

Procurement update report: New Procurement Strategy 2025 - 2030

Date: 14 October 2024

Report of: Director of Strategy and Resources

Report to: Scrutiny Board (Strategy and Resources)

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

What is this report about?

- The Council's procurement function helps to ensure that the Council is able to deliver the 3 pillars of the Council's Best City Ambition. The goods, works and services we choose to buy and commission, the suppliers we select, the influential relationships we maintain with those suppliers, and the commercial opportunities we offer can help deliver inclusive growth, improve the health and wellbeing of local people, and support the push toward zero carbon.
- The Council's current Procurement Strategy runs until 2024 and is due to be updated for mid-2025. This report provides an update on progress to date and key next steps.

Recommendations

Members are recommended to:

1. note the contents of this report;
2. endorse the work underway to refresh the Council's Procurement Strategy; and
3. provide comments that they may have on the Procurement Strategy review in such regard.

Why is the proposal being put forward?

- 1 This report provides an update as to progress made in relation to:
 - a) planning the update the Council's Procurement Strategy.
 - b) the timescales for the implementation of the new Procurement Strategy by mid-2025.

Background Information

- 2 The Council currently spends over £1bn externally on goods, works and services each year. across both revenue and capital. We use a variety of contracts, from simple purchase orders to long-term partnership agreements. Some contracts are with a single provider, others are frameworks or dynamic purchasing systems with multiple providers.

- 3 The Council's current procurement strategy has been in place since 2019 and focuses on the following key areas:
- a) **Value for money and efficiency.** We will: seek to ensure the Council gets maximum value from every pound that is spent through best value and innovative procurement practice; adopt a consistent corporate approach to commissioning; adopt a clearly identified savings strategy; and continue a category management approach to procurement.
 - b) **Governance.** We will ensure compliance with the Contract Procedure Rules, the Council's Constitution and public procurement law (including the Public Contracts Regulations 2015) in order to manage procurement risk and to comply with legal requirements.
 - c) **Social value.** We will seek to improve economic, social and environmental wellbeing from our contracts, over and above the delivery of the services directly required, and at no extra cost. While much progress has been made in respect of social value through procurement, and this has been reported to Executive Board previously, further work is needed to draw together examples of social value achieved and provide advice and support to commissioners as to social value opportunities in procurement. The New Procurement Strategy KPIs anticipate that PACS will be responsible for reporting to Executive Member and Scrutiny Board, and managing and delivering social value across procurement and commissioning, and will provide relevant officers with social value training. Currently there is no resource available to undertake this role, and this will need to be addressed in due course in order to maximise social value outcomes and realise the Council's ambitions.
 - d) **Commercial opportunities.** We will seek new ways to develop and create commercial opportunities through procurement and commissioning activities, not just by promoting revenue generation, but by looking at how we engage with, and influence, the marketplace and potential suppliers in order to drive innovation and develop new ideas around service delivery.
 - e) **Strategic supplier engagement and contract management:** We will manage our strategic supplier relationships through continuous engagement with them. We will also ensure effective management of all contracts from beginning to end in order to control costs, obtain the quality outcomes and performance levels set out in the contract and minimise the level of risk.
- 4 The Procurement Strategy also identified a number of "procurement enablers" which are cross-cutting issues that the Council is to address to realise its ambitions. These cover:
- ensuring we develop talent by supporting staff to obtain professional qualifications and apprenticeships;
 - exploiting digital technology such as electronic tendering, Procure 2 Pay systems, electronic invoicing and using technology to enhance our knowledge management by accessing paper and electronic sources to build comprehensive intelligence about contracts, markets and trends;
 - embracing an innovative approach across all Council procurements; and
 - embedding change in the organisation by ensuring that senior managers recognise the importance of procurement and contract management, and promoting it as a way of leading and managing organisational change.
- 5 There have been a number of significant achievements made under the existing Procurement Strategy as reported annually via Corporate Governance and Audit Committee.
- 6 It is also important to reference the environment which this Procurement Strategy has operated and some of the key challenges including:
- a) Covid-19;
 - b) Cost of living crisis;

- c) New Procurement legislation;
- d) Formally leaving the European Union.

Procurement Act 2023

- 7 The Procurement Act 2023 received Royal Assent on 26th October 2023 and is expected to come into force from 24th February 2025, having application to new procurement activity from the “go live” date.
- 8 The National Procurement Policy Statement is currently being reviewed by the new government and therefore delayed the go live date from 28th October 2024 to 24th February 2025. As a result, it is likely that any amendments will affect the Council’s Procurement Strategy. Any significant changes will be considered prior to the implementation of the new Procurement Strategy.

Work to date

- 9 The National Procurement Strategy is accompanied by a self-analysis toolkit which has been developed to support its delivery by helping councils to understand their maturity levels in key areas of procurement strategy, to set appropriate objectives in relation to those maturity levels and to assess their own progress against those objectives.
- 10 In determining the Council’s baseline level of procurement maturity, the Local Government Association indicated that scoring should be done on the basis of the weakest level of attainment in the Council rather than attempting to arrive at an average.
- 11 An initial review against the National Procurement Strategy self-analysis toolkit has been undertaken within PACS (see Appendix 1). This has identified some key areas for development within the next Procurement Strategy. Further consultation will take place across the Council to verify the assessments that have been conducted
- 12 Additionally, PACS has undertaken a SWOT analysis to support the review of the Procurement Strategy.
- 13 To support to development of the new Procurement Strategy, analysis has been undertaken to identify the current strategic context within which the Council is working (see Appendix 2). This will be further reviewed and developed subject to any further guidance.

Next steps - New Procurement Strategy

- 14 At this point, it is anticipated that many aspects of the new Procurement Strategy will mirror the existing and not change. The initial review of the Procurement Strategy has, however, identified building blocks to focus on as part of the new Procurement Strategy. These include:
 - a) Value for money
 - b) Governance and Risk
 - c) Social Value
 - d) Commercial
 - e) Contract Management
 - f) Supplier and Market Engagement
 - g) Reform and Continuous Improvement
 - h) Culture, recruitment and retention

- 15 It is anticipated that there will be the following actions required upon adoption of the new Procurement Strategy.
- a) Documentation and CPR updates
 - b) Category strategy updates
 - c) Rollout and training on the new Procurement Strategy and documentation
 - d) Monitoring of progress against the

Consultation Proposals

- 16 To support with the development and implementation of the new Procurement Strategy, it is anticipated that the following engagement will take place:
- a) Consultation with procurement and commissioning staff and Procurement Practitioners Group;
 - b) Key Council teams who engage with the Procurement Strategy;
 - c) Executive Board; and
 - d) Corporate Governance and Audit Committee
- 17 It is not expected that there will be public consultation of the new Procurement Strategy as there is no direct impact on the general public from the review.

Implementation

- 18 The below timetable details the anticipated timescales associated with the abovementioned actions.

Month	Action
October – November 2024	Review of current Procurement Strategy; Draft of new Procurement Strategy
December 24 – February 2025	Consultation and amendments
February – April 2025	Formal approvals
May – June 2025	Rollout of new Procurement Strategy

What impact will this proposal have?

Wards affected:		
Have ward members been consulted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

- 19 Each of the matters detailed in this report seek to further improve the efficiency and effectiveness of the Council's procurement and contract management function, in order deliver the key areas of the Council's Best City Ambition,

What consultation and engagement has taken place?

- 20 At present, there has been limited consultation and engagement. The consultation proposals are mentioned above.
- 21 An equality impact assessment screening will be conducted.

What are the resource implications?

- 22 It is anticipated that the implementation of the new Procurement Strategy will require internal resources only.

What are the legal implications?

- 23 There are no specific issues in this report with respect to these matters.
- 24 The Council's approach to procurement satisfies the necessary legal and regulatory obligations.
- 25 The review and refresh of the Council's procurement strategy will ensure that they continue to be fit for purpose with a view to facilitating compliance by the Council with requirements of the new procurement legislation.
- 26 This report is not eligible for call-in.

What are the key risks and how are they being managed?

- 27 The new Procurement Strategy will continue to ensure that the Council has appropriate risk management when conducting procurements and managing contracts.

Does this proposal support the council's three Key Pillars?

Inclusive Growth Health and Wellbeing Zero Carbon

- 28 The Council's procurement function ensures that the Council can deliver the council's three Key Pillars.
- 29 Effective procurement and contract management activity supports the Council's ambitions of a strong economy and a compassionate city, and the new Procurement Strategy will be specifically drafted in response to the Best Council Plan. Individual procurements support all of the Council's priorities and breakthrough projects.

Options, timescales and measuring success

What other options were considered?

- 30 A "do nothing" option was considered and discounted as the Council needs to ensure it has a Procurement Strategy.

How will success be measured?

- 31 Success will be measured against the KPIs set in the new Procurement Strategy.

32 Performance and progress will be measured on an annual basis and reported to both this Board and the Corporate Governance and Audit Committee.

What is the timetable for implementation?

33 As noted above.

34 Preparation for “go-live” in relation to the Procurement Act 2023 by February 2025 is ongoing.

Appendices

35 Appendix 1 – Procurement and Commercial Services self-analysis

36 Appendix 2 – Strategic Context

Background papers

37 None

Appendix 1

Theme	2019	2024 Ambition	2024 Actual (draft)	2030 Target
Social Value	Developing	Innovator	Leader	Innovator
Engagement	Developing	Leader	Leader	Innovator
VCSE/SME	Developing	Mature	Mature	Leader
Behaviour Commercially	Developing	Leader	Mature	Leader
Supplier & Contract Management	Developing	Leader	Mature	Leader
Working with partners	Developing	Leader	Leader	Innovator
Strategic supplier	Developing	Mature	Mature	Innovator
Developing talent	Mature	Leader	Mature	Innovator
Digital technology	Minimum	Developing	Minimum	Leader
Innovation	Developing	Mature	Developing	Leader
Change	Mature	Leader	Leader	Innovator

Appendix 2

National	Regional	Local
Public Contract Regulations (2015) Concession Contracts Regulations (2016)	West Yorkshire Plan	Contract Procedure Rules
Public Services (Social Value) Act 2012	Yorkshire & Humber Strategic Procurement Group	Corporate Priorities (City and Council Plans and Strategies)

National Procurement Strategy (NPS) 2022 for Local Government in England	Core Cities Network	Category Strategies
Local Government Transparency Code 2015		Best City Ambition
Joseph Rowntree Living Wage		Social Value Network, Framework and Guidance
Procurement Act 2023		
Procurement Policy Notes		