

APPENDIX 1 - P2P Review Update

Part A – Overview

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 involves 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 at Part C of this Appendix 1.
- **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 or will be impacted by the detail of the Government's new procurement regulations (anticipated during 2024). The final phase are outputs from the new technology/systems to be delivered.

Part B - Procure to Pay Review Action Plan

CBT Phase 1 (Sept 21 – Sept 22)
Readiness/discovery

CBT Phase 2 (Sept 22 – Sept 23)
Commence working with a Transformation Partner / Tech Design & Implementation

CBT Phase 3 (Sept 23 – Sept 24)

LGA Recommendations

1) Focus more energy and resources on delivering strategic value from procurement (e.g. an overall savings plan for procurement, supplier engagement, commercial, social value) and contract management rather than further improving already excellent levels of compliance

2) Utilise technology to improve efficiency and to gather data that will underpin procurement decisions going forward.

3) Ensure that PACS have the updated skills and capacity to drive a more strategic approach, specifically in relation to leadership and category management.

4) Review the council's procurement strategy to ensure it reflects the balance of corporate priorities with the details moved to an operational delivery plan.

5) Allow category managers the capacity and remit to re-implement a proper category management approach for all key spend areas

6) Elected members should be engaged with the strategic decision making for procurement and contract management. There should also be member representation on the social value and climate change boards.

7) Ensure there is a Leeds-wide approach to contract management and commercial, leveraging the good skills which exist in areas like the PFI team.

8) Improve working with system partners.

9) Consider increasing the level of ambition on social value to drive a stronger focus on achieving social value objectives through procurement.

Review contracts register to update contacts and budgets	Review and simplify CPRs and proc documentation to aid self-service for low value procurements	
Start Commercial Business Partner ("CBP") trial in CHE (ongoing commercial mgmt. work see section 7)	Roll out Commercial Business Partners to other directorates (subject to trial evaluation)	
Reallocate 3FTE to support savings; FPS; P2P systems review; social value; contract management		
Develop and implement Procurement Risk Register	Review Council processes - including flexibility anticipated under new Procurement Regs (2023) and reflect new processes in the new technology	
Develop and implement savings and added value plan for new procurements and current contracts, also develop income generation plan (the SAVInG Strategy)		
Implement auto-invoice processing solution and review and standardise purchasing and payment policies and processes		
Mobilise new eTendering portal		
Embed use of SV Portal to aid delivery of SV through procurement		
Explore use of market intelligence platforms	Explore use of Power BI to produce info/intelligence to aid commercial strategies and decision making	
Identify and implement new integrated ERP technology (inc market intelligence software) to improve procure to pay efficiency and enable production of business intelligence that can aid performance, value realisation, strategic commercial decision making		
Review procurement skills framework and responsibilities - market analysis and engagement, category experience		
Undertake procurement skills audit and identify/address training requirements – negotiation/commercialisation		
Simplify reporting lines, improve information sharing amongst PACS/Commissioners/decision makers		
Review and refresh procurement strategy		
Undertake interim review of KPI's		
Review structure and resourcing requirements		
Further develop ability for directorates to self-support lower value procurements - skills and technology	Continuous review/reallocation of resources to support further savings, added value, income generation, improved outputs	
Report action plan and strategy/KPI review to Exec Member/CGAC		
Regular updates to Exec Member on SV progress, and annual updates to CGAC/ Scrutiny		
Review and update delegation/sub-delegation scheme relating to contract management		
Develop/embed contract management best practice: i) skills framework; ii) training (contract management and commercial/negotiation skills); iii) best practice guidance/ docs		
Commercial Business Partner(s) to drive improvement of commercial skills in CHE and across all LCC		
Appoint new Commercial Finance Manager and explore income generation and trading opportunities (including exploration of trading opportunities relating to PFI contract management)		
Further develop Social Value commitments (inc 3 rd sector and Anchor Network).		
Consider opportunities for more collaborative procurement i.e. Leeds-wide (NHS), regional (WYCA or SPG)) to reduce costs and/or as income generation opportunities		
Continued working with YORprocure SPG and YORhub, sharing know-how/lessons learned (e.g. new procurement reg, carbon neutral toolkit, regional use of market intelligence platforms, commercialisation)		
Increase resources to embed, monitor and support delivery of social value		
Develop examples of Social Value achieved to inspire new procurements/ join up with other Leeds partners		

Part C - 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. Additional information relating to contract value and spend per year to help understand contract utilisation and performance, and opportunities for savings.
- **CPRs/Procurement Docs**– CPRs are kept under continual review and regularly refreshed. 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. Launch of these new documents is likely to be mid-2023.
- **Commercial Business Partner (CBP)** – An initial 12 month pilot testing the concept of a CBP commenced on 31st August 2021 following recruitment of a new staff member with private sector commercial and entrepreneurial experience. The CBP was 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. A broader consultation has been undertaken with directorates to establish their commercial support requirements, with proposals for two permanent CBPs – one focused on “people” related services and the other “place”. These proposals are part of a formal consultation with Trade Unions with a view to approval and recruitment in early 2023/24.
- **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 secondment to the CBT programme team), and support the Financial Challenge savings review.
- **Procurement Risk Register** – In place and now business as usual. 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.
- **Review Council Processes** – It is likely that the new procurement regulations will not be enacted until 2024. However, review of the Council procurement processes is ongoing in any event. Process mapping is underway to develop an automated/self-service system for low value procurements, and the Council will shortly trial a “tail-spend” solution aimed at simplifying the process for very low-value off-contract spend, providing improved data and visibility of such spend, and encouraging such spend to be made with local suppliers.
- **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 further 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 in the Council on 1st April 2022, and is scheduled to be rolled-out to non-FMS schools in the near future. 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 with training provided to over 300 users. A full contract management information module has been created and is now operational on YORTender3 – see below. 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 used by the Council as part of its procurement processes since September 2020, with the first procurements to use SVP going live in April 2021. However, the contract with SVP expires on 31st March 2023, and alternative approaches will be utilised in relation to delivering additional social value through procurement activity – see below.
- **Market Intelligence Platforms** – A review of online benchmarking/market intelligence systems is underway. While the benefits of benchmarking comparators are limited given that they are based on raw, often inaccurate data (taken from public data sources), such systems do allow for an indication of the levels of Council spend with particular suppliers and whether such spend forms a significant proportion of a particular supplier's turnover. This provides a clear understanding of bargaining strength for negotiation (particularly when it comes to contract extension options). Costs of access to these systems is typically c£20-£25k p.a., and a business case will be produced in due course.
- **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.
- **New ERP Technology** – The Council will shortly commence implementing Dynamics which will improve purchasing/payments. The P2P workstream is currently working on a 'business case' for investment in resources/technology to improve and transform end to end process. Market engagement and research to be undertaken to understand opportunities afforded by new technology.

3. Having the skills/capacity to deliver strategic value

- **Procurement Skills Framework** – This has been amended to reflect LGA Peer Review recommendations and a CPD system implemented for procurement officers.
- **Procurement Skills Audit** – The procurement skills framework has been utilised and self-analysis undertaken to identify development plans for procurement officers (including coaching, training, knowledge sharing), and a generic training programme for all staff (particular areas of focus being the Government sourcing playbook, supplier engagement and contract management).
- **Simplify Procurement Reporting Lines** – This is under continuing 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 is attended by procurement staff from across the Council;
 - All category teams are attending the office at least once per week, including colleagues from the Construction and Housing and IDS procurement category teams 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** – Proposals for the creation of new Head of Procurement role and two “senior category manager” posts to ensure provision of effective category management approach and allow for a more strategic view of procurement across the Council. These proposals are under consultation with Trade Unions with a view to approval and recruitment in early 2023/24.
- **Continuous review of resource** – Ongoing.

- **Develop directorates ability to self-support procurements** – See above regarding simplification of processes/procurement documents and developing automated/self-service system for low value procurements.

6. Involve Elected Members in Strategic Decision Making

- **Report action plan to Exec Member/CGAC** – Ongoing.
- **Ongoing reports to Exec Member/CGAC/scrutiny** – Ongoing.

7. Council-wide approach to Contract Management and Commercialisation

- **Review and update delegation/sub-delegation scheme relating to contract management** – Proposal to amend 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;...**”. This has been endorsed previously by CGAC and Scrutiny and is in the process of being actioned.
- **Develop/embed contract management best practice** – CPRs provide that the relevant Director 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 400 Council employees whose roles involve 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.

In order to support implementation of a Council-wide best practice approach to contract management, a number of initiatives have commenced:

- 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. It is a requirement that the module is completed prior to award of any contract required to be registered on YORTender3 (i.e. those over £10k in value);
 - A contract management newsletter is issued to share contract management information, to highlight news and best practice, to identify resources and training opportunities, and with a view to developing a contract manager “community”;
 - Online foundation level contract management training for all staff has been sourced via the Government Commercial College, and practitioner/expert level contract management training has been sourced for 17 members of staff;
 - Appointment of an external partner to undertake an in depth review of contract management in relation to 5-10 contracts with a view to identifying savings opportunities is planned;
 - Local Partnerships (via DLUHC) will work with the Council for 1 week in February to focus on the following 3 critical areas:
 - Developing a formal process to measure or assess the effectiveness of Contract Management as a practice across the Council;
 - Developing a formal framework to identify, share and embed good practice across the Council;
 - Developing a process to support the capability of contract managers across the Council.
- **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 has been in post in September 2021. Work has been across a wide variety of areas from income generating activity (e.g. leisure and filming, and benchmarking charges with other core cities), to facilitating Museums and Galleries exhibitions tax relief claims, to significant work in relation to C&F traded services and high-cost placements. Proposals for the creation of new Head of Commercial role and trainee commercial accountants are intended to facilitate further focus on: 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. These proposals are under consultation with Trade Unions with a view to approval and recruitment in early 2023/24.

8. Improving Working With System Partners

- **Further develop SV commitments** - A refresh of the Council’s requirements in relation to delivering additional social value through procurement activity with a view to a relaunch in early 2023/24. This will include utilising a new social value evaluation and monitoring tool that the Council has co-developed with other authorities in the region and private sector partner (Social Value Engine), and bringing the evaluation and monitoring of social value in high value contracts entirely in-house. In addition,

proposals for contributions to be made by suppliers in relation to lower value contracts to a new Social Value Fund will be implemented. Alongside this, the Council is working on a number of initiatives to support and increase opportunities for SMEs/VCSEs in the region in winning contracts with the Council (and other local authorities) and increasing the proportion of Council spend with such parties.

- **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, with intention to share procurement pipelines between West Yorkshire authorities for information and with a view to identifying collaboration opportunities. The additional resource proposals (see above) will facilitate the opportunity to consider further strategic opportunities for such collaboration.
- **Continued working with YORprocure SPG and YORhub, sharing know-how/lessons learned** – Ongoing, including in relation to various sub-groups.

9. Increase level of ambition to drive a stronger focus on achieving social value objectives through procurement

- **Increase resources to embed, monitor and support delivery of social value** – Consideration of additional social value opportunities is now well embedded in the Council’s procurement activity. As such, it is intended that evaluation and monitoring of social value in relation to high value procurements will be brought in-house when the SVP contract expires in March 2023 and consideration as to how to lever further social value from procurement activity is ongoing. Further, the Social Value Fund will provide an opportunity to deliver additional social value in lower value procurements. Proposals for the creation of a small social value team to facilitate this are under consultation with Trade Unions with a view to approval and implementation/recruitment in early 2023/24.
- **Develop examples of Social Value achieved to inspire new procurements/ join up with other Leeds partners** – Ongoing.