

## **Corporate and Communities Overview and Scrutiny Panel Friday, 24 September 2021, 10.00 am, County Hall Worcester**

### **Membership**

#### **Councillors:**

Cllr Mike Rouse (Chairman), Cllr James Stanley (Vice Chairman), Cllr Mel Allcott, Cllr Aled Evans, Cllr Laura Gretton, Cllr Peter Griffiths, Cllr Emma Marshall, Cllr Natalie McVey and Cllr Craig Warhurst

### **Agenda Supplement**

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All the above reports and supporting information can be accessed via the Council's website at [here](#)

Date of Issue: Thursday, 16 September 2021

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## **CORPORATE AND COMMUNITIES OVERVIEW AND SCRUTINY PANEL 24 SEPTEMBER 2021**

### **THE COUNCIL'S COMMERCIAL AND PROCUREMENT WORK**

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#### **Summary**

1. The Cabinet Member with Responsibility (CMR) for Corporate Services and Communication and the Strategic Director for Commercial and Change have been invited to the meeting to update the Panel on the Council's commercial and procurement work.
2. The Council's commercial and procurement work is part of the Panel's work Programme. Members will be updated on:
  - key spends, activities and projects for the future
  - what the Council is doing to support local business with local procurement initiatives
  - what is happening with commercialisation of Council's initiatives, schemes and work programme in Worcestershire.

#### **Commercial Services Introduction**

3. The Council's Commercial Team has the responsibility for ensuring whole life value for money from the Council's and Worcestershire Children's First spend with third parties which was approximately £632m during the 2020/21 financial year. The Team tenders and manages contracts ranging from a few hundred pounds, up to hundreds of millions of pounds over the life of the agreement.
4. During the past 18 months, the Team's focus has been shared across corporate procurement activity, restructure, and in delivering COVID-19 response initiatives. In respect of the Covid-19 response, significant resources and effort have been committed to ensure timely and effective achievement of the response requirements, including the set-up of the community test hubs, sourcing and distributing over 2.5 million items of personal protective equipment (PPE), negotiated leases for the Council's test and vaccine centres, as well as working with local manufacturers and hotels to secure the capacity required. Whilst this was the right focus, this has resulted in some of the Team's commercial activities being delayed, as well as a slightly longer timeframe for the delivery of the organisation redesign as outlined below.

#### **Commercial Organisation**

5. The Team has recently undergone a major restructure to facilitate the adoption of the category management approach to commercial activities, which is in line with the 2018 Local Government Association (LGA) National Procurement Strategy. Commercial staff operate within one of three category pillars, People, Place and Corporate. These pillars are used by most councils following category management

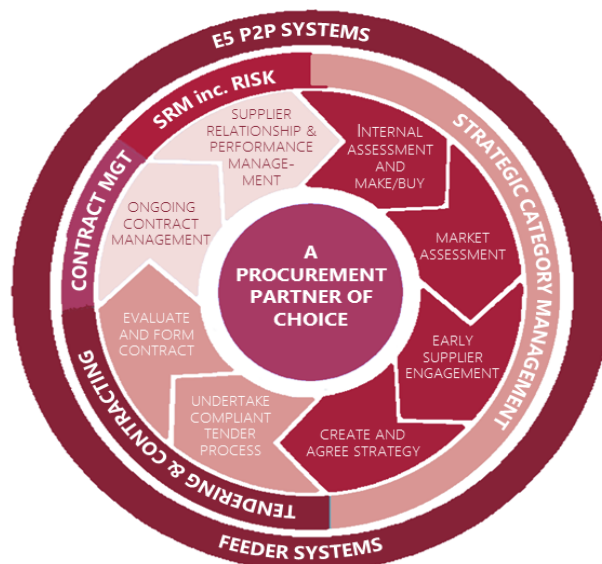
principles. The category management approach enables the Team to take a full and holistic view of spend, whilst adopting a whole lifecycle approach to procurement, in turn maximising value for money and securing non-financial benefits.

6. Purchase requirements have been divided into categories that best reflect the market's capacity to supply and this enables the team to develop a strategic view of how demand is best facilitated at the greatest value to the organisation and the local community, ensuring that the Council's priorities are adopted throughout the entire cycle.

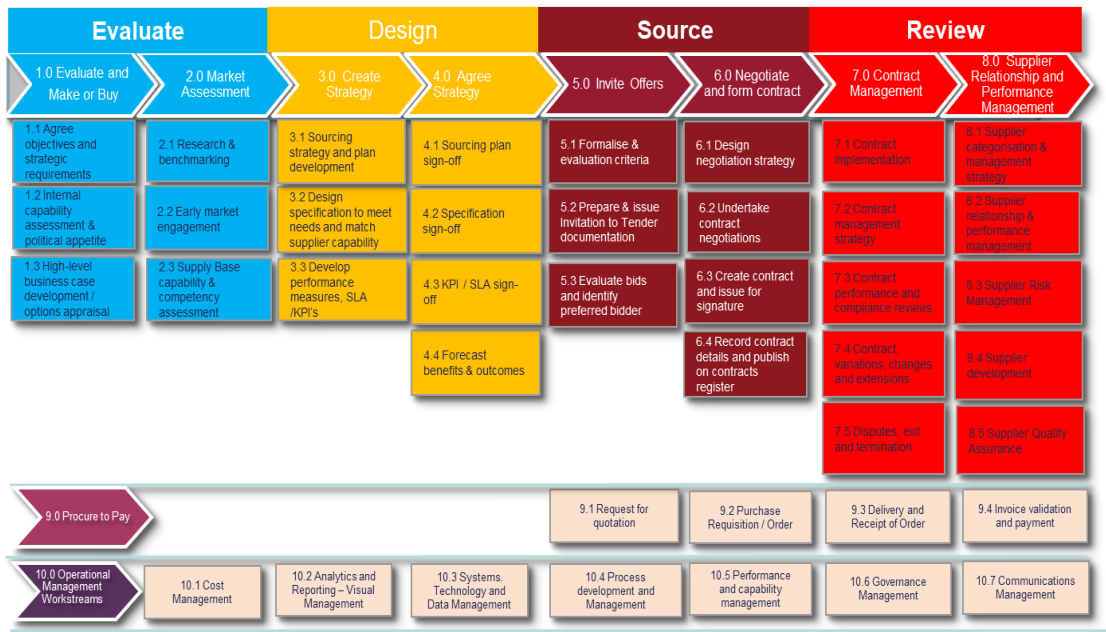
7. The new structure provides the Council with:

- Category Specialists recognised as Small and Medium Enterprises (SME's)
- Resources focused on where most value can be added
- Strategic Sourcing Strategies developed by category experts
- Technology enabled with greater automation
- Stakeholder orientated business partnering approach
- Ability to undertake effective Contracting and Negotiations – start right – finish right
- Consolidation of spend and supply base to drive economies of scale and performance
- Real time visibility of performance metrics and data
- Agile and Responsive to adapt to the changing needs
- Nationally engaged procurement team
- Compliant with the Council's Procurement Code and ready for the changes in legislation in the future.

8. The operating model now covers the 8 steps of effective category management



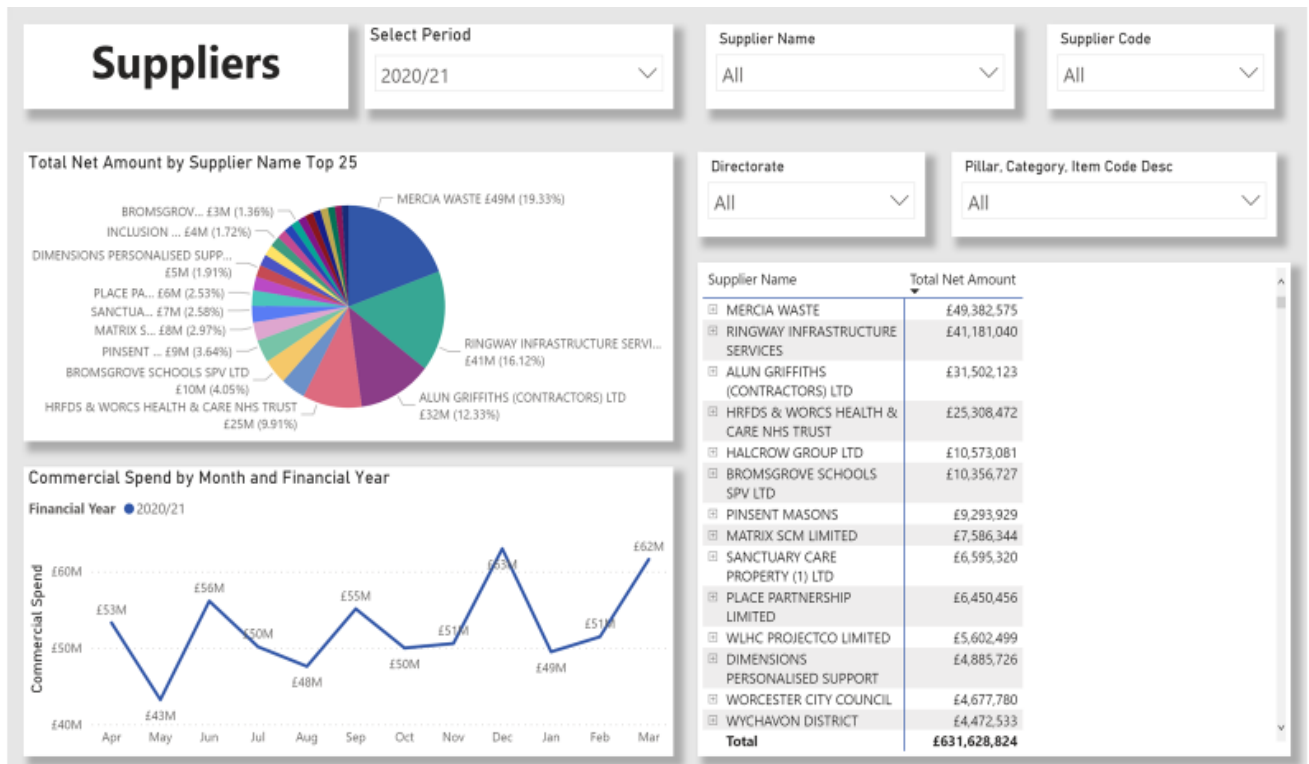
**Procurement Category Cycle – 8 step process**



Procurement Process Framework

## Commercial Spend

9. An overview of spend is captured below:



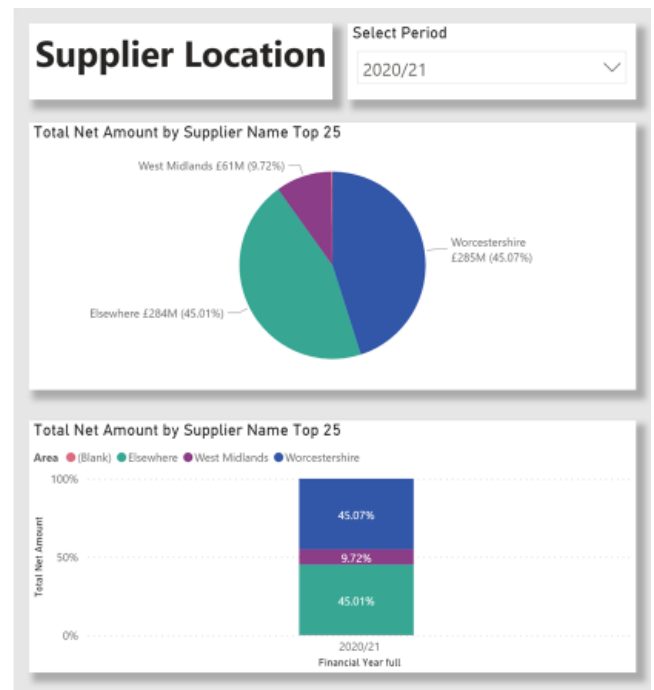
Spend summary from Power BI analytics tool

10. For 2020/21 key data by Category:

- Total Spend - £632m (Capital 16.7% / Revenue 83.3%)  
Comprising:
  - People £364m
  - Place £188m
  - Corporate £80m
- Suppliers:
  - Top 25 account for 52% spend
  - Mercia Waste are our biggest supplier by annual spend

## Social Value

11. Social Value in the context of commercial activity is a broad term used to consider the wider benefits gained by the local community from the delivery of public contracts. The Social Value Act 2012 and subsequent Procurement Policy Notices require the Council to ensure that the money it spends on services creates the greatest economic, social, and environmental value for local communities. In all procurements over £100k in value, Social Value is a consideration and is given 5% of the marks available in tender evaluations. The recent Green Paper - Transforming Public Procurement Law - infers that social value will become part of a National Procurement Policy Statement and will become a more important consideration in procurements, providing the Council with greater discretion to award contracts locally and based on the whole life value assessed holistically.



12. Social Value consideration encompasses multiple areas, including expenditure with small and medium enterprise, consideration of how and where services are delivered, accessibility, utilisation of local workforce, apprenticeships and job creation, utilisation of local supply chains, charitable works etc. Locality of spend can be a key indicator, however directly assessing social value as part of tender evaluations remains key to ensuring this is achieved.

- Local Spend
  - 45% spend in County
  - 55% spend in West Midlands

## Financial year 2021/22 - Contract liquidity

13. Contracts Ending and Contracts Due for Renewal - see Appendix A.

### Recent Successes

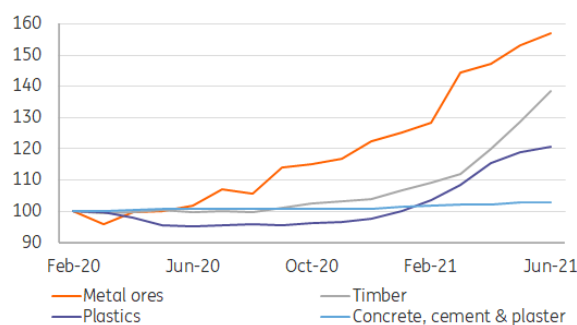
14. Reductions Secured 20/21

In Year	£1.98m
Recurring	£335k
Cost Avoid	£380k
Total	£2.69m

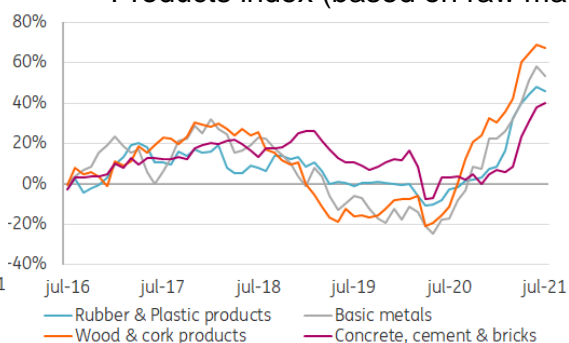
### Challenges

15. The procurement landscape has changed significantly over the past 12 months. The effects of Brexit are beginning to become more pronounced in the availability of labour and materials, as well as delays in the supplier chain, and inflation driven across materials, utilities, human resources etc is significantly higher than originally forecast. Whilst the longer-term forecast is that these will begin to settle within the next 12-18 months, with a return to normality within 3-5 years, the short-term impacts on the Council's commercial agreements will be significant. Short term supply issues across timber and steel are anticipated to be particularly acute until at least the end of the calendar year. Some examples are captured below:

#### Raw materials



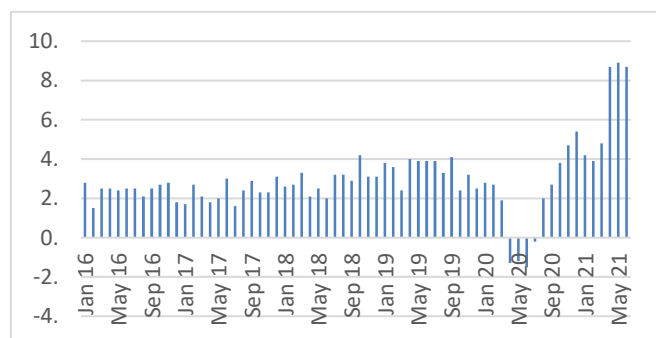
#### Products index (based on raw materials)



#### Crude oil pricing (5 year)



#### Percentage wage growth (5 year)

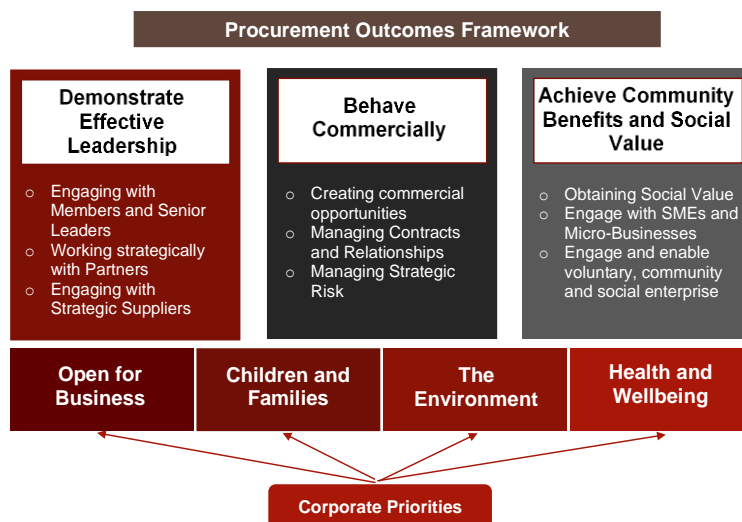


## Corporate Procurement Strategy 2022 – 2025

16. The Corporate Procurement Strategy is in the process of being re-written to reflect the changing social, economic and legislative landscape in which the Council now finds itself. Greater focus will be placed on driving social value and promoting local economic growth as part of the Council's support for the COVID recovery initiatives. An outcomes framework has been developed that reflects both national and local priorities, and the team will continue to challenge themselves at all stages of the procurement process to ensure these outcomes have been considered and facilitated in so far as is reasonably practicable and effective.



Procurement strategy and outcomes framework



## Purpose of the Meeting

17. The Corporate and Communities Overview and Scrutiny Panel is asked to:

- Consider the information provided
- Determine any comments the Panel would wish to make to the Cabinet Member with Responsibility for Corporate Services and Communication
- Agree whether any further Scrutiny is required at this stage.

## Supporting Information

Appendix A – Procurement forward plan – Contracts starting and ending

Appendix B – Transformation Public Sector Procurement – Cabinet Office Green paper December 2020 [Green paper on Transforming public procurement](#)

## Contact Points

Emma James / Jo Weston, Overview and Scrutiny Officers

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## Background Papers

In the opinion of the proper officer (in this case the Assistant Director for Legal and Governance) the following are the background papers relating to the subject matter of this report:

- Agendas and Minutes of the Corporate and Communities Overview and Scrutiny Panel [Corporate and Communities O&S Panel agendas and minutes.](#)

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Project	Brief Description	Project Start Date	Contract Value
Worcestershire County Wide Transport Model	Procurement of a county wide strategic transport modal	Sep-21	£600,000
Malvern Technology Park: Hub design/planning	Procurement of design and planning support	Oct-21	£50,000
Malvern Technology Park: construction	Procurement of a contractor for design & build	Nov-21	£4,000,000
Malvern Technology Park: road	Procurement of a construction partner	Oct-21	£400,000
Malvern Technology Park: cut and fill	scope in progress	Dec-21	£1,500,000
Malvern Technology Park: fencing	scope in progress	Nov-21	£100,000
Shrub Hill: Ground Investigation	Procurement of surveys support	Oct-21	£50,000
Shrub Hill: Topographical survey	Procurement of surveys support	01-Oct	£60,000
Shrub Hill: Isaac Maddox feasibility	Procurement of feasibility expertise	Nov-21	£100,000
Shrub Hill: Spatial Planning Vision	Procurement of design expertise	Oct-21	£125,000
Redditch Station: Design	Procurement of design expertise	Sep-21	£800,000
Redditch Station: Property Acquisition Support	Procurement of support for acquisition of third party property	Sep-21	£50,000
Highways Professional Services Term Contract	Procurement of consultancy support	Apr-22	£15,000,000
Highway Structures Management Term Contract	Procurement of consultancy support	Feb-22	£6,000,000
A38 improvements	Procurement of a construction delivery partner	Jun-22	£50,000,000
Council Buildings Cleaning Service	Procurement of Soft FM services	Apr-22	£500,000
Council Buildings Grounds Maintenance Service	Procurement of Soft FM services	Apr-22	£300,000
Council Buildings Security Service	Procurement of Soft FM services	Apr-22	£50,000
Council Buildings Waste Collection Service	Procurement of Soft FM services	Apr-22	£200,000
Worcester New School Design	Procurement of design expertise	Apr-22	£400,000
Energy Decarbonisation Project	Procurement of supplier to undertake energy surveys of council buildings	Nov-21	£241,000
Wolverley School Extension	Procurement of a construction partner	Nov-21	£3,000,000
Wolverley School Extension	Procurement of construction project manager	Nov-21	£150,000
Electricity & Gas Contracts	Procurement of energy contracts for council buildings & street lighting	Apr-22	£8,000,000
Installation of Signposts on Public Rights of Way	Procurement of an installation supplier	Oct-21	£100,000
Cycle Walk Plans	Procurement of a strategy consultant	Oct-21	£150,000
Children's Regional Residential Framework	Establishment of a 4 year pan West Midlands framework of providers	Dec-21	£4,000,000
Alternative Education Providers	Procurement of education providers on 3 year contract	2022	£18,000,000
Shortbreaks Group Activities	Procurement of new contracts for short break activities	Apr-22	£1,200,000
Shortbreaks 1:1 Support	Procurement of new contracts for short break 1:1 support	May-22	£900,000
Medical Educational Team	Procurement of new contract commencing Sept '22	Jan-22	£1,000,000
SEND Placements	Establishment of a 5 year Dynamic Purchasing System (DPS) for placements	Dec-21	£70,000,000
Domicillary Care (Zone approach)	Establishment of 10 zones in County with lead providers in each zone 5-7 year contracts	Current	£236,000,000
Day Services	Procurement of new contracts following a service redesign	Sep-22	£15,000,000
Residential Care	Setting up a DPS /alternative sourcing solution for residential care placements - 3 year	Apr-22	£500,000,000
Victims of Domestic Abuse Support Service	Procurement of a new county wide service for council, districts and PCC - 5 years	Apr-22	£8,500,000
New Section 75 Contract	New 1 year contract with Worcestershire Health & Care Trust	Apr-22	£21,000,000
New Sexual Health service	Establishment of new contract arrangements with Worcestershire Health & Care Trust - 5 years	Apr-22	£25,000,000
COMF funded projects	New contracts with providers to provide COVID support in 2021/2 & possible 2022/3	Current	£15,000,000

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