

Group Procurement Strategy

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Introduction

Overview

Procurement plays an important role in how the **Council Group** (Hutt City Council and its wholly owned Council Controlled Organisations) delivers its priorities and works to build a resilient and connected city where all our people thrive. As a significant buyer of goods, works, and services, the way the Council's Group plans for procurement, sources the right provider, and manages contracts impacts on the local economy, our performance in delivering on priorities, the value for money received, and our reputation.

To enable and advance long-term benefits for the community, the Council Group outlook on procurement leans towards a strategic approach rather than a reactive approach. Strategic procurement for the Council Group is a forward-thinking, value-driven approach to sourcing goods, works and services that aligns with the Council's long-term goals and objectives. It emphasises proactive planning, data-driven decision-making, and the establishment of strong, collaborative relationships with suppliers. Unlike reactive traditional procurement, which focuses on short-term, cost-driven purchases, strategic procurement considers the total cost of ownership (TCO), encompassing quality, reliability, sustainability, and innovation.

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

Purpose

The purpose of this strategy is to outline how the Council's Group Procurement processes and practice 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).

Hutt City Council has a "Transport Procurement Strategy", which has been developed in conjunction with New Zealand Transport Agency Waka Kotahi. The Transport Procurement Strategy must be followed for all Rooding Network procurement activities.

Service Standards

Hutt City Council acknowledges that to keep Council officers safe during commercial activities and to deliver consistent best practice advice and service to Council staff to ensure seamless business continuity, the procurement team and Council staff who undertake procurement activities must be suitably trained, resourced, and qualified to ensure value-for-money outcomes now and into the future.

Objectives

The objectives of this Strategy are to:

- Contribute and support the achievement and delivery of the Council's Group priorities.
- Proactive identification and analysis of future procurement activities, taking a group lens, 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 climate impact outcomes by waste and carbon reductions
- Effectively manage risk and risk sharing with suppliers; and
- Promote consistency and continuous improvement.
- Promote equitable access to contract opportunities for Māori, Pasifika, and locally owned businesses.

Council's Group Key Priorities

Priority 1

Providing future-fit infrastructure

Priority 2

Enabling a liveable city and vibrant neighbourhoods

Priority 3

Supporting and enhancing the environment



We're taking the next steps

1 In partnership with our communities



2 In a way that is financially sustainable



3 Taking climate change into account



All while promoting the wellbeing of all people.



The Strategy

Procurement Lifecycle

The end-to-end procurement activity is made up of three distinct phases.

1. **Plan**—This phase commences when a team or person has identified a “need” and is about to develop a business case or explore procurement options. The Procurement Team should be engaged at this phase to ensure process robustness, compliance and to identify opportunities for increased value for money.
2. **Source** – During this phase, the market is engaged, a suitable supplier is selected, and a contract is awarded.
3. **Manage** - This phase is critical for fostering positive, mutually beneficial relationships with suppliers, tracking performance, and ensuring the supplier has delivered the requirements. Both parties should work to build mutually beneficial relationships that focus on cost containment, sustainability, continuous improvement and innovation.



Strategic Procurement

Key benefits of strategic procurement versus traditional 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, sustainability and economic benefits)
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. Early and ongoing supply market engagement.
Time constrained, 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, risk management, drive innovations and continuous improvement
Process Driven	Outcome driven, in alignment strategic objectives such as decarbonisation and local business' support.

Strategic Operating Model

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

- This Procurement Strategy
- The Procurement Policy
- Procurement Templates (including plans)
- Procurement Reports
- Ongoing procurement and commercial capability upskilling

- Contract KPIs; and
- Guidance by the Six Principles of Government Procurement.

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

Implementation

- All business units to ensure consideration of longer-term strategic impacts of decisions being made at procurement planning phase.
- Where applicable procurement and category strategies are developed and endorsed by HCC Procurement Team prior to creation of procurement plans.
- Business units to ensure commercial contracts reflect the strategic intent of the relevant procurement activities. Contract management and monitoring activities to focus on achievement of the strategic objectives of Council and the KPI's, service levels and requirements set out in the contract document.
- Council is an accredited living wage employer, and all suppliers must pay staff working on HCC contracts a minimum of the Living Wage as set by Living Wage Aotearoa.
- Council requires all procurement activities to consider economic benefits for the city, region and nation. Please refer to Group Procurement Policy for details.

Supplier Relationships & Partnerships

Strong supplier relationships and effective partnerships are essential to achieving best public value from procurement. Council's approach to supplier relationships moves beyond transactional purchasing and focuses on building capability, resilience, innovation, and sustainable outcomes across the supply market.

Council will adopt a strategic, proportionate approach to supplier relationships, recognising that not all procurements or contracts require the same level of engagement. The nature of the relationship will be determined by the value, risk, complexity, and criticality of the goods, services, or works being procured.

Supplier relationships may range from transactional arrangements for low-risk, low-value purchases through to collaborative partnerships for high-value, high-risk, or strategically important contracts.

Council's supplier relationships will be guided by the following **principles**:

Value focused – relationships will support best value over the whole-of-life of the contract, not just lowest upfront cost.

Fair and transparent – suppliers will be treated fairly, consistently, and with integrity.

Proportionate – the level of relationship management will reflect the scale, risk, and importance of the contract.

Collaborative where appropriate – collaboration will be encouraged where it improves outcomes, manages risk, or drives innovation.

Accountable – roles, responsibilities, and performance expectations will be clearly defined and actively managed

Associated Planning Documents

Procurement activities are guided by:

- **The Long-Term Plan (LTP)** – Our long-term plans set the Council’s Group strategic direction for a 10-year period.
- **Group Procurement Policy** – The policy that details the rules of Procurement for the Council’s Group.
- **Annual Plans** – The Annual Plan details the activities we intend to carry out over the coming financial year.
- **Annual Reports** – A key document that compares our performance for the year against the forecast in the Annual Plan.
- **The National Land Transport Programme (NLTP)** – produced by Central Government, the NLTP contains all the land transport activities, such as public transport services, road construction and maintenance, that Waka Kotahi anticipates funding over the next three years.
- **Procurement Guidance for Public Entities** – produced by the Office of the Auditor General, this document provides good practice guidance for public entities to procure goods or services.
- **Transport Procurement Strategy** – Hutt City Council’s Transport strategy developed in conjunction with NZTA Waka Kotahi.
- **Solid Waste Management and Minimisation By-law 2021**– The Bylaw supports Council to meet its obligations under the Waste Minimisation Act 2008.