

APPENDIX B - P2P Review Update

The action plan below has been developed in response to the recommendations made following the LGA Peer Review of the Council's Procure to Pay (**P2P**) business function.

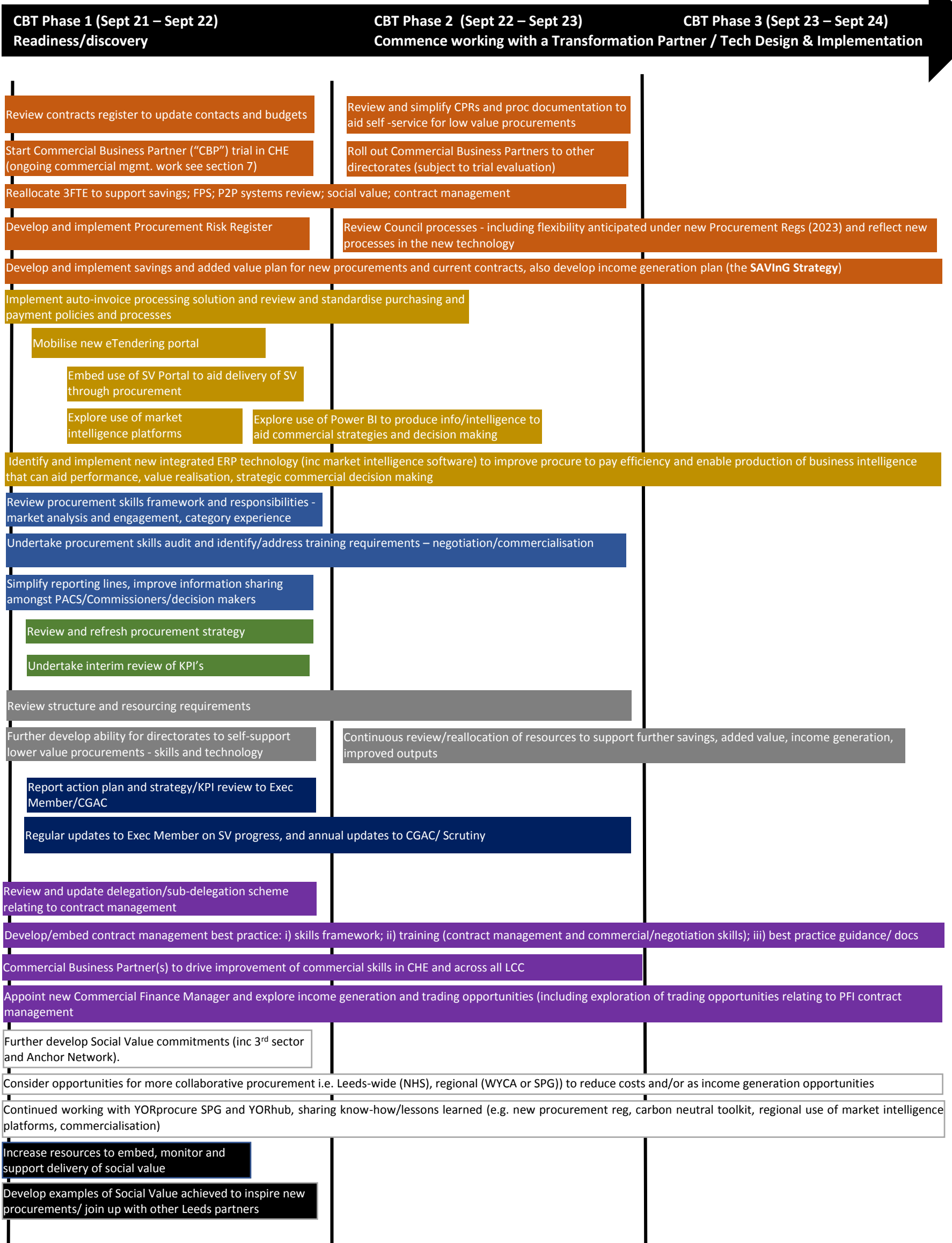
P2P is a workstream within the Core Business Transformation (**CBT**) programme that will transform and modernise the way core business activities (Finance, Procure to Pay, HR, Payroll) are undertaken across the Council.

Due to the co-dependency of the P2P action plan on the deliverables of the CBT programme, the actions have been aligned with the delivery phases of the programme.

The CBT programme is split into 3 phases:

- **Phase 1:** the first phase focuses on business readiness and change that is not technology dependent. In the context of the CBT programme, this phase will also involve engaging with the market to develop our understanding of available technology and how it can best be harnessed to achieve our ambitions. Further detail about the progress in delivering Phase 1 actions to date is included in the "Update Statement" section of this Appendix B.
- **Phase 2 and Phase 3:** The Phase 2 actions relate either to the procurement and implementation of the new technology/require support from the Transformation Partner to deliver the business change (which is anticipated in late 2022) or will be impacted by the detail of the Government's new procurement regulations (anticipated during 2023). The final phase are outputs from the new technology/systems to be delivered.

Procure to Pay Review Action Plan



P2P Review - Update Statement

Please note that copies of various documents referred to below are available upon request.

1. Delivering Strategic Value in Procurement and Contract Management

- **Contracts Register** – Data migrated to the Council’s new e-procurement system (“YORTender3”). A process of data cleansing has been undertaken to ensure correct allocation of contracts to specific procurement categories, directorates, contract managers etc. Given the volume of data and the manual nature of the process, this is a continuing and ongoing process until new technology allows for reliable automated updates.
- **CPRs/Procurement Docs** – CPRs are kept under continual review and regularly refreshed. A summary of the latest proposed key amendments is included at Appendix A. A more fundamental review of CPRs and Procurement Documents is underway with a view to simplifying and making more user friendly. We are currently gathering information relating to the approach of other local authorities and seeking to engage with CBT partners to understand the broader landscape. Launch of these new documents is likely to be 2023, with a view to coinciding with enactment of the new Procurement Bill.
- **Commercial Business Partner (CBP)** – The 12 month pilot commenced on 31st August following recruitment of a new staff member with private sector commercial and entrepreneurial experience. The CBP is working primarily with CHE on various initiatives (contract reviews and income generation ideas), and also provided support to Resources. Significant immediate savings and service improvements have been identified, and longer-term strategic transformation opportunities are also being progressed. Consequently, the Director of Resources is keen to make the role permanent and provide similar dedicated resource and support to other services (e.g. a “people services” focused Commercial Business Partner). These proposals will be subject to a separate report, consultation and decision in due course.
- **Reallocation of Resource** – Resource from PACS procurement support team has been reallocated to support delivery of additional Social Value through procurement, to support the Faster Payment Service, to support development of contract management best practice (including the YORTender3 Contract Management module), and support the Financial Challenge savings review.
- **Procurement Risk Register** – In development and following consultation with Internal Audit Intelligence and Policy colleagues have supported development of a risk register for PACS. Procurement risks are also identified on the corporate risk register, and individual directorates/services should identify risks in relation to their own specific procurement activity. PACS provides monthly updates to the City Solicitor in relation to particular procurement and contract risks of which it is aware.
- **SAVInG Strategy and Tracker** – A strategy for delivering procurement and operational contract savings and increasing income generation has been drafted. An accompanying savings tracker is used (cash savings in procurement and contract management, but also recording non-cash savings/avoided costs and income generation). Proposed development of contract management best practice should support services to identify savings opportunities (particularly given the difficulties in securing additional price savings, in the context of significant inflation).

2. Utilising technology

- **Auto Invoice Processing** – The new Kefron system went live on 1st April. Following some initial teething problems (e.g. persistent issues around goods-received notices and challenges around standardising purchasing processes), regular communications have supported mobilisation. It is noted that purchasing/payment arrangements need to be considered and incorporated into contract management plans prior to contract award.
- **New e-tendering Portal (YORTender3)** – The new YORTender3 e-procurement portal went live on 1st January 2022. As part of the mobilisation of YORTender3, training was provided to over 300 users who are able to access accounts on the system. we are in the process of configuring the system for our specific requirements and rolling out training to 500+ Council users. A full contract management information module has been created and tested, and was presented to the contract management working group on 9th March. Feedback was incorporated into the module, with a soft launch on 4th July, before utilising the contract management module for all procurement becomes compulsory from October 2022. A further module for e-evaluation is currently being mapped, before being built, tested and deployed.
- **Social Value Portal (SVP)** - SVP is an online platform for evaluating Social Value aspects of tenders and monitoring delivery of Social Value commitments by winning bidders. SVP has been officially incorporated into our procurement process for

contracts valued over £100,000 since September 2020, with the first procurements to use SVP going live in April 2021. Information regarding Social Value commitments/delivered is in Appendix A. Social Value processes and systems are kept under continual review, and the current arrangements with SVP expire in March 2023.

- **Market Intelligence Platforms** – A review of online benchmarking/market intelligence systems is underway. Such systems allow the opportunity to understand levels of Council spend with particular suppliers compared to spend by other authorities. Key benefits of this information are providing an indication of areas where Council spend may be unusually higher than other authorities, and having a clear understanding of our bargaining strength for negotiation with suppliers (particularly when it comes to contract extension options). Costs of access to these systems is expected to be c£20-£25k p.a., and a business case will be produced in due course if the conclusion of the review. A workshop with system providers is scheduled for July 2022.
- **Power BI** – Use of Microsoft Power BI is anticipated will improve data analysis and management reporting. A Power BI work package has been developed, however IDS resourcing issues have resulted in delays to progress. Now being reviewed in context of HR, with lessons to be learned for other Core Business systems.
- **New ERP Technology** - A transformation partner has been procured under the Core Business Transformation Programme. The transformation partner will support the Council in identifying various best in class technological solutions for the Council's core business systems (including P2P) and integrating them. They will also support change in Council processes to improve efficiency and effectiveness. An initial workshop with the transformation partner to discuss P2P is scheduled for 13th July.

3. Having the skills/capacity to deliver strategic value

- **Procurement Skills Framework** – This has been amended to reflect LGA Peer Review recommendations. A CPD system for procurement officers and linked to the skills framework is under development.
- **Procurement Skills Audit** – The procurement skills framework has been utilised to identify development plans for procurement officers, and a generic training programme for all staff. Particular areas of focus being supplier engagement and contract management.
- **Simplify Procurement Reporting Lines** – This is currently under review. In the meantime, in order to improve connectivity between PACS, procurement officers working in services and commissioners across the Council:
 - The 6-weekly Procurement Practitioners Group has been reconvened;
 - All category teams are attending the office at least once per week, including colleagues from the Construction and Housing procurement category team co-locating with other PACS category teams;
 - CBP role supports direct link between services and PACS procurement officers; and
 - Adoption of a uniform approach to category reporting lines to ensure (for example) comprehensive capture and systematic feedback on waiver and direct award reports.

4. Review of Procurement Strategy

- **Review and Refresh Procurement Strategy and KPIs** – Initial review undertaken to confirm the Procurement Strategy is still fit for purpose. More fundamental review to commence in 2023 to ensure it responds to the new Procurement Bill and remains fit for purpose for the medium term.

5. Capacity to implement full Category Management approach

- **Review Structure/Resource Requirements** – Ongoing consultation with services and review of new Procurement Bill as to what further commercial support is required to deliver service transformation, savings and improved outcomes. Proposals will be subject of separate report, consultation and decision in due course.
- **Continuous review of resource** – To follow in due course.
- **Develop directorates ability to self-support procurements** – Ongoing training in respect of YORTender3, supporting contract management of operational contracts and understanding of category management/procurement processes. CPRs under review to provide procurement flexibility. Detailed review of CPRs and Procurement Documentation to commence with a view to simplifying making more user friendly.

6. Involve Elected Members in Strategic Decision Making

- **Report action plan to Exec Member/CGAC** – Reported in late-2021.
- **Ongoing reports to Exec Member/CGAC/scrutiny** – Ongoing regular liaison with the Executive Member. Annual procurement assurance report provided to this Committee, and annual Social Value/ad hoc procurement updates provided to Scrutiny.

7. Council-wide approach to Contract Management and Commercialisation

- **Review and update delegation/sub-delegation scheme relating to contract management** – Amendment of Director of Resources scheme of delegation (with sub-delegation to Head of PACS) to include: “Setting, supporting and monitoring the council’s policies and procedures for: ... c) procurement, purchasing, **contract management and commercialisation;...**”.
- **Develop/embed contract management best practice** – CPRs provide that the relevant Chief Officer is responsible for ensuring that the Contract is managed appropriately and every contract ought to have a Contract Management Plan in place before award (but a single plan can cover more than one contract, and the contents of the plan should be scaled and proportionate to the value and risks of the contract). A recent review indicates that there are over 300 Council employees whose roles expressly include contract management. However, typically individuals responsible for managing the Council’s contracts are subject matter/technical experts and contract management is inconsistent across the Council.

A contract management working group (PACS officers and contract managers from across the Council) has been formed to consider examples of best practice contract management. A contract management module has been developed and launched on YORTender3 to ensure contract management is considered during the procurement phase, to support basic contract management and to provide high-level management reporting information.

A survey of services to understand the approach/resource/capability in relation contract management will shortly be issued, and places for 15 staff are being obtained on the DHLUC/LGA “Contract Management Pioneer Programme” (with free access to comprehensive training valued at c£100,000).

- **Commercial Business Partner(s) to drive improvement of commercial skills in CHE and across all LCC** – See above.
- **Appoint new Commercial Finance Manager and explore income generation and trading opportunities** – The new Commercial Finance Manager started in post on 6th September, from a private sector commercial finance background. Review of current fees and charges levels (and benchmarking against other Core Cities) has commenced. Other key areas of focus are: gathering up to date comprehensive information regarding all income generation activity, areas where traded services could be more profitable, new income generation opportunities, training/development opportunities, and proposals for greater consistency and oversight in relation to commercial activity.

8. Improving Working With System Partners

- **Further develop SV commitments** - A series of Third Sector engagement sessions have been delivered. A similar process is currently being considered at the Anchor Procurement Group.
- **Consider opportunities for more collaborative procurement** – Ongoing activities with NHS bodies and with other authorities regionally (e.g. White Rose Children’s Framework contracts). Sub-regional West Yorkshire Procurement Leaders group established to address closer working and forging stronger relationships. A sub-regional “meet the buyer” event held on 8th June, with similar event being considered with Anchor Procurement Group.
- **Continued working with YORprocure SPG and YORhub, sharing know-how/lessons learned** – Ongoing, including in relation to various sub-groups. Further exploring opportunities via the Anchor Procurement Group based on market intelligence platforms and commercialisation

9. Stronger focus on achieving social value objectives through procurement

- **Increase resources to embed, monitor and support delivery of social value** – The reallocation of resource (see above) has now identified a full-time Social Value lead to focus on all key drivers in connection with social value across the council and its delivery partners (including NHS and other public bodies in the region). CPRs now include a specific requirement to

award a minimum of 10% of evaluation marks to Social Value responses, and Social Value training has been provided for procurement officers across the Council. See above regarding Social Value commitments being made through SVP. Social Value processes and systems are kept under continual review, and the current arrangements with SVP expire in March 2023.

- **Develop examples of Social Value achieved to inspire new procurements/ join up with other Leeds partners** – In progress.