

# CORPORATE AND COMMUNITIES OVERVIEW AND SCRUTINY PANEL 1 NOVEMBER 2022

## CORPORATE PROCUREMENT STRATEGY OVERVIEW

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### Summary

1. The Corporate and Communities Overview and Scrutiny Panel has requested an overview of the Corporate Procurement Strategy for Worcestershire County Council (the Council).
2. The Cabinet Member with Responsibility for Corporate Services and Communication and the Assistant Director for Transformation and Commercial have been invited to the meeting.

### Overview

3. The Panel received an overview of the draft Strategy at its meeting on 14 February 2022. The updated Strategy is attached at Appendix 1.
4. The areas outstanding in February 2022 were the validated assessment of service maturity and detailed measures of success. It has been agreed that all measures from the national procurement strategy will be adopted and the Council has undertaken an assessment of its current performance against these, validating that the assessments are reflective and representative of current performance. The Council has also agreed an aspirational level of performance towards which it will be progressing over the next 3 years.
5. A summary is provided below of the key points within the Strategy. These remain largely unchanged from the previous report, however the detail within the Strategy itself has been updated and completed as necessary.
6. The Council's Procurement Vision is:

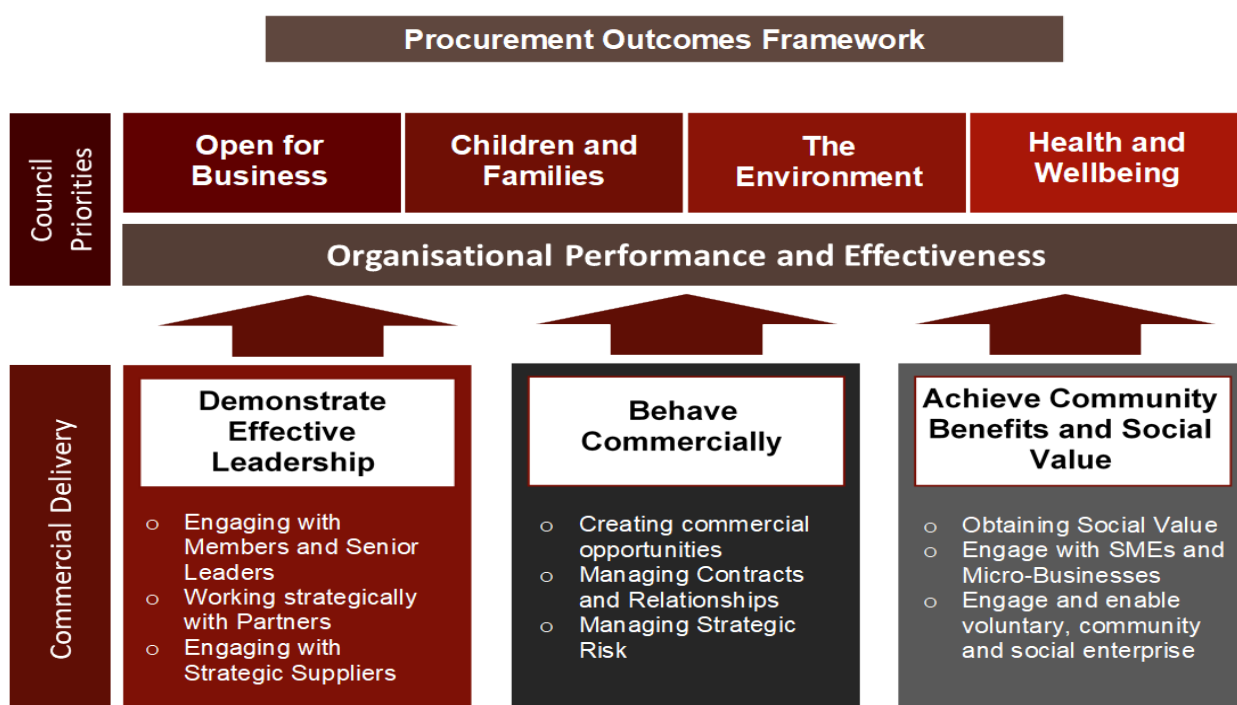
***“We strive to be a procurement partner of choice, delivering an end-to-end strategic procurement service, tailored to our stakeholders’ individual needs and based on category centric support that collectively drives quality, innovation and optimised commercial outcomes throughout the whole purchasing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

### Introduction to the Strategy

7. The Council currently spends £633m per annum with external organisations for goods, services and works to support the delivery of its priorities. It has a responsibility to ensure that public funds are spent wisely and effectively, to meet

the strategic intent of the organisation and the needs of its internal stakeholders, residents/communities, partners, and visitors to Worcestershire (the four core stakeholder groups).

8. 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 its approach. It also outlines how the Council will benchmark its performance to ensure consistency and effectiveness, as well as progress over the coming months and years as it is embedded in the new operating model. To that end, the Council has adopted the three key themes from the National Procurement Strategy, embedding these alongside its corporate priorities to form the Procurement Outcomes Framework, ensuring that these are integral to its operating model.



9. The Strategy is intended to give the Council a framework to work within to ensure that it delivers the best possible outcomes for every pound spent with its suppliers and providers.
10. 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 we emerge from the COVID-19 pandemic, with a clear expectation and desire to lead the local recovery and to tackle the financial challenges head on.
11. 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.
12. 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.

13. 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**

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

15. The outcomes are focused around the 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.

16. 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.

17. Further detail on each of these areas is contained within the Strategy.

### **Success Measures**

18. The new Corporate Procurement Strategy has defined a series of clear success measures against which the Council will continually assess itself to determine how close we are to achieving them and what more needs to be done to help achieve its aim. These aims and objectives align with the core principles defined with the Local Government Association National Procurement Strategy, full details of all of these objectives are included within the document, and the key themes are captured below.

### **Demonstrating Effective Leadership**

19. 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 its suppliers and providers fulfilling their contractual obligations. It is vital that the commercial arrangements for contract delivery are robust.

20. Councillors and senior leaders fully engaged with commercial matters will lead to improved service delivery and better outcomes for the local community.
21. The Council will ensure that its Councillors and senior leaders are supported through ongoing commercial training, good advice and insight, and up to date reporting arrangements

### **Working Strategically with Partners**

22. 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 county based police, fire and health partners, district councils, and the local voluntary and community based organisations.

### **Engaging with Strategic Suppliers**

23. Promoting proactive dialogue with 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**

24. 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, the Council will undertake frequent service reviews 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. It will also look at new revenue opportunities, seeking to maximise return on investment on its assets and considering new capital acquisitions that can create new wealth.
25. 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 it has effective management and control of all contracts from their implementation through to closure. The Council will ensure its 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.
26. 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 it serves, the quality of the services provided, and its financial viability. Risk is inherent in procurement decisions, but the Council 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. It will also consider and maintain its 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**

27. Obtaining Social Value - social value is about improving economic, social, and environmental wellbeing from the Council's contracts over and above the delivery of the services directly required at no additional cost. Seeking social value from its procurement spend provides an opportunity to maximise the value obtained from the resultant contracts.
28. 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, 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 it will continue to encourage the establishment and growth of SMEs and Micro-businesses in the County.
29. 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.

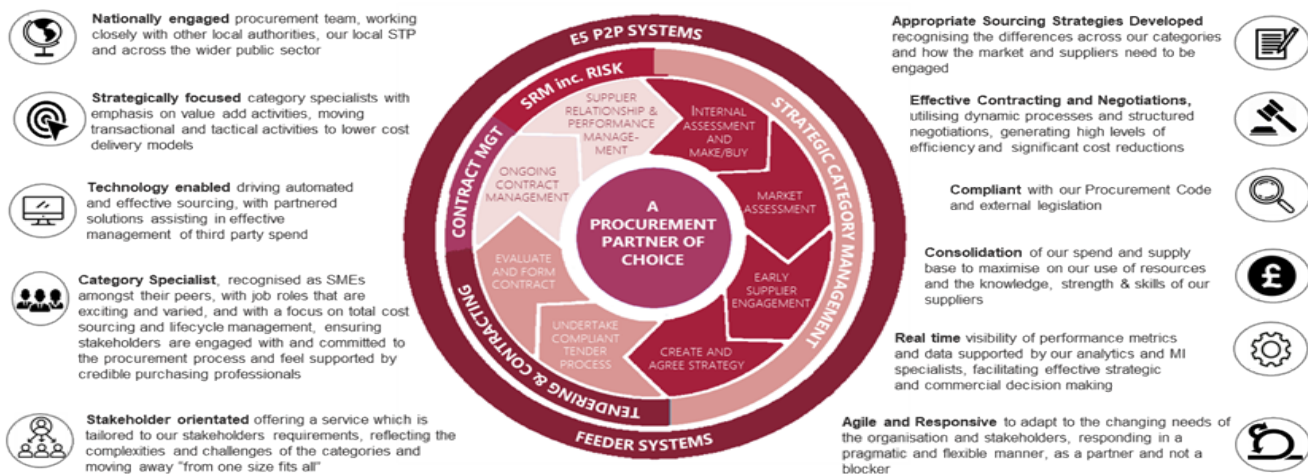
## **Delivery of the Strategy – Category Management**

30. The Council has recently implemented a Category Management Structure to drive the delivery of its commercial aspirations and strategy. Financial pressures on the Council emphasise the importance that its 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, it 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 its services
  - Exploit opportunities to make cost savings through investing and enhancing its category, supplier, and contract management activities; pursuing partnering and collaborative opportunities and, developing a skilled commercial team to deliver its requirements.
31. Through the Council's category management approach, it 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 we incur
  - Embrace new technology and systems to improve and automate delivery.

## **The Council's Category Management Model**

32. The Council's category management approach is outlined below. It moves the procurement teams 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 its commercial team will undergo upskilling over the course of the next three years through the adoption of the Crown Commercial Services (CCS) commercial college.



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## Systems and Technology

33. 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 finance system), 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

34. Power BI dashboard functionality and data are available to inform the development of the Commercial teams category strategies.
35. 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

36. There are no direct legal implications as a result of the Corporate Procurement Strategy, though the legislative framework for procurement is likely to change significantly during the course of the next 2 years.
37. 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. Requests for financial support to aid delivery of the strategy will be subject to separate approval.

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

### **Purpose of the Meeting**

39. 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 1 – Corporate Procurement Strategy

### **Contact Points**

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### **Background Papers**

In the opinion of the proper officer in this case the Democratic Governance and Scrutiny Manager 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 on 14 February 2022 are available on the website – [weblink to Agenda and Minutes](#)