.

Council's Group Key Priorities



1 Whakangao i ngā poupou hapori

Investing in infrastructure

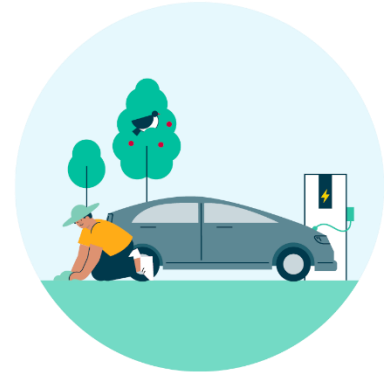
Investing in high-quality infrastructure that supports our people to move around, receive basic services (like water) and enjoy our community facilities.



2 Hei Āhuru Mōwai mō te Katoa

Increasing housing supply

Effectively planning for growth in our city, ensuring an increase in housing supply and working with organisations to ensure our people have warm, safe, dry homes to live in.



3 Tiaki Taiao

Caring for and protecting our environment

Working with our communities to meet the challenges of climate change and our goal to become carbon zero by 2050.



4 Taunaki Ōhanga Auaha, Tāone Whakapoapoa

Supporting an innovative, agile economy and attractive city

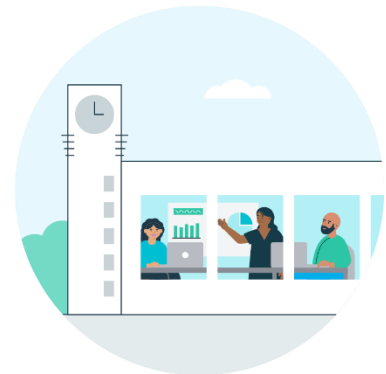
Investing to drive economic growth, and harnessing the talents of business, education, research and science communities in Te Awa Kairangi Lower Hutt to make our city an attractive place to work and invest.



5 Tūhono Hapori

Connecting communities

Investing to connect and empower neighbourhoods and communities so they can thrive and remain safe, connected, healthy, inclusive and resilient.



6 Whakauka Ahumoni

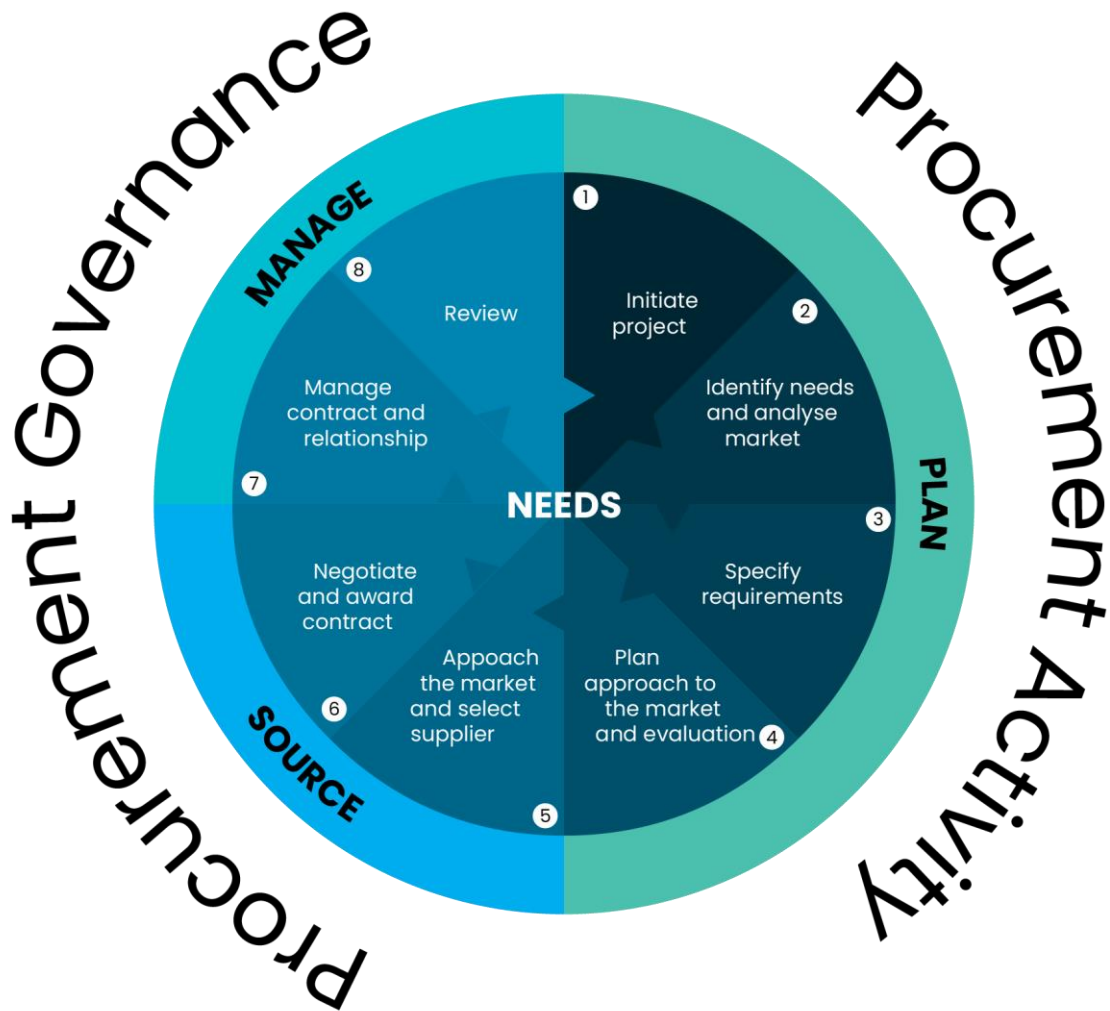
Financial sustainability

Investing in a financially sustainable and prudent way that ensures we are carefully managing our finances to deliver on our community's expectations.

The Strategy

Procurement Lifecycle

The procurement cycle is made up of three distinct categories namely Plan, Source and Manage with the “Plan” stage having four stages and the “Manage” and “Source” having two stages each. Within each category, all stages need to be completed before moving to the next category.



Strategic Operating Model (framework)

The strategic operating model (framework) is made up of:

- This Procurement Strategy;
- The Procurement Policy;
- Procurement Templates (including plans);
- Procurement Reports;
- Ongoing capability upskilling;
- Contract KPIs; and
- Guidance by the Five Principles of Government Procurement.

The strategic operating model supports the Council's Group capital and operating programme of work to ensure compliance and public value is achieved.

Strategic Procurement

In order to achieve the objectives, set out in this strategy, the Council's Group will take a strategic approach to procurement of goods, works and services. A strategic outlook on procurement enables a better understanding of the full procurement cycle from initiation, supporting good decisions making, ensuring the right sourcing strategies are chosen, increased transparency, public value for money is achieved, and supplier performance/relationships are actively managed.

Key benefits of strategic procurement vs traditional/ reactive procurement

Traditional	Strategic
Reactive, transactional approach to procurement	Proactive planning, forward looking
Focus on short-term cost savings (upfront cost, price, and lead time)	Focus on long-term benefits (whole of life cost and broader outcomes),
Often disconnected from strategic objective achievements	Aligned to business objectives

Limited market analysis and research performed due to time constraints	Sufficient time to perform market analysis and research
Time constraint means, not always able to deliver best value for money	Ability to deliver public value for money through whole of life cost
Relationships with suppliers are more "trading style". Largely limited to the procurement activity with minimal relationship building and value add	Relationships with suppliers are collaborative, enhances value, drive innovations and continuous improvement
Process Driven	Outcome driven, in alignment strategic objectives such as decarbonisation