

APPENDIX 1 - P2P Action Plan and Update Statement

P2P Action Plan

This action plan 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 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 (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.

The actions generally directly follow the recommendations of the LGA Peer Review, however there have been some limited divergences to dovetail with prior actions/ambitions of the P2P peer review and develop a single action plan.

Procure to Pay Transformation 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 **(30/9 TB/LP)**

Start Commercial Business Partner ("CBP") trial **(31/8)** in CHE (ongoing commercial mgmt. work see section 7) **(KD)**

Reallocate 3FTE **(30/9)** to support savings; FPS; P2P systems review; social value; contract management **(AN)**

Develop and implement Procurement Risk Register **(31/12 DB/TB)**

Review and simplify CPRs and proc documentation to aid self-service for low value procurements **(DB/TB)**

Roll out Commercial Business Partners to other directorates (subject to trial evaluation) **(KD)**

Review Council processes - including flexibility anticipated under new Procurement Regs (2023) and reflect new processes in the new technology **(TB)**

Develop and implement savings and added value plan for new procurements and current contracts, also develop income generation plan (the **SAVInG Strategy**) **(KD)**

Implement auto-invoice processing solution **(30/9)** and review and standardise purchasing and payment policies and processes **(SM)**

Mobilise new eTendering portal **(31/12 LP)**

Embed use of SV Portal to aid delivery of SV through procurement **(31/12 TB)**

Explore use of market intelligence platforms **(31/12 TB)**

Explore use of Power BI to produce info/intelligence to aid commercial strategies and decision making **(SH)**

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 **(SH)**

Review procurement skills framework and responsibilities - market analysis and engagement, category experience **(TB)**

Undertake procurement skills audit and identify/address training requirements – negotiation/commercialisation **(TB)**

Simplify reporting lines, improve information sharing amongst PACS/Commissioners/decision makers **(TB)**

Review and refresh procurement strategy **(1/11 KD)**

Undertake interim review of KPI's **(1/11 KD)**

Review structure and resourcing requirements **(KD/TB)**

Further develop ability for directorates to self-support lower value procurements - skills and technology **(TB)**

Continuous review/reallocation of resources to support further savings, added value, income generation, improved outputs **(KD)**

Report action plan and strategy/KPI review to Exec Member/CGAC **(1/11 KD)**

Regular updates to Exec Member on SV progress, and annual updates to CGAC/ Scrutiny **(KD)**

Review and update delegation/sub-delegation scheme relating to contract management **(KD)**

Develop/embed contract management best practice: i) skills framework; ii) training (contract management and commercial/negotiation skills); iii) best practice guidance/ docs **(JC)**

Commercial Business Partner(s) to drive improvement of commercial skills in CHE and across all LCC **(LK)**

Appoint new Commercial Finance Manager **(6/9 KD)** and explore income generation and trading opportunities (including exploration of trading opportunities relating to PFI contract management) **(ME/JC)**

Further develop Social Value commitments (inc 3rd sector and Anchor Network). **(TB/SW)**

Consider opportunities for more collaborative procurement i.e. Leeds-wide (NHS), regional (WYCA or SPG)) to reduce costs and/or as income generation opportunities **(TB)**

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) **(TB/DB)**

Increase resources to embed, monitor and support delivery of social value **(TB)**

Develop examples of Social Value achieved to inspire new procurements/ join up with other Leeds partners **(TB)**

Update Statement – Phase 1

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** – Three different contract registers have been amalgamated into a single document which identifies all contracts, anticipated contract values, actual spend for the prior contract, directorates primarily responsible, key contract dates and having reviewed all named individuals responsible for each contract to ensure they are up to date/rectify discrepancies. It will be an ongoing process to manually review and maintain the contract register until new technology allows for reliable automated updates, however the new amalgamated contract register will facilitate improved contract management in the short term and also better aid consideration of savings opportunities. This data will be migrated on to the Council's new e-procurement system ("YORTender3") – see below.
- **CPRs** – CPRs are kept under constant review and regularly refreshed. A summary of the latest amendments is attached at Appendix 3. In addition, a suite of tender documents that is simplified and specifically tailored to tenders under £100,000 is currently being drafted. A more comprehensive review and simplification of CPRs and the broader suite of procurement documents will be undertaken following publication of the new procurement regulations (anticipated in 2023).
- **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 embedded in and working primarily with CHE on various initiatives (contract reviews and income generation ideas), and also provided support to Resources (e.g. review of specification and payment provisions for the parts contract for fleet, with c£30k anticipated annual savings; also working with LBS on contract management review). The Director of Resources is keen to broaden the trial, so Head of PACS is providing additional commercial support to C&F, which will also help define the person spec for a "peoples" CBP if the trial is successful. In addition, we are currently in liaison with City Development to assess their commercial needs should the CBP role(s) be expanded further/become permanent.
- **Reallocation of Resource** – 3 FTE from the PACS procurement support team have been reallocated. One member of staff has moved full time to support Social Value activities. Other staff resource has been realigned to support the Faster Payment Service, support contract management (including spot-check audits of invoice payments – to commence in January 2022), and support the Financial Challenge savings review. A further full-time post remains vacant and is currently out to recruitment. Once operational in late November, the Kefron processing system should free-up other resource currently working on the Faster Payment Service this should free more resource. Improvements in collation of data (e.g. via the new Contracts Register and YORTender3) should benefit dashboard reporting with regard to compliance, and the CBP role provides support and challenge to services regarding procurement spend.
- **Procurement Risk Register** – In development and following consultation with Internal Audit a draft is currently with Intelligence and Policy colleagues for review and comment. This is on schedule to be in place before the New Year.
- **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 available for use (savings in procurement and contract management, but also recording non-cash savings and income generation).

2. Utilising technology

- **Auto Invoice Processing** – In progress. A work package definition is being developed for CBT Board.
- **New e-tendering Portal (YORTender3)** – The new procurement was led by North Yorkshire County Council, and the contract awarded earlier in the year. The contract will be managed by Leeds City Council on behalf of authorities in the Yorkshire and Humber region. Authorities now have access to the live system and have begun the transition from YORTender2 to YORTender3, with YORTender3 taking over completely from 31 December 2021. As part of the mobilisation of YORTender3 we are in the process of configuring the system for our specific requirements and rolling out training to 500+ Council users. Additional modules for contract management and e-evaluation are 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. Since the procurement assurance report was provided to the Committee in July 2021:

- the total value of contracts using SVP has increased from £10m to £108m;
- the total social value committed under those contracts has increased from £217k to £10.5m; and
- the total social value delivered has increased from £1.2k to £169k.

The procurement documents sections relating to Social Value are currently under review and refresh, with sign off expected in December 2021.

- **Market Intelligence Platforms** – A review of online benchmarking 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. We are exploring the potential to buy access to such systems as a region.
- **New ERP Technology** - Procurement of a transformation partner is underway. Suppliers have now been shortlisted and the competitive dialogue stage of procurement will commence imminently. The transformation partner will support the Council in identifying various best in class technological solutions for the Council's core business systems, and integrating them. They will also support change in Council processes to improve efficiency and effectiveness.

3. Having the skills/capacity to deliver strategic value

- **Procurement Skills Framework** – This has been amended to reflect LGA Peer Review recommendations.
- **Procurement Skills Audit** – Work with officers to consider any individual development needs is due to commence, with any identified training requirements to be reflected in development plans and appropriate support provided.
- **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 having paused for c12 months following the first Covid lockdown;
 - colleagues from the Construction and Housing procurement category team are now co-locating 1 day per week with other PACS category teams; and
 - part of the CBP role is aimed at supporting procurement activity of services, providing a link to procurement officers in PACS, understanding particular issues encountered by services and seeking practical solutions and ensuring that services have sufficient awareness of procurement requirements/guidance to be able to undertake low value procurements effectively and compliantly.

4. Review of Procurement Strategy

- **Review and Refresh Procurement Strategy and KPIs** – In progress.

5. Capacity to implement full Category Management approach

- **Review Structure/Resource Requirements** – For consideration following conclusion CBP pilot and publication of new procurement regulations (anticipated in 2023) and alongside development of technology to support procurement activity.
- **Develop directorates ability to self-support procurements** – Ongoing. As noted above, training is currently being rolled-out to over 500 YORTender3 users across the Council, in order to facilitate them registering and undertaking procurements, and also to support contract management of operational contracts.

6. Involve Elected Members in Strategic Decision Making

- **Report action plan to Exec Member/CGAC** – This report.

- **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 updates provided to Scrutiny.

7. Council-wide approach to Contract Management and Commercialisation

- **Review and update delegation/sub-delegation scheme relating to contract management** – It is proposed that the 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 would then be sub-delegated to Head of PACS.
- **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, as highlighted in the LGA Peer Review, contract management is inconsistent across the Council.

A working group of PACS officers and contract managers from across the Council has been formed to consider examples of best practice contract management. Work is underway to develop a contract management Work Package Description for CBT Board, which will facilitate development of a Council-wide contract management system. In addition, work is underway to understand the scale of contract management resource across the Council and identify individual development needs (though a free online foundation contract manager course is available through the Cabinet Office Commercial Training College). Finally, services are being asked to ensure that their contracts have contract management plans in place, that contract managers understand the fundamental aspects of their contracts, that contract reviews are undertaken to ascertain whether Council need has changed since the contract was procured, and to check and challenge supplier invoicing and performance.

Additional corporate support is available (e.g. expanded CBP pilot).

- **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. An initial review of current fees and charges levels, and commercial activity across the Council has commenced. A report to the Chief Officer Financial Services and Director of Resources will be provided in December 2021. Key areas of focus are: the need for 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). Further opportunities under consideration.
- **Continued working with YORprocure SPG and YORhub, sharing know-how/lessons learned** – Ongoing.

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.

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



Leeds City Council

LGA Bespoke Remote Peer Support

Key Reflections

July 2021

Introduction

When the COVID-19 pandemic emerged and lockdown began in March 2020, the LGA suspended the physical delivery of all peer challenge work including the core offer of a corporate peer challenge.

To continue to support councils during this unprecedented period, the LGA rapidly refocused their support and adopted a new remote approach, focusing on supporting the recovery and renewal of local government and its communities. This new approach does not replace the LGA Corporate Peer Challenge offer.

Between 15th and 17th June 2021 Leeds City Council undertook the LGA Bespoke Remote Peer Support. The review focussed on the Procure to Pay Cycle within the council and the review team included the following participants:

LGA	Council
<ul style="list-style-type: none">• Councillor Nazia Rehman, Portfolio Holder, Finance, Resources and Transformation (Wigan MBC)• Steve Ede, Head of Procurement (Essex County Council)• James Binks, Director of Policy, Performance and Reform (Manchester City Council)• Nichola Cooke, Assistant Director (STAR Procurement)• Tina Holland, Programme Manager, Procurement and Commissioning (LGA Review Manager)• Suraiya Khatun, LGA Programme Support Officer	<ul style="list-style-type: none">• Councillor James Lewis, Leader of the Council and Executive Member for Resources• Tom Riordan, Chief Executive• Councillor Andrew Scopes, Chair of Scrutiny Board• Suzanne Hopes, Head of Business Transformation• Kieron Dennett, Head of Procurement and Commercial Services• Polly Cook, Chief Officer, Sustainable Energy and Air Quality• Lee Hemsworth, Chief Officer Customer Access and Welfare• Caroline Baria – Deputy Director Integrated Commissioning• John Crowther, Chief Officer Resources and Strategy• Jonathan Foster, Senior Audit Manager• Neil Evans, Director of Resources• Phil Evans, Chief Officer Operations and Active Leeds• Tim Pouncey, Chief Officer Resources and Strategy• Tony Bailey, Group Procurement Manager• Leonardo Tantari, Chief Digital and Information Officer• Philippa Elliott (PACS)• Phil Rigby (PACS/Housing)• Derek Prest (PACS)• Edwige Moutault (PACS)• Robert Greaves (DIS)• James Balmforth (Highways)• Chris Dickinson (Children and Families)• (Mark Phillott (Adults and Health)• Sascha Watton, social value lead• Manjit Ahere, Project Officer CBTP

Key Reflections

Value for Money-Efficiency

- We were pleased to note that staff clearly understood the imperative to make savings and it is generally thought that budgets are adhered to.
- We discussed benchmarking costs in various ways. We found that although some benchmarking was undertaken it was more of an ad-hoc activity and we believed that there is a lack of understanding of how to work through the actual cost of the service (rather than the price). [Guidance of how to undertake this 'should-cost modelling'](#) is available as part of the Government's Sourcing Playbook
- We understand that PACS team are planning a review of contracts and we suggest that this review also considers contracted price against actual invoices paid. The Leeds Procurement Strategy of 2019 outlines annual spend of around £800m and

updated information from the portal suggests this is still the case. However, Leeds published invoices paid over £500 figure of £939 million in 2019/20 and £937 million up to February 2021. These higher figures include redacted payments (for example payments to foster carers) of £40million and £34million respectively and payments made for long term contracts, for example payments made to Leeds D and B One of £24m and £55m respectively. Conversely where Leeds has published a framework contract on behalf of the region then only the value of Leeds call-offs will be included.

- Contract management is undertaken by departments rather than the central team and there are definitely pockets of good practice, however, and particularly on 'corporate' contracts where there is no specific contract owner, contract management is less consistency in approach. There are potentially missed opportunities to realise benefits and make savings (or prevent scope creep) in the contract management part of the P2P cycle. The council could consider more how savings can be made through the life of contracts, perhaps exploring the possibility of sharing savings made with their suppliers or letting longer term contracts that allow suppliers to offer better pricing structures.
- It is good practice to outline a corporate process for contract managementⁱ and we suggest that anyone involved in contract management should undertake this free foundation level e-learning module available through the [Government Commercial College](#).
- There could be value in a clearer overall corporate savings plan for procurement in light of the financial challenges and uncertainties the City Council faces. The head of PACS is leading the work on collation of procurement savings and has begun to focus on analysing contracts that might be investigated although we did not see a plan as such for this. There is always the issue as to how procurement savings are reported, the current system in Leeds follows the budget allocation (so savings on an IT contract would be reported as IT savings). A [case study from Sefton Council](#) work was undertaken to consider the methodology and development of approaches, processes and skills for contract audit of contracts, recovery of overpayments, contract management and financial procedures to test for potential savingsⁱⁱ.
- Opportunities for making savings in 20/21 were limited due to a number of factors not least the Covid-19 pressures. It is hoped that the pilot appointment of a commercial business partner will enable close working with the directorates to identify value for money and ultimately savings.
- There is scope to be more ambitious in delivering social value in procurement to help realise wider social, economic and environmental objectives in the city. Given the kudos for suppliers of doing business with Leeds City Council, and done effectively, there can be synergy between price, value for money and social value.

Improving Performance

- The PACS team and wider teams are clearly keen to demonstrate levels of performance and keen to be the advocates for change for the future. They were enthusiastic about the implementation of a new system which will reduce administrative work for the team. Political and non-political aspirations and the need for savings and value added are clear.
- The procurement strategy sets out some 31 Key Performance Indicators. It may be beneficial to prioritise a smaller number of KPIs and objectives in order to focus on delivering against these. We appreciate that it will have been necessary to deprioritise some of the KPIs and actions in the procurement strategy due to the COVID pandemic.
- The Procurement Strategy 2019-2024 sets out the ambition for the how the PACS team will help achieve corporate priorities through the P2P process. It does outline the corporate priorities and the procurement focus (value for money; governance; social value and the living wage; commercial opportunities and innovation; strategic supplier engagement and contract management) but we would challenge the robustness of the plan as to how they will be achieved. During our time on site we saw an enthusiasm for including social value but less was being discussed about the other areas outlined above. There could be value in a stronger focus on strategic supplier engagement for example.
- Leeds were part of the 60 per cent of councils that benchmarked procurement performance against the National Procurement Strategy in 2018 and extracts from their own status and ambitions is included in their own strategy. LGA plan to re-open the system over the summer 2021 in order that councils can repeat the exercise and Leeds are encouraged to engage in order to be able to consider their achievements against regional colleagues and nationally.
- We heard that the PACS team were strong at supporting each other and share learning across the category areas but less so where categories were managed within departments or with external partners.
- The 2019/20 Assurance Report outlined 95.6 per cent of expenditure was on contract or compliant to CSOs. This was matched by a substantial reduction in the number of procurement waivers sought in the same period. An outstanding achievement that demonstrates efforts by the council to ensure good governance.

Organisational Arrangements

- All the council officers we spoke to provided very strong and positive feedback about the support offered by PACS on operational procurement.
- PACS work diligently and have direct influence over a high proportion of procurement activity within the council. The focus on compliance and level of resource within the team means they are unable to fulfil their potential of providing much advice outside of what we would describe as the 'purchasing' part of the procurement cycleⁱⁱⁱ that includes developing documentation, tendering, evaluation and awarding the contract. Less resource is available to support the 'identify needs, develop the business case, pre-market analysis and engagement' stages at the beginning of the procurement cycle and the 'monitoring of contracts,

managing relationships and lessons learned' at the end of the procurement cycle. A more strategic procurement focus and genuine category management approach would help the to deliver stronger bonds with markets and more added value through procurement and it is expected that the business partner model will help shift the emphasis to this.

- We heard that the council wants to introduce commercial business partners who will be embedded within directorates and will provide strategic commercial, legal and financial advice to deliver major projects and services with a focus on achieving value for money, realising savings and early identification of issues that might be a barrier to achieving outcomes. This is still being developed and the council is actively recruiting a business partner to pilot the model. We see merit in adding this strategic level of resource and suggest that this should be done alongside consideration of different ways of working for the rest of the PACS team.
- We note that a business case for a commercial finance manager was approved in 2020 but a freeze on recruitment means that this post has not yet been filled meaning the original benefits outlined are having to be achieved by existing team members. We note it is likely that this resource will be in place in September 2021.
- In terms of different ways of working for the central PACS team, we appreciate that they are grappling with a number of stand-alone IT systems, reduced resources, complex rules and processes that create demand from the directorates. PACS team spend a lot of time in measuring and reporting on compliance possibly to the detriment of being able to resource the more strategic value-adding activities such as enriching directorates' thinking with market and commercial knowledge, critically assessing specifications and considering alternative strategies and models. It is positive to learn that the council is looking to resolve many of these issues through the core business transformation programme which must include the technical ability for directorates to self-support lower value procurements and allow the procurement team to have a stronger strategic and proactive focus.

Optimised Resourcing

- We appreciate the strong desire for the council to focus on compliance, particularly given the recent high-profile issues being reported where compliance was found to be lacking in other councils. In order to achieve the wider objectives of the procurement strategy (above) more effectively there may need to be a recognition that less capacity could be focused on further improving the already excellent levels of compliance. Monitoring and reporting work needs to be further automated and completed by more junior staff in order to free up other PACS staff for more value adding activities. Senior PACS staff need to be relieved of their operational duties in order that they can focus properly on leadership.
- We are aware that due to reducing resource the team have found it necessary to reduce strategic category management and market engagement. The procurement strategy of 2019 identified this as an issue. Category managers spend time on operational issues, renewing contracts, conducting individual procurements that should be carried out by Procurement officers, and instead they should be focussing on managing their category and adding value by using their technical and market knowledge within their individual categories^{iv}.
- Given the period of time during which resource issues have limited, Category Managers capacity to manage markets they might benefit from the opportunity to refresh their technical knowledge and to gain more 'soft' skills need to effectively influence stakeholders (persuasion, influencing, negotiation skills, change management skills etc).
- The role description for category managers does not include the requirement to have the skills to undertake specific market analysis or market engagement or even a background in the specific category. We were shown an example category management plan for Adults and Health dated 2015/16 that contained little by way of market analysis; we looked at the Leeds Market Position Statement for 2019 which does include information on the council's approach to procurement and commissioning but, apart from an infographic outlining at high level what the market looks like, focusses (properly) on how the council will commission services. Given Leeds' plan to procure new technology soon we believe that this is the time for category managers to really focus on what the market can offer and market shaping to better meet your demand. Your new system could include the technology to help with market evaluation. Done properly, category management will help to increase productivity, reduce spend and add value to the procurement function.
- Within the directorates there will be a need for wider skills development and good practice dissemination – there is an opportunity for the central PACS team to ensure consistent understanding of regulations across the council, perhaps through softer engagement and early communication to 'win hearts and minds' rather than by reactive reporting. This is increasingly important given changes coming from the proposals outlined in the Transforming Public Procurement Green Paper and the procurement implications in the NHS White Paper that will become legislation over the next few years.

Adopting Risk Based Approaches

- We noted the significant and increasing audit programme on procurement within the council. This may be linked to the focus on levels of compliance. The Audit committee have clear oversight in this area and only a few services having significant off-contract spend.

- There is a risk-based approach to capital expenditure and levels of borrowing, noting the significant financial uncertainty facing whole local government sector. We did not see a risk register that outlines potential supply chain risks or any other risks except procurement legal challenge.
- Our overall impression of the council's attitude to risk was one of caution which suggests that a review of the arrangements in place for lower risk/lower value activity will need to be considered.
- The PACS team could then focus on higher value-added and higher risk areas around supplier engagement, contract management, delivery of savings, and increasing the ambition on social value and this would help the council move towards maximising the value of its £800m external contract spend.
- The council could consider their ambitions in relation to commercialisation and how to increase commercial income alongside a review of their own appetite to risk. Possible areas to explore include are charging for shared services and generating income from use of their PFI related skills which might be in demand from other councils as this is a difficult area for Local authorities to recruit to.
- The council could consider identifying staff who are more commercially aware providing training for others (e.g. City Centre management, PFI, CDIO), recognising this will have a capacity requirement for the trainers.

Exploiting Technology

- A number of inefficient manual systems and processes are in operation across the council^v meaning there is a need to repeatedly input data, interpret results and apply manual solutions. An example quoted was the resource intensive manual exercise to identify which of the council's 15,000 suppliers were local businesses and/or SMEs in order to ascertain what proportion of overall spend was with local businesses. Systems already exist that would have enabled the council to access this data within a few minutes. We suggest the council considers the services provided by organisations such as Porge or Tussell (others will be available) to easily analyse actual spend.
- A further example was the amount of manual invoice processing being undertaken by the faster payments team.
- The development of a Core Business Transformation (CBT) programme is recognised as a great opportunity to use technology as an enabler of wider business change and the appointment of a Chief Digital and Information Officer demonstrates significant ambition to improve the Council's use of technology.
- The CBT programme also includes a number of strands relating to process and culture change within the council and the implications for procurement are discussed elsewhere in this report. The council recognises that significant business change and transformation capacity will be needed in the meantime and that business cases for investment are being encouraged to include investment requirements for business change capacity. The council might further consider
 - (i) longer term funding for business change capacity over the next 3-5 years,
 - (ii) greater corporate capacity for business change rather than this being considered on a project-by-project basis of individual proposals
 - (iii) whether this kind of business change capacity is best placed within a central team (the CBT team) or embedded within directorates.
- In relation to procurement the council needs to identify what level of information they would need from a new system that would support not only the process of order placing, receipt and invoicing but also sourcing, contract management, performance management, value realisation, decision making etc.

Social Value

- There are good foundations in place to address social value in the procurement process, in support of the ambitions for the city and the council. These include a new Social Value Board, guidance produced by the PACS team, and the measurement of social value through the Social Value Portal (SVP). Elected members endorsed the commitments made in the council's procurement strategy following extensive consultation with services and members and the PACS team have already done some work to align the TOMS to council priorities.
- Leeds have engaged with third sector and SMEs on social value and were instrumental in establishing a social value taskforce for the region and have also engaged with other organisations nationally on various social value related work.
- In order to deliver on the ambitions for the city, there should now be a stronger focus on how to embed social value considerations across the council and the capacity that this would require. Including
 - Further increasing skills, expertise and knowledge of how to embed social value effectively and more consistently
 - Using the procurement TOMs to consistently agree specific, measurable actions with a quantifiable value.
 - Building confidence to negotiate effectively with suppliers on social value commitments, maximising the brand strength of doing business with Leeds. (A good example of this was the negotiations with telecoms companies to increase their offers of free ICT equipment for digitally excluded Leeds residents)
 - Ensuring suppliers deliver on their social value commitments should be a core aspect of contract management
- Leeds could also consider a higher level of ambition on social value, moving from asking suppliers 'what social value can you bring' to a more proactive 'what social value do we as a council want for our city and residents'? This could be set out in a [Social Value Statement](#) that helps suppliers consider how they can help you meet the council's priorities. Other councils have also gone beyond the 10% social value weighting in procurements that Leeds use as a minimum, to a 20 or 30%^{vi} weighting.

- Social value considerations do need to be balanced with price and quality issues, particularly given the need for significant financial savings from external spend in Leeds going forward, but done effectively there can be synergy between price/value for money and social value.
- Leeds could also further influence its key private, public and third sector partners in the city to do more to deliver on social value, leading by example, and the anchor institutions network may be an opportunity to drive this ^{vii}(we understand that the council plans on issuing comms on social value to its suppliers).

Skills and Competencies

- The council's PFI contract management team and processes are held in high regard across the council and there are pockets of good contract management within the individual directorates although we believe that contract management of 'corporate' contracts where there is no natural 'contract owner' could be strengthened.
- The PACS team undertake a large amount of complex procurements. They receive good levels of legal support on contracting provided by the legal team but in some areas lack resource/skills/confidence/mandate to be able to constructively challenge service specifications.
- There is an opportunity for the PACS team to do more to ensure consistent understanding of regulations across the council but currently the PACS team are not connected to everyone involved in P2P activity. This will need to be resolved if the council is to benefit from a more corporate approach to ensure consistency and compliance.
- The PACS team are directly involved in a high volume of low value contracts which suggests that the directorates lack skill in dealing with these procurements themselves.
- There is currently no Leeds-wide approach to contract management although we understand that work has commenced to develop a contract management skills framework, best practice guide and a training programme.
- Commercial skills demonstrated on some contracts, for example the White Rose Framework and the PFI contract management skills, could be more widely applied internally. The council already recognises that commercial awareness skills need to be updated within the directorates and are identifying the best options to develop something in this area.
- There is currently only limited procurement collaboration with other anchor institutions and other Local authorities within the region. Through the YORProcure Group there is a real opportunity to enable more sharing of knowledge, skill and resources to deliver more collaborative procurements and efficiency savings.

Policies Procedures and Processes

- Robust procurement processes are in place, we have mentioned high levels of compliance previously.
- A number of people commented on contract standing orders being difficult to understand and a further review should be undertaken to ensure those undertaking P2P activity in the council can do this with confidence. We were told that the council has already made a number of changes to allow greater flexibility in process, this will need to be revisited if the proposals set out in the Green Paper to overhaul procurement rules that have "been bogged down in bureaucratic, process-driven procedures. We need to abandon these complicated and stifling rules and unleash the potential of public procurement so that commercial teams can tailor their procedure to meet the needs of the market."
- As mentioned above, the procurement strategy should focus on the vision, objectives and key deliverables. The details contained within the current strategy could instead be included in an operational delivery plan.

Recommendations

1. Focus more energy and resources on delivering strategic value from procurement (eg 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 through the procurement process to improve efficiency and to gather data that will underpin procurement decisions going forward. (Procurement is already within scope of the CBT Programme).
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. Ensure there is sufficient change capacity to support corporate ambitions and that this is deployed in the right areas of the organisation.
6. Allow category managers the capacity and remit to re-implement a proper category management approach for all key spend areas.
7. 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.

8. Ensure there is a Leeds-wide approach to contract management and commercial, leveraging the good skills which exist in areas like the PFI team.
9. Improve working with system partners.
10. Consider increasing the level of ambition on social value to drive a stronger focus on achieving social value objectives through procurement.

Final thoughts and next steps

The LGA would like to thank Leeds City Council for undertaking the LGA Bespoke Remote Peer Support sessions.

We suggest the council review the learning and signposts to good practice embedded in this document.

Under the umbrella of LGA sector-led improvement, there is an on-going offer of support to councils. The LGA is well placed to provide additional support, advice and guidance on a number of the areas identified for development and improvement and we would be happy to discuss this. Mark Edgell (Principal Adviser) is the main point of contact between the authority and the Local Government Association (LGA). His e-mail address is mark.edgell@local.gov.uk

ⁱ Hounslow and Essex councils are acknowledged to have high levels of contract management skills

ⁱⁱ Nichola Cooke from the peer team has offered to have a conversation with the council on the approach taken at STAR Procurement.

ⁱⁱⁱ A diagram of the procurement cycle can be found here <https://www.cips.org/knowledge/procurement-topics-and-skills/procurement-and-supply-cycle/>

^{iv} North Yorkshire County Council Procurement Structure can be found here <https://www.northyorks.gov.uk/procurement-and-contract-management>

^v We understand that Kirklees Council switched to SAP to replace a number of old and legacy systems.

^{vi} Manchester City Council have a 30- per cent weighting on social value with ten per cent reserved for environmental social value set out in their zero carbon action plan

^{vii} Durham County Council are currently working with their anchor institutions to develop an approach to implementing place based strategies for 'The Durham Pound'. We'd be happy to make introductions.

APPENDIX 3 - Summary of amendments to CPRs

CPR 3.1.17 – Now includes a footnote highlighting the need for effective contract management.

CPR 4.7 – New – The Chief Officer – Financial Services will maintain a record of decisions made to waive CPRs.

CPR 6.1 – Now includes a footnote advising officers to consider including a contingency when estimating contract values so that it is clear to decision makers that estimated contract values can go up or down.

CPR 7.2 – Now includes a footnote clarifying the term “direct appointment” and which officers have authority to decide this course of action.

CPR 7.3, 8.4 and 9.6 – Have been expanded to ensure social value is considered when procuring goods, works and services regardless of contract value.

CPR 15.1 - Now includes a footnote highlighting the requirement to allocate a minimum 10% of quality scores available to Social Value where appropriate.

CPR 18.2 - has been clarified to make it clear an award report needs to contain details of the price we are paying for the increased quality received where the winning bidder has not submitted the lowest price. The Chief Officer Financial Services must be informed.

CPR 20.1 - has been updated to ensure Contract Management Plan is used in accordance with CPR 3.1.17

CPR 21.11 - has been clarified to make it clear that the decision to transfer, assign or novate a contract can be made on a Delegated Decision Notice alone without the need for a supporting report.

CPR 24.1 – Now includes a footnote reminding officers of the need to comply with the IR35 legislation where personal service companies or self-employed individuals are being awarded a contract.

CPR 27.1 - has been amended to require a report seeking a waiver to evidence that waiving the particular rule(s) represents value for money or is in the Council's/public's best interests.