

**Report of the Chief Officer Public Private Partnerships and Procurement Units**

**Report to Executive Board**

**Date: 24 April 2013**

**Subject: Leeds City Council's Procurement Strategy**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

**Summary of main issues**

1. Leeds City Council is seeking to reduce expenditure and to improve outcomes and value for money from the goods, works and services that it buys.
2. A Transforming Procurement Programme has reviewed how the council undertakes procurement, with extensive research and consultation to capture best practice and to understand stakeholder aspirations.
3. It is proposed that the council adopts a refreshed procurement policy, centred on a category management and a whole lifecycle approach to procurement, with clear accountabilities, structured governance and assurance, and incorporating openness and transparency.
4. The refreshed approach seeks to secure a range of benefits for the council – improved outcomes, improved value for money, improved governance and assurance, improved engagement and transparency, and improved support for the council's wider ambitions.
5. The programme aims to secure significant savings for the council, and annual targets for these savings will be set during the council's budget process. The annual target for 2013/2014 is £5.5 million.

**Recommendations**

6. Executive Board is recommended to approve the strategy outlined in this report, as the council's refreshed procurement policy, centred on a category management and whole lifecycle approach.

## **1 Purpose of this report**

1.1 To seek approval to a refreshed procurement policy for the council.

## **2 Background information**

2.1 Leeds City Council is seeking to reduce expenditure and to improve outcomes and value for money from the goods, works and services that it buys.

2.2 The council currently spends £800 million externally each year. It has 3,000 recorded contracts, some of which are with a single provider, while others are frameworks with multiple providers. There is also some external expenditure which is undertaken through simple purchase orders.

2.3 The council procures a very wide range of goods, works and services, including front-line services and back-office support. Examples include foster care, home care, homelessness support, energy, vehicles, catering products, seeds, building works, highways, and IT software.

2.4 Following the transfer of the Corporate Procurement Unit to Resources Directorate in 2011, a Transforming Procurement Programme was formed, to review how the council undertakes procurement with the aim of establishing sustainable economy, efficiency and effectiveness, and to ensure also that procurement activity takes account of the council's wider ambitions.

2.5 The programme has sought to capture and build upon expertise and examples of best practice which are available within the council, locally and nationally, and to respond to feedback received through wide ranging consultation.

2.6 The programme has been twin-tracking strategy development with pilot projects to speed up the implementation of change, whilst also ensuring lessons learned are fed back in a timely manner. The Children and Young People's Category Team was the first pilot to start and is attached as a case study at appendix 1.

## **3 Ambition**

3.1 Our ambition is for the council to deliver the best commissioning, procurement and contracting in the country, where:

- We achieve value for money for the public;
- We support the delivery of quality outcomes for service users;
- We support the wider ambitions of the council and its partners;
- Providers of all sizes and from all sectors want to deliver for Leeds;
- Procurement professionals want to work for Leeds; and
- We are recognised nationally as a centre of excellence.

## **4 Benefits**

4.1 In delivering the ambition we will seek to realise a range of benefits for the council from its procurement activities: improved outcomes, improved value for money, improved governance and assurance, improved engagement and transparency, and improved support for the council's wider ambitions.

4.2 The programme aims to secure significant savings for the council, and annual targets for these savings will be set during the council's budget process. The annual target for 2013/2014 is £5.5 million.

### **4.3 Value for money**

4.3.1 To support categories and procurements to secure best value for money, the strategy places focus on planning ahead and understanding the required outcomes, risks and benefits, and the budget, 'market place', and cost drivers.

4.3.2 The cost to the council of any externally procured works, goods or services depends on decisions and offers relating to price, volume and quality. This includes factors that are outside of our control, such as general price inflation, specific commodities inflation such as energy costs, specific taxation changes such as landfill tax, and other costs determined by legislation or regulation such as the minimum wage. All of these factors impact on the initial price of contracts that we enter into, and also on changes in price in longer-term contracts.

4.3.3 Working jointly with directorates, effective procurement advice and expertise can result in significant opportunities to realise cashable savings. The programme aims to secure significant savings for the council from its procurement activity. This includes reductions in the council's annual revenue budget, along with reductions in costs for the HRA and capital programme. It excludes expenditure by schools, although the council is able to support schools in managing their procurements, and schools are often able to access value for money contracts awarded by the council.

4.3.4 The procurement function will assist directorates in identification and delivery of these savings opportunities; however it is the directorates working with finance colleagues and members who will determine which of the savings to pursue and consider 'cashable'.

4.3.5 The pilot category teams are also working with directorates to review existing contracts, identifying opportunities for cashable savings and other efficiencies, and including support on performance management of contracts.

4.3.6 During the pilot work to date the approach has identified potential cashable savings in excess of £4m in 2011/12, £6.3m in 2012/13 and a further £4.4m in 2013/14. Targets for future years will continue to be developed as part of the annual budget cycle, and savings opportunities will be tracked on a monthly basis. This will help to ensure that the annual saving target of £5.5 million identified in the budget for 2013/14 is secured.

- 4.3.7 Non cashable savings, or cost avoidance, is also important in supporting the council's overall budget strategy, for example where by having implemented good procurement controls or contract management a price increase has been avoided or we receive more from a contract. There are a number of external pricing pressures which are outside the direct control of the council but which need to be managed to ensure their impact on the council's budget is minimised. There are also some contracts where the council would choose to receive more from the contract rather than reduce expenditure. It is difficult to quantify these savings and by definition they are not usually 'cashable' from a budget perspective. Nevertheless they do demonstrate the value added by effective procurement intervention and improve value for money.
- 4.3.8 In addition, the teams have been working with directorates to reduce off-contract and non-contract spend. Since tracking this data in July 2012 and taking steps to support directorates to make use of existing contracts we have reduced off-contract spend from over 35% of the total value of orders placed in each month to just over 2% by January 2013. The programme aims to ensure that this reduced level of off-contract spend is sustained and never exceeds 2.5%.
- 4.3.9 Non-contract spend, where there is no formally tendered contract in place, has stayed at 25% of the total value of orders placed each month during the pilot phase, and this is an area that the teams will now turn their attention to. The programme aims to ensure that this figure is reduced to 2.5% by April 2016, reducing by a minimum of 5% each year.
- 4.3.10 The table below shows the targets for improvement in bringing expenditure on-contract:

	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>
<b>On contract</b>	64%	77.5%	82.5%	87.5%	95%
<b>Off contract</b>	11%	2.5%	2.5%	2.5%	2.5%
<b>Non contract</b>	25%	20%	15%	10%	2.5%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

- 4.3.11 In order to have a clear understanding of the council's procurement activity and performance, to benchmark against others, to identify the most appropriate approaches for improving outcomes and savings in a particular category, and to identify and respond to key trends, the central procurement function will develop and maintain a suite of management information reports. This will include details of contracts awarded, waivers, savings, procurement calendar, off-contract spend, and supplier information. This information will be made publically available wherever possible, except where the details are commercially confidential.

## **4.4 Quality outcomes**

- 4.4.1 To increase the extent to which the council's contracts deliver the outcomes required, the strategy supports clear identification of those outcomes and

appropriate provisions in improved tender, contract and contract management documents and processes.

- 4.4.2 In addition, the strategy includes a focus on contract and procurement risk management and assurance to seek to ensure that desired outcomes are achieved, to reduce the probability and impact of challenge, to reduce the amount of time spent on 'fire fighting', and to seek to ensure that the council is not exposed to unexpected costs or other unintended consequences from a procurement.

#### **4.5 Wider ambitions**

- 4.5.1 To improve the consistency and transparency of the council's requirements for 'added value' from its procurement activity, the strategy supports clear consideration of the council's wider ambitions when undertaking procurements and including appropriate provisions in improved tender, contract and contract management documents. Supporting economic, social and environmental wellbeing includes, for example, requirements on employment and skills opportunities and other aspects of social value.

- 4.5.2 The strategy also seeks to support the council's values, particularly spending money wisely, but also working as a team for Leeds, being open, honest and trusted, working with communities, and treating people fairly.

- 4.5.3 The strategy is aligned with and supports other council policy developments including the recent review and developments in area and locality working; the concept of civic enterprise developed through the Commission on the Future for Local Government; the emerging council blueprint reflecting 'smaller in size, bigger in influence'; current work to secure an enabling corporate centre; and enhanced regional working.

#### **4.6 Providers of all sizes and from all sectors**

- 4.6.1 It is important that the council ensures that the best provider is identified for each contract, including small and medium sized enterprises (SMEs) and third sector providers.
- 4.6.2 The programme has received feedback from representatives from the third sector and private sector, including SMEs, and is seeking to reflect those views in the new approaches, including consideration of dividing procurements in to lots, approaches to supporting prompt payment of sub-contractors, and improved transparency in the council's procurement processes and procurement pipeline.
- 4.6.3 We will continue to work with these representatives to identify further options for improvement and will work with regional colleagues to streamline pre-qualification and tender processes and documentation.

#### **4.7 Procurement professionals**

- 4.7.1 To deliver a world class procurement service requires appropriately skilled and experienced staff. Core training will be provided for all relevant staff, including

informal coaching and training, and more formal training through CIPS (the professional body) and QA (the council's training provider).

- 4.7.2 Procurement and commissioning staff across the council will also continue to share issues, lessons, best practice and innovations.

#### **4.8 Recognised nationally**

- 4.8.1 A strong national reputation can help the council and its partners to secure further funding and freedoms. The programme has sought to capture best practice and once fully implemented should see Leeds once again at the forefront in public procurement.

- 4.8.2 In light of continued constraints in public funding a range of commercial responses are emerging to look at where contractual risks, and the cost of those risks, is best held, this includes alternative models of delivery and new forms of contracts and funding based on payment by results. The strategy will continue to keep these areas under review and will provide advice and guidance on these matters.

### **5 Policy**

- 5.1 A refreshed procurement policy has been developed to support the delivery of the ambition and benefits described above. It proposes:

- A category management approach, where related purchasing is grouped together to take advantage of better intelligence of our buying needs and of what providers have to offer, and to support bulk buying where appropriate, in order to improve quality, savings and efficiency;
- A whole lifecycle approach, which starts from assessing needs and analysing options, through preparation and procurement, to mobilisation, contact management and exit, to ensure quality outcomes and value for money are achieved;
- All categories work to common principles and rules, but outputs are tailored to meet the needs of the specific category, reflecting the service area, stakeholder needs and the market place, to ensure quality outcomes and value for money are achieved;
- Building on expertise within directorates and providing appropriate central support and check and challenge, ensuring lessons are learned and shared, in order to ensure continuous improvement in the council's procurement activities;
- Clear ownership and accountability, structured governance, and assurance to support timely and auditable decision making;
- Openness and transparency, with a visible and accessible contracts register and procurement pipeline, robust management information, and clear tender processes and documentation, to ensure a positive and professional

relationship between the council and its procurement partners, and confidence in our approach from the people of Leeds;

- Consultation and engagement, to ensure procurements properly reflect need and opportunity, and take account of the wider context, including the council's plans and strategies, locality working and collaboration with others;
- Develop the procurement skills and capacity of our people, to ensure we deliver a world class service.

## **6 Accountabilities**

6.1 A key feature of best practice procurement is to ensure that there are clear accountabilities.

6.2 It is proposed that each Directorate is accountable for the procurements that they need to deliver the services and secure the outcomes that they are responsible for, including in some cases joint procurement with partners such as the health service and including in some cases procurement on behalf of other directorates, for example energy. The Directorate owns the preparation of the specification and the evaluation criteria, and takes all decisions in relation to the procurement including the proportion of the budget to be allocated to the contract, the decision to commence a procurement, and which organisation to award the contract to. The Directorate is then accountable for mobilising, managing, and exiting the contract.

6.3 It is proposed that the central procurement function continues to develop as a centre of excellence and is accountable for providing a central source of expertise, advice and support, providing check and challenge as appropriate. At a more detailed level, it is proposed that the central procurement function will be responsible for working with directorate colleagues through the use of category teams to ensure consistency of approach and advice and to ensure that procurement staff have appropriate knowledge and experience in respect of the relevant category of spend. Each category team will include specialist staff with high levels of expertise who can provide support to directorates in developing strategic approaches and in delivering highly complex or sensitive procurements, in addition to staff who can support more straightforward procurements. The category teams will have access to specialist commercial expertise (legal, financial and technical) and to collated management information.

6.4 Working with directorate colleagues, the central procurement function will support the training and development of staff to raise standards across the profession.

6.5 In addition, the procurement function will act as a central source of management information with respect to the council's procurement activity and performance, including spend analysis. It will be responsible for maintaining the council's electronic tender system, for publishing a register of contracts awarded and for publishing a calendar of the council's planned procurement activities. These tools will allow early identification and response to key trends and issues, and will support the council's value of being open, honest and trusted.

## **7 Working together**

- 7.1 The refreshed approach to procurement highlights the importance of engagement with elected members, staff, service users and providers throughout the whole procurement lifecycle. The documents which have been developed include prompts and tools to support this, and take account of developing policies relating to civic enterprise and locality working.
- 7.2 It is proposed that categories will be managed and procurements delivered through a team approach, combining the skills and capacities of directorate commissioners and service managers with appropriate inputs from procurement, commercial, business and project management staff, alongside other specialists as appropriate.
- 7.3 The majority of standard procurements will be delivered by directorates supported by procurement staff as necessary. Complex procurements, strategic planning and procurements involving major change would be supported through a whole team approach. The balance of inputs will be flexible to reflect different directorates' needs at different times.
- 7.4 The procurement function will continue to develop relationships with regional procurement colleagues, particularly to identify opportunities for collaborative procurement and lessons learned from elsewhere. Recent regional procurements of note where Leeds has taken the lead include the Public Sector Network IT contracts, provision of independent foster care and residential care for looked after children, and work on the Green Deal. The council will also continue to access the opportunities available through contracts that are awarded by colleagues regionally and nationally, where that offers best value for money, for example cleaning products.

## **8 Implementation**

- 8.1 This report describes proposals for a refreshed procurement policy for the council, which will require a transition from current practice to new practice.
- 8.2 Some of this transition has commenced through the pilot work to date and through interim changes within the PPPU and PU such as improved business systems, a draft procurement calendar, reductions in off-contract spend, and improved approaches to managing savings opportunities.
- 8.3 If this report is approved by Executive Board, the supporting documents will be finalised, replacing all current LCC policies and procedures relating to procurement. These will be made available through the intranet and internet and will be supported by appropriate training for relevant staff. There will also be continued engagement with key stakeholders to support implementation and fine tuning.
- 8.4 The pilot category teams will be firmed up and will continue to work with directorates to develop category plans and ensure all current contracts and planned future procurements are identified, recorded and resourced, with priorities identified and actioned. Work to develop management information reporting will



continue, and the new strategy will be kept under review to ensure it incorporates lessons learned and responds to the 2014 refresh of European procurement rules.

- 8.5 By the end of 2013/14 we will have secured £5.5m revenue savings, maintained off-contract spend at no more than 2.5% of orders placed, and reduced non-contract spend to 20% of orders placed. We will have developed a new pre-qualification questionnaire alongside regional colleagues, have introduced improved recommended tender documents, published an interim register of existing contracts, published an interim calendar of future procurements, prepared category plans for 50% of external expenditure, secured delivery of appropriate training for relevant staff, achieved full functionality on YORtender, and have considered and responded to lessons learned during the first full year of implementation. In addition, independent audit and assurance will be sought to challenge and test on a sample basis both the system as a whole and compliance with it, in order to identify (and correct) any remaining weaknesses.
- 8.6 By the end of 2014/15 we will have secured a further £6.5m savings (or other figure determined through the budget setting process), continued to maintain off-contract spend at no more than 2.5% of orders placed, and reduced non-contract spend to 15% of orders placed. We will have implemented any actions arising from lessons learned and the proposed audit review, have considered and responded to the 2014 changes to the Public Procurement Regulations, completed category plans for all areas of expenditure and published a full register of existing contracts and calendar of future procurements.
- 8.7 It is anticipated that it may take up to two years to achieve a 'steady state' in the council's new approach to procurement, to ensure that the improvements in planning and delivery are embedded in day-to-day working practices, and to ensure the council has the capacity and capability to deliver good procurement and be best in class.
- 8.8 The new approach outlined in this report will require changes to the formal organisation and management of the council's Public Private Partnerships Unit (PPPU) and Procurement Unit (PU) and the Chief Officer will develop proposals for a restructure should Executive Board approve this report.

## **9 Corporate Considerations**

### **9.1 Consultation and Engagement**

- 9.1.1 There has been extensive internal and external consultation throughout the Transforming Procurement Programme. Over 250 consultation meetings have been held to better understand stakeholder aspirations and the barriers they face within the procurement and contracting process. This includes engaging with commissioning and procurement staff across the council and others in related roles such as audit and finance. The team has also engaged with representatives from the private sector and the third sector, to ensure their views are considered within the programme, and has sought information from other local authorities on their approaches to procurement and the lessons they have learned.

- 9.1.2 In addition, the programme team has undertaken an extensive review of over 400 published best practice documents that are available locally and nationally, from the public, private and third sectors, and has reviewed recommendations contained in scrutiny reports and internal audit reports relating to the council's procurement practices.
- 9.1.3 The proposed strategy was presented to Corporate Governance and Audit Committee in February 2012 and in March 2013; specific elements have been considered at Sustainable Economy and Culture Scrutiny Board and Resources and Central Services Scrutiny Board; briefings have been held with the Executive Member for Neighbourhoods, Planning and Support Services; and all elected members were invited to a briefing in February 2013. Comments from these briefings have been incorporated into the strategy and supporting documentation.
- 9.1.4 The team has not consulted the general public on these proposals as there is no direct impact on the general public from this review.
- 9.1.5 The outputs from the programme include prompts and tools to support appropriate communication, consultation and engagement with elected members and other key stakeholders throughout the procurement lifecycle.

## **9.2 Equality and Diversity / Cohesion and Integration**

- 9.2.1 The programme has included equality issues as one of its workstreams and has undertaken a formal screening as part of its quality assurance processes. The screening form is attached at appendix 5 and highlights the importance of screening categories and procurements for their equality impacts and responding accordingly in line with the council's equality and diversity policies.
- 9.2.2 The outputs from the programme include prompts and tools to support appropriate consideration of equality and diversity throughout the procurement lifecycle.

## **9.3 Council policies and City Priorities**

- 9.3.1 This report seeks approval to a refreshed procurement policy for the council.
- 9.3.2 The policy directly supports the council value of 'spending money wisely', and seeks to ensure that the council's other values are embedded in the council's procurement activities.
- 9.3.3 The outputs from the programme include prompts and tools to support a focus on outcomes and appropriate consideration of the council's wider ambitions throughout the procurement lifecycle.
- 9.3.4 The strategy is aligned with and supports other council policy developments including the recent review and developments in area and locality working; the concept of civic enterprise developed through the Commission on the Future for Local Government; the emerging council blueprint reflecting 'smaller in size, bigger in influence'; current work to secure an enabling corporate centre; and enhanced regional working.

## **9.4 Resources and value for money**

- 9.4.1 The costs of delivering the programme to date have been internal staffing costs. During the proposed transition period, and beyond, the costs will continue to be internal staffing costs, however the focus will move towards directorate staff and away from the central procurement function. The Chief Officer PPPU / PU will develop proposals for a restructure to reflect the new ways of working.
- 9.4.2 The outputs from the programme include prompts and tools to support consideration of value for money throughout the procurement lifecycle, including tools to track savings opportunities and to support resource allocation which is proportionate to the value, risk and complexity of the relevant issue or task.

## **9.5 Legal Implications, Access to Information and Call In**

- 9.5.1 There are no specific issues in this report with respect to these matters.
- 9.5.2 The programme will result in recommendations for change to the council's Contracts Procedure Rules and some recommendations for change to the council's Scheme of Delegation. Proposals for change will be included within the annual review of the council's constitution in May 2013.
- 9.5.3 The outputs from the programme include prompts and tools to support active consideration and compliance with legal implications, access to information and call-in throughout the procurement lifecycle.
- 9.5.4 The recommended template documents and toolkits will continue to be reviewed, including any refresh necessary to accommodate anticipated changes to European Procurement Directives which are proposed to come into force in 2014 through amended UK Public Procurement Regulations.

## **9.6 Risk Management**

- 9.6.1 The key risks with respect to the proposals set out in this paper are the council's capacity to resource and meet the roles and responsibilities set out, and that compliance with the new policy will not be complete. Assurance processes are being built in and there will be an appropriate communications plan and training strategy to support implementation.
- 9.6.2 The outputs from the programme include prompts and tools to support consideration and active risk management of contract and procurement risks throughout the procurement lifecycle.

## **10 Conclusions**

- 10.1 Leeds City Council is seeking to reduce expenditure and to improve outcomes and value for money from the goods, works and services that it buys.
- 10.2 A Transforming Procurement Programme has reviewed how the council undertakes procurement, including extensive research and consultation to capture best practice and to understand stakeholder aspirations.
- 10.3 It is proposed that the council adopts a refreshed procurement policy, centred on a category management and a whole lifecycle approach to procurement, with

clear accountabilities, structured governance and assurance, and incorporating openness and transparency.

- 10.4 The refreshed approach seeks to secure a range of benefits for the council – improved outcomes, improved value for money and savings, improved governance and assurance, improved engagement and transparency, and improved support for the council's wider ambitions.

## **11 Recommendations**

- 11.1 Executive Board is recommended to approve the strategy outlined in this report as the council's refreshed procurement policy, centred on a category management and whole lifecycle approach.

## **12 Appendices**

1. Children's Services pilot case study
2. Whole council category map
3. Whole lifecycle diagram
4. List of support tools
5. Equality impact screening

## **13 Background documents<sup>1</sup>**

- 13.1 Draft Procurement Strategy April 2013

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<sup>1</sup> The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

**Children's Services Case Study – Category Management Pilot**

**Key Outcomes**

- Strategic sourcing decisions made during the Category Management Pilot will realise savings of circa £1.2million next financial year on independent fostering and residential care assisting Children's Services with their budget strategy.
- In year savings of £489k achieved to date.
- On-going negotiations with providers to secure further efficiencies.
- Off contract spend reduced from 23.4% July 2012 to 1.94% January 2013.
- Delivering efficiencies through contracting of spend where no contracts exist. e.g. Vision Housing – approx. £35k
- Establishment of a robust financial baseline including accurate spend data to inform commissioning & procurement decisions
- CS contracts logged and verified on YorTender
- Regional working is strengthened and enhanced originally West Yorkshire now moving into Yorkshire and Humberside increasing potential for economies of scale and opportunities to standardise contract and supplier relationship management
- Formation of a multi-disciplinary category team focused on delivering the Children's Services outcomes and delivering specialist advice and guidance.

**The Journey so far**

The pilot commenced in **August 2011** initial tasks included defining the proposed Children's Services category structure and carrying out key briefings with Children's Services colleagues to establish a common understanding of the proposed approach to category management.

**November 2011** - Quick win projects were identified that had the ability to realise significant savings and reduce the amount of off contract spend. These were developed regionally to maximise buying power and focussed on Independent Fostering (IF) and Residential Accommodation for Looked After Children (LAC).

Regional supplier management of Independent Fostering and Residential Accommodation providers commenced in **January 2012**. Prices across the region were benchmarked and negotiations were held with providers to secure the best terms for the region. This process had led to in year savings of **£489k** for Leeds on residential spend and approx £180k on spend with independent fostering agencies.

The Children's category team led by the Executive Project Manager Children's Services & Trading was formed in **May 2012** and comprised of procurement and project management professionals

with a remit to drive forward the category management approach. Children's Services commissioning team began to align themselves with the new structure.

The first Quick Win Procurement for Independent Fostering became operational in **December 2012** realising potential savings of 7.5-10% per annum.

The second Quick Win Procurement for Residential Accommodation is to become operational on a staged basis between **April – June 2013**.

The two Quick Win Procurements will generate savings of circa **£1.2million** next financial year and a range of other benefits including: -

- Outcome based contracting;
- Robust Performance management regimes applied consistently across the region;
- Effective contract management arrangements; and
- Regional supplier management.

A key issue throughout the pilot period was the availability of accurate spend data to inform future commissioning decision. The business work stream developed a spend tool which was implemented in July 2012. The category team utilised the information it provided on none contract and off contract spend to prioritise procurements. The category team have worked hard to regularise off contract arrangements mainly for LAC's placements to ensure they are contracted appropriately and have an agreed price and outcomes. This data analysis has driven the identification of quick win projects where the biggest Impact can be made.

The tables below shows a snap shot of spend data provided by the business team. The category team have achieved a significant reduction in off contract spend from 23.4% July 2012 to 1.94% January 2013.

#### July 2012

Type of Spend	Total Value	Number of Orders	% of Total Value
None-Contract	£724,0000	399	18.5%
Off-Contract	£1,550,000	594	23.4%
On Contract	£2,275,000	195	58.1%
<b>Grand Total</b>	<b>£4,549,000</b>	<b>1188</b>	<b>100.00%</b>

## January 2013

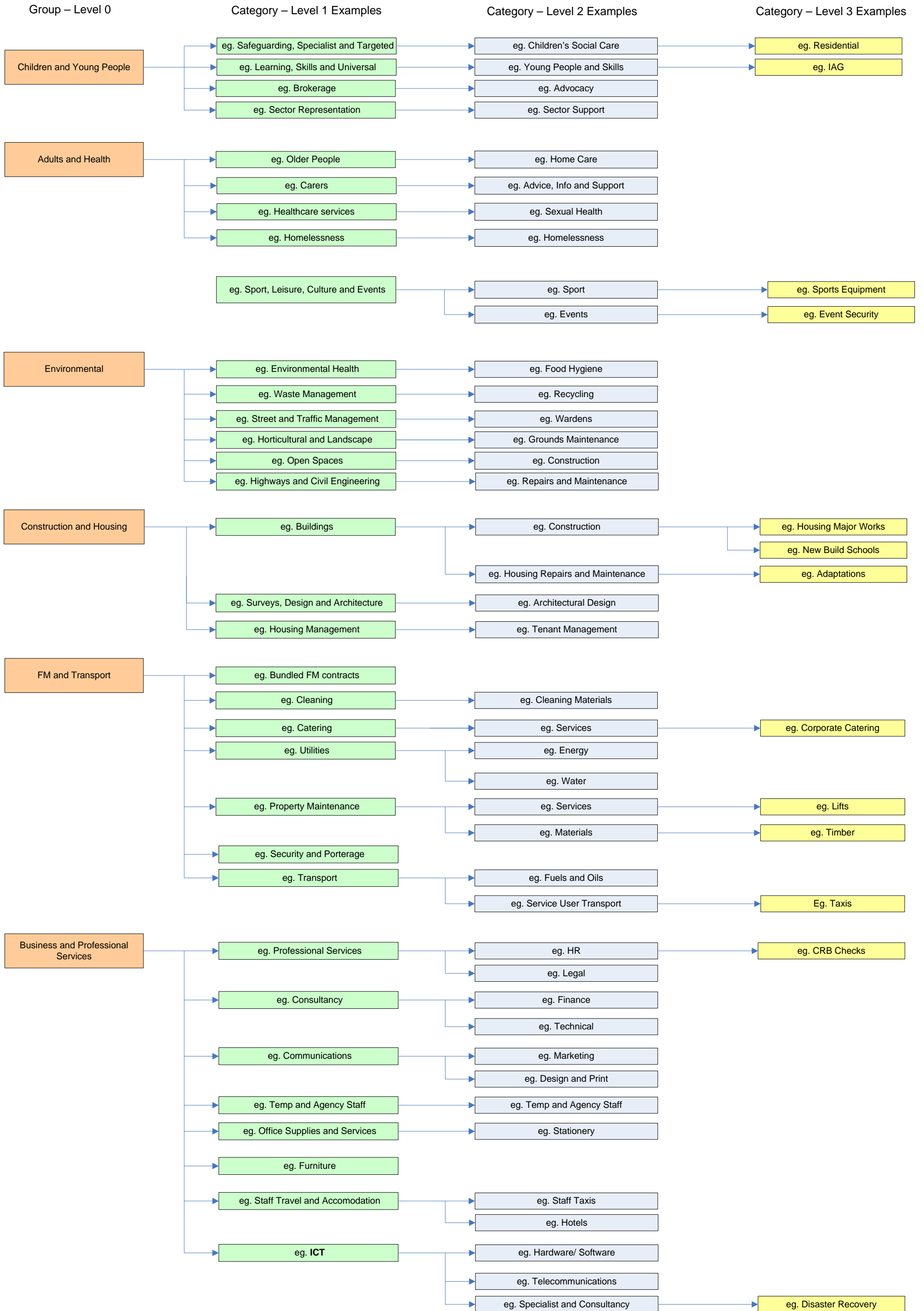
Type of Spend	Total Value	Number of Orders	% of Total Value
None-Contract	£833,074.89	439	33.55%
Off-Contract	£48,186.64	46	1.94%
On Contract	£1,601,537.10	612	64.51%
<b>Grand Total</b>	<b>£2,482,798.63</b>	<b>1097</b>	<b>100.00%</b>

Contract analysis and logging on SCMS was also a key priority. It was imperative that the category team understood the current contracted baseline. Analysis of this position showed a significant proportion of contracts ending at the same time with a number of different contracts being let for similar services. Work to stagger re-procurements has commenced in conjunction with the CS commissioners to smooth resource peaks. Consideration as part of the Category Plan is being given to amalgamation of contracts to reduce number of procurements and associated contract management arrangements resulting in efficiency and procurement savings.

To date the Category Teams main focus has been on spend related to Looked After Children an area where we can immediately deliver tangible outcomes. Although alongside this a range of other procurements have been successfully delivered by the team. The team are preparing category plans in varying level of detail for a further 5 areas of spend.

### Next Steps

- Full implementation of the category management approach across all areas of Children's Services Spend.
- Develop a regional approach for 16+ leaving care
- Continued negotiation of efficiencies for non-contracted expenditure

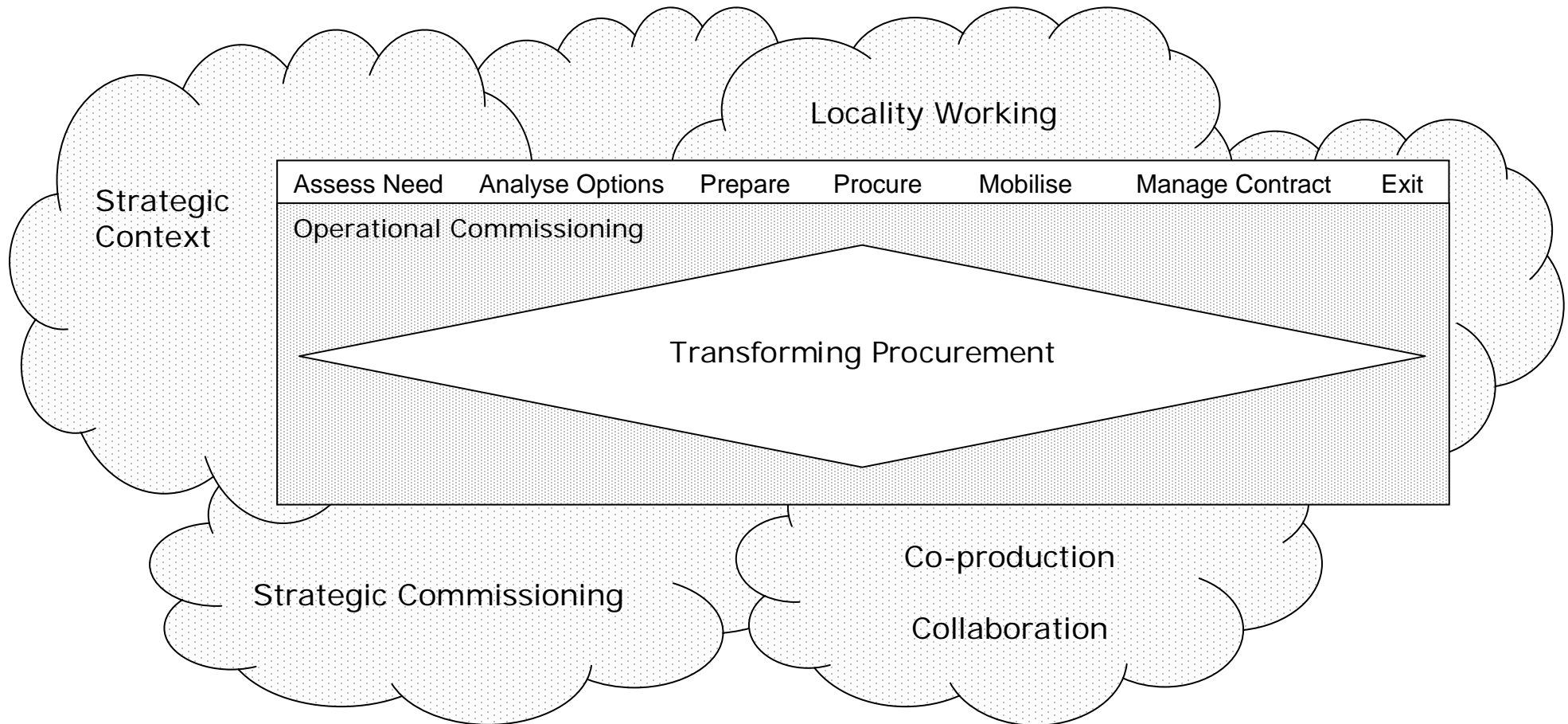




## Whole lifecycle and the wider strategic context

## APPENDIX 3

To achieve best outcomes and optimise value for money, the procurement function needs to be engaged across the whole lifecycle and be alert to the wider strategic context, to ensure that its engagement, support and added value align with the bigger picture and the long term:



<p><b>Procurement Strategy</b> (the council's procurement policy)</p>				
<p><b>Contracts Procedure Rules</b> (the council's procurement rules for any stage in your procurement, including when you are not undertaking a competitive tender)</p>	<p><b>Assurance Guide</b> (a guide to help you navigate decision making, documents, consultation and quality assurance at any stage in your procurement)</p>			
<p><b>Planning Documents</b> (tools to help you consider and record all key issues before you get underway)</p> <p>Category plan Procurement scoping notes Procurement plan Contract management plan Annual review notes Exit plan Trade Union protocol</p>	<p><b>Delivery Documents</b> (tools to help you consider and use appropriate tender and contract documents)</p> <p>PQQ Part 1 – Tender instructions Part 2 – Specification Part 3 – Financials Part 4 – Contract terms &amp; conditions Evaluation methodology Evaluation booklet</p>			
<p><b>Toolkits</b> (tools to help you look at some key policy areas at any stage in your procurement)</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 33%; vertical-align: top;"> <p><u>Social</u></p> <p>Social value Social capital Community benefits Ethical &amp; fair-trade Environment Employment &amp; skills Health &amp; wellbeing Equality &amp; diversity Regeneration Economic wellbeing</p> <p><u>Specialist</u></p> <p>CD/PPPU site development protocol; health and safety and CDM; forms of contract; payment mechanisms; data protection; safeguarding</p> </td> <td style="width: 33%; vertical-align: top;"> <p><u>Economic</u></p> <p>Third sector SMEs Supported businesses Social enterprises Models of delivery Internal service providers</p> </td> <td style="width: 33%; vertical-align: top;"> <p><u>Management</u></p> <p>Communications Locality working Risk Lessons Benefits Options appraisal Market analysis Soft market testing Specification Evaluation Contract management</p> </td> </tr> </table>		<p><u>Social</u></p> <p>Social value Social capital Community benefits Ethical &amp; fair-trade Environment Employment &amp; skills Health &amp; wellbeing Equality &amp; diversity Regeneration Economic wellbeing</p> <p><u>Specialist</u></p> <p>CD/PPPU site development protocol; health and safety and CDM; forms of contract; payment mechanisms; data protection; safeguarding</p>	<p><u>Economic</u></p> <p>Third sector SMEs Supported businesses Social enterprises Models of delivery Internal service providers</p>	<p><u>Management</u></p> <p>Communications Locality working Risk Lessons Benefits Options appraisal Market analysis Soft market testing Specification Evaluation Contract management</p>
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<p><b>Attachments</b> (tools to help you log and track key issues at any stage on your procurement)</p> <p>Benefits Log      Lessons Log      Risk Log      Action Log      Checklists</p>				

## Equality, Diversity, Cohesion and Integration Screening



As a public authority we need to ensure that all our strategies, policies, service and functions, both current and proposed have given proper consideration to equality, diversity, cohesion and integration.

A **screening** process can help judge relevance and provides a record of both the **process** and **decision**. Screening should be a short, sharp exercise that determines relevance for all new and revised strategies, policies, services and functions.

Completed at the earliest opportunity it will help to determine:

- the relevance of proposals and decisions to equality, diversity, cohesion and integration.
- whether or not equality, diversity, cohesion and integration is being/has already been considered, and
- whether or not it is necessary to carry out an impact assessment.

<b>Directorate: Resources</b>	<b>Service area: PPPU / PU</b>
<b>Lead person: David Outram</b>	<b>Contact number: 0113 3952451</b>

### 1. Title: Transforming Procurement Programme

Is this a:

**Strategy / Policy**
                 
  **Service / Function**
                 
  **Other**

**If other, please specify**

### 2. Please provide a brief description of what you are screening

The council is seeking to reduce expenditure and to improve outcomes and value for money in the goods, works and services that it buys.

A Transforming Procurement Programme has been formed to drive strategic and systematic change in the council's procurement activities, with the aim of establishing sustainable economy, efficiency and effectiveness, taking account also of the council's wider policy objectives, including equality, diversity, integration and cohesion.

The outcome of this programme of work will be a new procurement strategy for the council, and will include the implementation of a category management approach.

### 1. Relevance to equality, diversity, cohesion and integration

All the council's strategies/policies, services/functions affect service users, employees or the wider community – city wide or more local. These will also have a greater/lesser relevance to equality, diversity, cohesion and integration.

The following questions will help you to identify how relevant your proposals are.

When considering these questions think about age, carers, disability, gender reassignment, race, religion or belief, sex, sexual orientation and any other relevant characteristics (for example socio-economic status, social class, income, unemployment, residential location or family background and education or skills levels).

Questions	Yes	No
Is there an existing or likely differential impact for the different equality characteristics?		X
Have there been or likely to be any public concerns about the policy or proposal?		X
Could the proposal affect how our services, commissioning or procurement activities are organised, provided, located and by whom?	X	
Could the proposal affect our workforce or employment practices?		X
Does the proposal involve or will it have an impact on <ul style="list-style-type: none"><li>• Eliminating unlawful discrimination, victimisation and harassment</li><li>• Advancing equality of opportunity</li><li>• Fostering good relations</li></ul>		X

If you have answered **no** to the questions above please complete **sections 6 and 7**

If you have answered **yes** to any of the above and;

- Believe you have already considered the impact on equality, diversity, cohesion and integration within your proposal please go to **section 4**.
- Are not already considering the impact on equality, diversity, cohesion and integration within your proposal please go to **section 5**.

#### 4. Considering the impact on equality, diversity, cohesion and integration

If you can demonstrate you have considered how your proposals impact on equality, diversity, cohesion and integration you have carried out an impact assessment.

Please provide specific details for all three areas below (use the prompts for guidance).

- **How have you considered equality, diversity, cohesion and integration?**

(think about the scope of the proposal, who is likely to be affected, equality related information, gaps in information and plans to address, consultation and engagement activities (taken place or planned) with those likely to be affected)

Consultation is being undertaken to identify examples of best practice and lessons learned, and to better understand stakeholder aspirations and the barriers they face, within the procurement and contracting process.

This includes engaging with commissioning and procurement staff across the council and others in related roles such as audit, finance and human resources.

The programme team is also engaging with representatives from the private sector and the third sector, to ensure their views are considered within the programme.

In consultation with the council's Equality Team, the programme team is reviewing and refreshing the guidance and support available to seek to ensure that equality, diversity, cohesion and integration are appropriately addressed at all stages in the procurement lifecycle.

- **Key findings**

(think about any potential positive and negative impact on different equality characteristics, potential to promote strong and positive relationships between groups, potential to bring groups/communities into increased contact with each other, perception that the proposal could benefit one group at the expense of another)

There is a risk that insufficient regard is given to equality when planning and undertaking procurements and when managing contracts.

- **Actions**

(think about how you will promote positive impact and remove/ reduce negative impact)

Prompts will be included within the core procurement documents that are being developed, such as the Category Plan, Procurement Plan, Procurement Checklists and Contract Management Plan, requiring staff to consider equality and diversity issues at each stage of the procurement lifecycle. All documents will direct staff to the corporate Equality and Diversity policy.

In addition, 'workshop packs' will be developed to assist colleagues in considering relevant council policies and good practice. This will include a specific workshop pack on equality and diversity.

All of the new documents and processes will also be reflected in refreshed Contracts Procedure Rules (CPRs).

**5. If you are not already considering the impact on equality, diversity, cohesion and integration you will need to carry out an impact assessment.**

Date to scope and plan your impact assessment:	N/A
Date to complete your impact assessment	N/A
Lead person for your impact assessment (Include name and job title)	N/A

**6. Governance, ownership and approval**

Please state here who has approved the actions and outcomes of the screening

Name	Job title	Date
Philippa Toner	Senior Executive Manager	14.01.2013

**7. Publishing**

This screening document will act as evidence that due regard to equality and diversity has been given. If you are not carrying out an independent impact assessment the screening document will need to be published.

If this screening relates to a **Key Delegated Decision, Executive Board, full Council** or a **Significant Operational Decision** a copy should be emailed to Corporate Governance and will be published along with the relevant report.

A copy of **all other** screening's should be sent to [equalityteam@leeds.gov.uk](mailto:equalityteam@leeds.gov.uk). For record keeping purposes it will be kept on file (but not published).

<b>Date screening completed</b>	14.01.2013
If relates to a Key Decision - <b>date sent to Corporate Governance</b>	
Any other decision – <b>date sent to Equality Team (equalityteam@leeds.gov.uk)</b>	