

## **CORPORATE AND COMMUNITIES OVERVIEW AND SCRUTINY PANEL 28 MARCH 2023**

### **CORPORATE PROCUREMENT STRATEGY – SERVICE TRANSFORMATION AND KEY PERFORMANCE INDICATOR DELIVERY PLAN**

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#### **Summary**

1. The Corporate and Communities Overview and Scrutiny Panel has requested an update on developments relating to the Corporate Procurement Strategy 2022-25, specifically in respect of the service transformation activities and the Key Performance Indicator (KPI) delivery plan.
2. The Cabinet Member with Responsibility for Corporate Services and Communication and the Strategic Director for Commercial and Change have been invited to the meeting.

#### **Background**

3. The Corporate Procurement Strategy 2022-25 was presented to the Panel in November 2022. Underpinning the Strategy is a plan to deliver improvements against the Local Government Association (LGA) procurement KPIs which are central to the achievement of the strategies aims.
4. Some of the key activities that have been undertaken during 2022/23 have been along with the key priorities for 2023/24. The full breakdown of actions and anticipated delivery dates is attached, see Appendix 1.
5. The transformation programme is anticipated to take 3 years; however, the final year will be focused on embedding changes, with the first two years focused on developing the systems, processes and relationships needed to achieve the desired outcomes.

#### **Key Performance Indicators**

6. The LGA have defined in excess of 60 KPIs for assessing the performance of local authority commercial/procurement functions. The Council undertook a review at the beginning of 2022 against these KPIs to ascertain the Council's current level of performance/maturity, and the aspirational level that it would want to achieve within the next 3 years. These have then been incorporated directly into the Corporate Procurement Strategy 2022-25.
7. A gap analysis has been developed against which the required actions have been identified and the deliverables needed to improve the Council's effectiveness across each of the KPI areas.

8. The Improvement Plan is updated periodically to reflect the changing priorities of the organisation, and the developments within the commercial sector. Some of the key activities which have been delivered for 2022/23 are detailed below.

### **Commercial Team Restructure**

9. The Commercial Team has been restructured from the start of 2022/23, adopting a “best-in-class” category management model. There are three pillars within the team as follows:
  - Corporate; focused on IT, Professional Services, Finance and general “Indirects” (spend that relates to back office and services).
  - Place; focused on infrastructure and capital projects.
  - People; focused on social care (adults and children’s), and public health.
10. The new structure is underpinned by a Chartered Institute of Procurement and Supply (CIPS) 8 step category management model, which shifts focus away from tendering exclusively, and commits greater time and resource to pre-market engagement activities and post tender contract and supplier relationship management.

### **Update to Procurement Policy and Threshold**

11. The new structure introduces a greater focus on early market engagement, market shaping, through to contract and supplier management, risk management and performance management. Whilst hugely beneficial in ensuring value for money is achieved both at the outset and throughout the life of a contract, this does require greater levels of resourcing. The updated Procurement Policy and associated thresholds have been designed to facilitate a prioritised approach to commercial activity, freeing up time of the commercial officers and allowing them to focus resources on higher-value strategic agreements, whilst permitting greater flexibility for the operational service teams to source lower value tactical requirements directly.

### **Introduction of a new Commercial Board**

12. A new Commercial Board has been established and the Terms of Reference are attached at Appendix 3. This is chaired by the Council’s Chief Executive and has been established to provide support and direction on all above threshold commercial activity, both at the outset for approval of the commercial approach/strategy, and throughout the sourcing process and subsequent management of the agreement.
13. All procurement activity above the UK threshold now needs to be reviewed by the Commercial Board before sourcing can commence. Upon conclusion of the source, the Commercial Board will review outcomes prior to contract award and for the Council’s high-value agreements, ongoing updates on performance and effectiveness of contracts will be required. In addition, the Board will review market trends and market reports, key legislative changes, and act as an ultimate point of escalation for procurement/commercial risks and issues.

14. The Board is not formally constituted and carries the authority of the Board members only. Consequently, it is not a replacement for the Council's formal governance mechanisms

### Supplier Categorisation

15. All suppliers have now been categorised into Platinum, Gold, Silver and Bronze. The Supplier Categorisations Summary of Suppliers are shown in Appendix 2 This is based on an assessment of:

- **Contract Value.** Is the contract of high value and would there be significant financial implications if the agreement was mismanaged, or if it goes wrong?
- **Legal and Statutory Impact.** Is the contract for a statutory service, or are there legislative implications for failure to provide the service/goods/works including implications for health and safety and risk to life and health?
- **Sector.** Is the contract within a sector that is prone to high risk of failure, risk of fraud or corruption, or benefits particularly from close contract management
- **Political and Reputational Sensitivity** – Would a failure to deliver the goods/works/services have a particular political or reputational sensitivity? Are decisions made in relation to the contract politically or reputationally sensitive?
- **Alternative provision** – Is the contract difficult to change/reprocure/re-source. Is there a high technical or logistical cost of change? Can existing services or works be easily handed over to a new provider?

16. The Management approach to each contract will change depending on its categorisation as outlined below:

- **Platinum** – Regular commercial and operational performance meetings, with monitored Service Level Agreements (SLAs)/KPIs. Attendance at quarterly formal Contract Reviews by the Strategic Directors and Assistant Directors, with the CMR invited to attend where available.
- **Gold** – Regular commercial and operational performance meetings with monitored SLAs/KPIs. Attendance at 6 monthly formal Contract Reviews by the Assistant Directors, with Strategic Directors optional.
- **Silver** – Periodic Commercial/operational performance reviews as determined appropriate. Minimum of one formal Contract Review meeting per year, with the Head of Commercial and Strategic Leads/Operational Leads. Assistant Directors optional. KPIs developed where appropriate, but some form of performance monitoring should be implemented.
- **Bronze** – Managed by exception, with operational management being the focus. Commercial management/intervention as required.

### New Intranet Site

17. The commercial Intranet site has been updated and will be launched from 1 April 2023. The new site seeks to simplify what is presented and is structured to reflect the customer journey. The language used is "Plain English", and the 9-box landing page considered the top reasons a user would come to the commercial page and directs them accordingly. This should provide clear

information to all users and allow them to navigate to what they need simply and efficiently. It will also reduce the number of queries into the commercial team.

18. The key areas which the new site will cover are:

- I want to buy something
- What are the rules and procedures when buying something
- I need to speak to somebody in commercial – who buys what
- Social value (social value toolkit, charter and wider information)
- Intelligence and insight (Power-BI dashboard and other)
- Frequently asked questions
- I need guidance on operations and systems – intend and e5
- Knowledge library – document and knowledge repository

### **Data analytics**

19. The Council has developed a Commercial dashboard based on the Power-BI application. This provides useful data and insight across a majority of the Council's spend areas and allows the Council to interrogate and challenge expenditure. Whilst there are limitations resulting from the functionality of the finance system (spend to contract etc.), the solution has been instrumental in allowing the Council to understand categories of spend, supplier analysis and trends across years.

### **West Midlands Procurement Group**

20. As part of the Council's regional engagement priorities, the Council has agreed to take over the role of Chairman of the West Midlands Procurement Group from April 2023 onwards. The Assistant Director for Transformation and Commercial will undertake this role, with the Head of Commercial deputising as required.

### **The Council's Key Priorities**

21. The Council's key priorities for the next 12 months include:

- Finalisation of the category strategies, with approval of the Commercial Board.
- Small/medium sized enterprises (SMEs) and social value processes and engagement strategies developed.
- CRM briefings to be established quarterly.
- New supplier and contract management processes established and embedded.
- New service KPIs to launch from April 2023.
- Commercial training to be developed for organisation wide adoption, with specific training developed for practitioners based on the commercial college.
- Verto development for project management of commercial activity and improved reporting.
- Social value project to be setup to deliver social value planned activities (including assessment social value).

## **Purpose of the Meeting**

22. The Panel is asked to:

- consider and comment on the activities undertaken to date, and the priorities for the coming 12 months
- consider and comment on the actions outlined in the KPI delivery plan.

## **Supporting Information**

Appendix 1 – KPI delivery plan – Commercial Services Strategy

Appendix 2 – Supplier categorisations

Appendix 3 – Terms of Reference for the Commercial Board

## **Contact Points for the Report**

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## **Background Papers**

Corporate Procurement Strategy 22-25 – as submitted to the November Scrutiny meeting

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