

CORPORATE AND COMMUNITIES OVERVIEW AND SCRUTINY PANEL 14 FEBRUARY 2022

CORPORATE PROCUREMENT STRATEGY OVERVIEW

Summary

1. The Corporate and Communities Overview and Scrutiny Panel has requested sight of the latest draft of the Corporate Procurement Strategy for review.
2. The Panel has requested an overview of the pertinent content of the Corporate Procurement Strategy and a summary of the key points to consider.

Overview

3. The draft Corporate Procurement Strategy is attached at Appendix 1. The majority of the content has been populated however the Strategy will not be finalised until after the publication of the Corporate Plan. The Strategy has been refreshed in light of the restructure of the commercial service and following the impact of the COVID pandemic. A summary of the content is provided below, most of which is included within the Strategy document itself under the relevant sections.

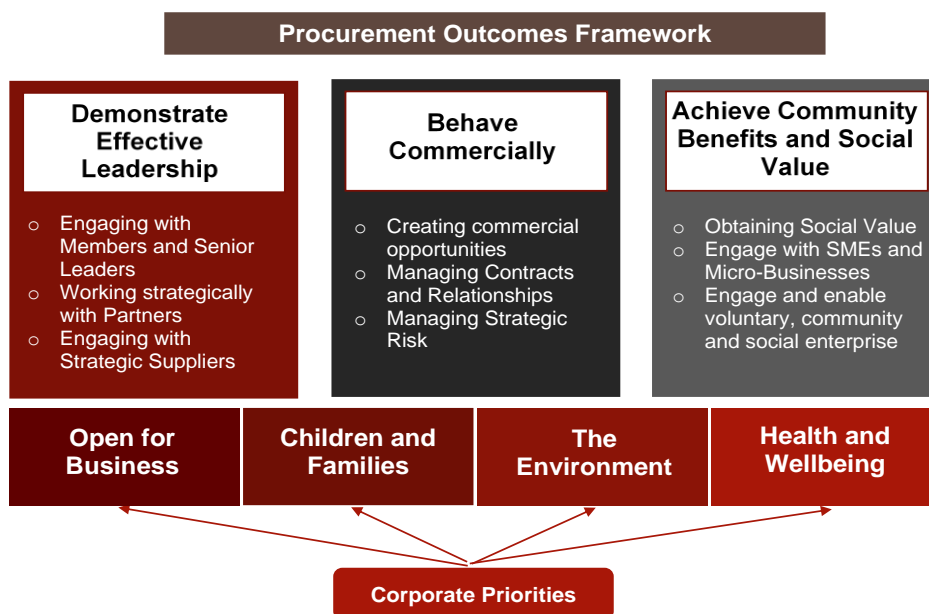
4. Worcestershire County Council's (the Council) Procurement Vision is:

“We strive to be a procurement partner of choice, delivering an end-to-end strategic procurement service, tailored to our stakeholders’ individual needs and based on category centric support that collectively drives quality, innovation and optimised commercial outcomes throughout the whole purchasing lifecycle, for the benefit of our customers, residents and visitors to Worcestershire”

Introduction to the Strategy

5. The Council currently spends £633m per annum with external organisations for goods, services and works to support the delivery of the Council's priorities. The Council has a responsibility to ensure these public funds are spent wisely and effectively, to meet the strategic intent of the organisation and the needs of internal stakeholders, residents/communities, partners, and visitors to Worcestershire (the Council's four core stakeholder groups).

6. The new Corporate Procurement Strategy defines how the Council will go about meeting the needs of these four key groups, as well as how the national procurement strategy for Local Government aims and objectives are reflected in the Council's approach. It also outlines how the Council will benchmark performance to ensure consistency and effectiveness, as well as progress over the coming months and years as the new operating model is embedded. To that end, the Council has adopted the three key themes from the National Procurement Strategy, embedding these alongside the corporate priorities to form the Council's Procurement Outcome Framework, ensuring these are integral to the operating model. **Please note, with the refresh of the corporate priorities and plan being finalised presently, the framework will require updating and any additional requirements captured prior to publication.**



7. The Strategy is intended to give the Council a framework to work within to ensure that the best possible outcomes are delivered for every pound spent with the Council's suppliers and providers.

8. The procurement of goods, works and services has a huge impact on the success of any organisation, but never more so for the public sector than now, as it emerges from the COVID-19 pandemic, with a clear expectation and desire to lead the local recovery and to tackle the financial challenges head on.

9. There are several Government Acts that place responsibilities on the Council in relation to commissioning, procurement and contract management, and whilst changes to the Public Contract Regulations are imminent, the principles of the Acts will remain at the centre of the Council's approach and practices.

10. There are priorities that the Council must address ranging from public procurement policy and legislation, working with partners in the county, through to the needs of communities and individuals.

11. The Strategy sets the best practice and high standards that the Council will work to and how it will maximise the benefits from its spend. The Strategy highlights the areas of focus over the next three years and The National Procurement Strategy for Local Government will be used to measure progress and success.

Outcomes and Values

12. The Council's Procurement Strategy has evolved from previous iterations to provide a clear set of values, outcomes and operating principles that we will endeavour to embed as part of the new category management delivery model.

13. The Outcomes are focused around key thematic operating principles of:

- Delivering Excellent Customer Service
- Delivering Modernisation and Reform
- Delivering Financial Benefits and Return of Investments
- Supporting Level Up and Sustainability

14. There are 10 core values which will support the Council in defining a new and more effective culture both within commercial and across the organisation:

- Strive to be a partner of choice
- Consistent high performance
- Customer focused
- Ambitious, risk taking and innovative
- Commercially minded
- Environmentally aware and focused
- Engaged, motivated and enthusiastic teams
- Valuing our people
- Honest, open and transparent
- Focused on continuous improvement

(Further detail on each of these areas is contained within the strategy)

Success Measures

15. The new Corporate Procurement Strategy has defined a series of clear success measures against which the Council will continually assess itself to determine if it is achieving them and what more needs to be done to help achieve the aim. These aims and objectives align with the core principles defined with the Local Government Association National Procurement Strategy, and the Council has recently undertaken an assessment of where it is today, and where it wants to be by the end of the three-year Strategy. Full details of all of these objectives are included within the document, and the key themes are captured below.

Demonstrating Effective Leadership

16. Councillors set the Council vision and strategic priorities, and senior leaders provide the direction on how these will be delivered. Many of the Council's services depend upon suppliers and providers fulfilling their contractual obligations. It is vital that the commercial arrangements for contract delivery are robust. Having Councillors and senior leaders fully engaged with commercial matters will lead to improved service delivery and better outcomes for the local community.

17. The Directorate will ensure that Councillors and senior leaders are supported through ongoing commercial training, good advice and insight, and up to date reporting arrangements.

18. Working Strategically with Partners - Undertaking a team approach makes best use of limited resources and will lead to innovative solutions and better results. Wherever possible, the Council will strive to design and implement solutions with the county- based police, fire and health partners, our district councils, and the local voluntary and community-based organisations.

19. Engaging with Strategic Suppliers - Promoting proactive dialogue with the Council's strategic suppliers will help to reduce supply risk, harness innovation by using their expertise, and provide opportunities for improved performance and reduced cost.

Behave Commercially

20. Creating Commercial Opportunities - As financial support from central government reduces, the Council is required to look at other means of reducing funding deficits to ensure services to the community are not affected. Therefore, frequent service reviews will be undertaken to assess if they are being delivered in the most effective way, enhance engagement with the market to encourage innovation, and new ideas and solutions for service delivery. The Council will also look at new revenue opportunities, seeking to maximise return on investment on assets and considering new capital acquisitions that can create new wealth.

21. Managing Contracts and Relationships - Poor supplier performance or commercial failure can seriously damage the Council's reputation and ability to deliver effective services and support to local communities. It is, therefore, vital that there is effective management and control of all contracts from their implementation through to closure. The Council will ensure contract and supplier management policies, procedures, and systems, together with performance and risk management provide effective support to the successful and timely delivery of outcomes and control of costs.

22. Managing Strategic Risk - The occurrence of any risk, particularly when it could be foreseen, can have a devastating impact on the Council's reputation, the community served, the quality of the services provided, and the Council's financial viability. Risk is inherent in procurement decisions but the Directorate will take actions and implement policies designed to reduce the probability of a perceived risk occurring and minimising the detrimental effects that may occur should it materialise. The Council will also consider and maintain risk appetite to reflect changing environmental factors and alter the level, nature, and balance of risks with which the Council is willing to operate to deliver public services.

Achieve Community Benefits and Social Value

23. Obtaining Social Value - Social value is about improving economic, social, and environmental wellbeing from Council contracts over and above the delivery of the services directly required at no additional cost. Seeking social value from procurement spend provides an opportunity to maximise the value obtained from the resultant contracts.

26. Engaging Local Small Medium Enterprises (SMEs) and Micro-businesses – In Worcestershire SMEs and Micro-businesses play a major role in creating jobs, fostering economic growth, providing social stability, are a source of innovation and contribute to the development of the private sector. The Council will take a proactive approach to these organisations and ensure they are considered in its commissioning and procurement strategies and will continue to encourage the establishment and growth of SMEs and Micro-businesses in the county.

27. Enabling Voluntary, Community and Social Enterprise (VCSE) Engagement - VCSE organisations share common characteristics in the social, environmental, and cultural objectives that they pursue, and the reinvestment of surpluses for those objectives. The Council will foster good relations with the VCSE sector and seek new ways for delivering health and social care services.

Delivery of the Strategy – Category Management

28. The Council has recently implemented a Category Management Structure to drive the delivery of commercial aspirations and strategy. Financial pressures on the Council emphasise the importance that commercial activities can make real financial savings. By deploying a category management approach and providing an enhanced combination of support and challenge to commissioning practitioners, the Council will:

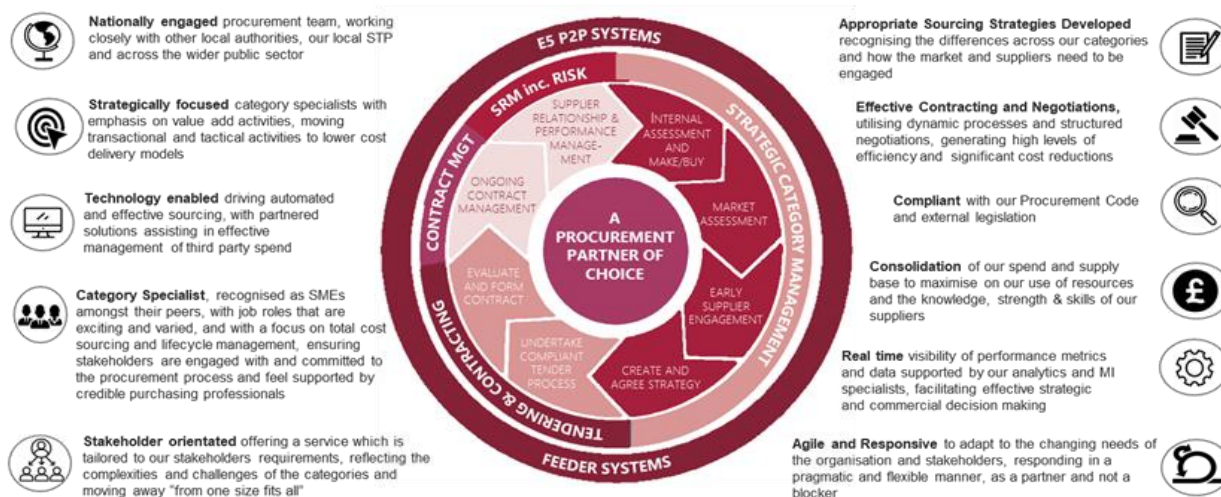
- Lead the way in seeking out opportunities for financial savings and ensuring that these become real cost reductions
- Undertake research and engage with the market to both understand and influence the existing and future demand for services
- Exploit opportunities to make cost savings through investing and enhancing category, supplier, and contract management activities; pursuing partnering and collaborative opportunities and developing a skilled commercial team to deliver the Council's requirements.

29. Through a category management approach, the Council will:

- Develop effective leadership on spend
- Develop and manage the supply market
- Design new models of service delivery
- Maximise value through spend aggregation
- Standardise specification to increase market competitiveness
- Understand the cost drivers that determine the costs incurred
- Embrace new technology and systems to improve and automate delivery.

Category Management Model

30. The Council's category management model is outlined below. It moves the procurement team's focus away from the classic "tender and contract" phases, and expands this to cover a further 6 steps, ranging from Make vs Buy, Market Shaping, Strategy, and Supplier Engagement, and through to Contract Management, Supplier Relationship Management and Risk Management. These steps are the "value add" steps to the category cycle, and our commercial team will undergo upskilling over the course of the next three years through the adoption of the CCS commercial college.

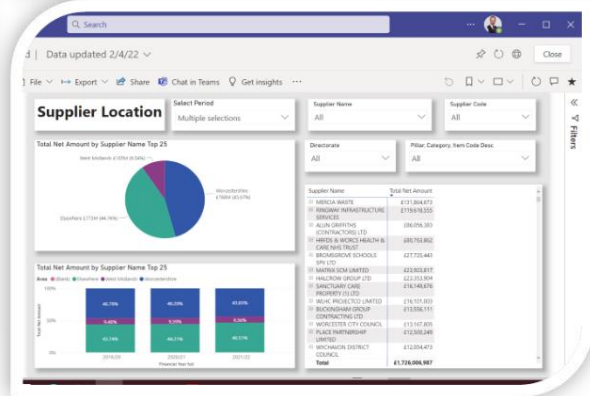
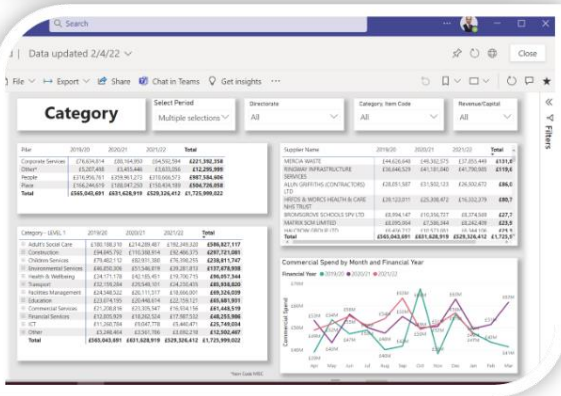
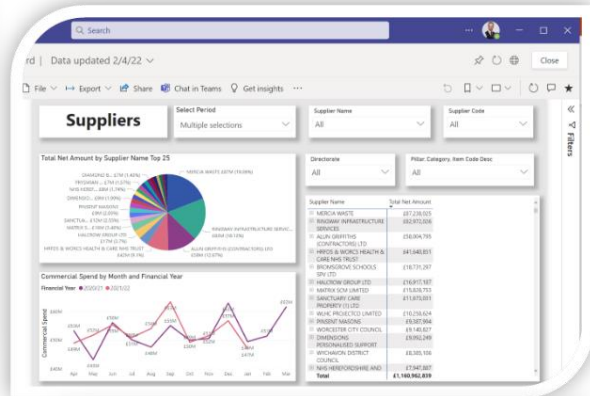
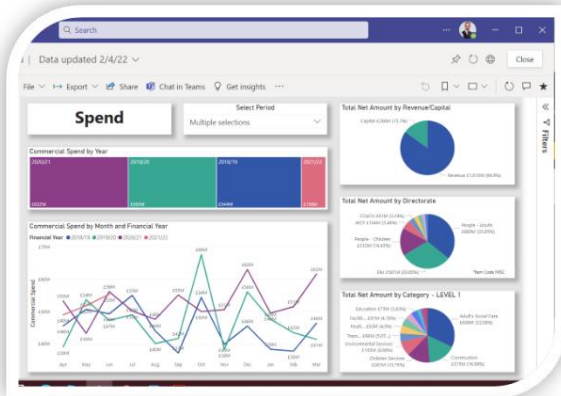


Systems and Technology

31. The Council has undertaken a review of the systems and technology that underpin the procurement function. Whilst challenges remain in respect of the wider finance system (e5), steps have been taken towards developing the existing e-tendering solution, and in the creation of a spend analytics tool within power BI.

Power BI Analytics in Commercial

32. Below are examples of the Power BI dashboard functionality and data available to inform the development of the Commercial team's category strategies. Further work is required to develop the tool, particularly in respect of data integrations, tracking of supply chain emissions, social value etc, however this is an excellent basis on which to continue building and developing the real time data at the Council's disposal.



Legal, Financial, and HR Implications

33. There are no direct legal implications as a result of this Strategy, though the legislative framework for procurement is likely to change significantly during the course of the next 2 years.

34. Financial implications will be captured during the course of the implementation and execution of the Strategy. These may change frequently depending on the approach adopted, any changing corporate and political priorities and the level of investment required to deliver. In any event, requests for financial support to aid delivery of the Strategy will be subject to separate approval.

35. There are no direct Human Resource implications, however it should be noted that the success of the Strategy is dependent upon being able to secure the right people in to post within the new structure. This continues to be challenging in the present market.

Equality and Diversity Implications

36. No implications.

Purpose of the Meeting

37. 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 Members with Responsibility for Corporate Services and Communication and/or Communities
- Agree whether any further Scrutiny is required at this stage.

Supporting Information

Appendix 1 – Draft Corporate Procurement Strategy

Contact Points

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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 available on 3 September 2019.

All agendas and minutes are available on the website here [weblink to agendas and minutes](#)