

Leeds City Council Procurement Strategy

Appendix 1

2019 to 2023

Foreword

This strategy outlines our aims for 2019-2023 and shows how procurement will contribute towards achieving the priorities set down in the [Best Council Plan 2018-19 to 2020-21](#).

The council spent in excess of £800 million during 2017-18 on the procurement of its goods, works and services. It is our duty to ensure this money is spent in the most effective way and delivers value for money.

Procurement has driven the release of savings through efficient procurement in the council for many years. In 2018-2019 Procurement and Commercial Services continued to generate savings for the council and in the coming years we will see further targets being set for procurement savings.

The 5 key areas for this procurement strategy are:

- **Value for money and efficiency.** We will seek to ensure the council gets maximum value from every pound that is spent through best value and innovative procurement practice; a consistent corporate approach to commissioning; a clearly identified savings strategy and the continuation of a category management approach to procurement.
- **Governance.** We will ensure compliance with the Contract Procedure Rules; the Constitution and the Public Contracts Regulations 2015 in order to manage procurement risk and to comply with legal requirements.
- **Social value.** We will seek to improve economic, social and environmental wellbeing from our contracts over and above the delivery of the services directly required at no extra cost.
- **Commercial opportunities:** We will seek new ways to develop and create commercial opportunities through procurement and commissioning activities, not just by promoting revenue generation, but by looking at how we engage with, and influence, the marketplace and potential suppliers in order to drive innovation and develop new ideas around service delivery.
- **Strategic supplier engagement and contract management:** We will manage our strategic supplier relationships through continuous engagement with them, through effective management of all contracts from beginning to end in order to control costs, obtain the quality outcomes and performance levels set out in the contract and minimise the level of risk.

Procurement has a significant role to play in helping the council deliver all of its priorities and maintaining a strong economy that is efficient and enterprising. By ensuring we achieve the desired outcomes from our all contracts, in accordance with our values, we will help ensure Leeds remains a compassionate city for all.

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1 Introduction

- 1.1 The council's previous procurement strategy sought to improve outcomes and value for money from the goods, works and services that it buys. This was achieved by focusing on category management and whole lifecycle approach, with clear accountabilities, openness and transparency.
- 1.2 Category management is still considered the best approach as a starting point for procurement activity within the council. Category management allows procurement resources to focus on specific areas of spend which enables category managers to focus their time and conduct on in depth market analysis to fully leverage their procurement decisions on behalf of the whole organisation. This needs to be complimented going forward with a much greater focus on delivering maximum benefits locally from council spending thereby helping the council achieve its overall strategic objectives set down in the [Best Council Plan 2018-19 to 2020-21](#).
- 1.3 This document sets out the council's procurement strategy for the next 4 years (2019-2023) and is centred on our findings using the [National Procurement Strategy for Local Government in England 2018 toolkit](#). It therefore focuses on "themes" which are broken down into "key areas". In addition, four "enablers" need to be considered if we are to achieve the ambitions identified in this strategy. Full details are set out in Appendix 2.
- 1.4 Over the life of this strategy it will be reviewed accordingly to consider key issues (e.g. Brexit) so comments, queries, or suggestions for improvement are welcome. Please send an email to xxxx@leeds.gov.uk.

2 Background

- 2.1 The council currently spends approximately **£800** million externally each year, across both revenue and capital. We use a variety of contracts, from simple purchase orders to long-term partnership agreements. Some contracts are with a single provider, others are frameworks or dynamic purchasing systems with multiple providers.
- 2.2 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, seeds, catering products, building works, highways repairs and IT software. A map of our ideal procurement categories is included at Appendix 1. Unfortunately, resource implications mean we are currently not able to concentrate on all categories as much as we would like which may have an impact on the council's ability to obtain value for money in terms of both costs and the wider outcomes that can be achieved through increased social value.

2.3 This strategy builds on the councils' achievements under its previous procurement strategy, a major part of which was focussed on making savings. Whilst we operate in a challenging environment, in which savings will always be a factor for consideration, we need a strategy that focuses on achieving increased outcomes from our procurement activity. By leveraging our procurement expenditure we can help the council enhance our communities through increased social value and engagement with local suppliers etc.

3 Our approach

3.1 This strategy is not simply about continuing along the same path. It is about using procurement activity to help the council achieve its strategic ambitions detailed in the [Best Council Plan 2018-19 to 2020-21](#), namely:

- **Inclusive growth:** We will use the procurement and commissioning process to embed the twelve big ideas set out in the [Leeds Inclusive Growth Strategy – 2018-2023](#).
- **Health & wellbeing:** We will use our contracting opportunities to support healthy, physically active lifestyles allowing more people to manage their own health conditions in the community and by enabling people with care and support needs to have choice and control.
- **Child-friendly city:** We will work with businesses and employers to encourage investment and provide opportunities to children and young people, developing their skills and education through improved careers advice, mentoring and work experience.
- **Safe, strong communities:** Through robust contract management we will ensure our contracts deliver quality services to end users and have built-in flexibility so that we can respond to changing local needs quickly and efficiently.
- **Housing:** The council has adopted an ambitious house building plan and is committed to delivering sustainable development through the future construction procurements we undertake.
- **21st century infrastructure:** We will work with colleagues to adopt a cost-effective approach to procurement in order to create an infrastructure ready to meet the city's requirements in the 21st-century.
- **Culture:** We will contribute to growing the culture and creative sector through effective procurement in support of major events and attractions at various venues throughout the city.

3.2 In order to help the council achieve its overall strategic ambitions we will concentrate on the five procurement priorities identified and break them down into a number of key areas against which we will measure progress and achievements.

3.3 The priorities for this procurement strategy are:

- **Value for money and efficiency.** We will seek to ensure the council gets maximum value from every pound that is spent through best value and innovative procurement practice; a consistent corporate approach to commissioning; a clearly identified savings strategy and the continuation of a category management approach to procurement.
- **Governance.** We will ensure compliance with the Contract Procedure Rules; the Constitution and the Public Contracts Regulations 2015 in order to manage procurement risk and to comply with legal requirements.
- **Social value.** We will seek to improve economic, social and environmental wellbeing from our contracts over and above the delivery of the services directly required and at no extra cost.
- **Commercial opportunities.** We will seek new ways to develop and create commercial opportunities through procurement and commissioning activities, not just by promoting revenue generation, but by looking at how we engage with, and influence, the marketplace and potential suppliers in order to drive innovation and develop new ideas around service delivery.
- **Strategic supplier engagement and contract management:** We will manage our strategic supplier relationships through continuous engagement with them through effective management of all contracts from beginning to end in order to control costs, obtain the quality outcomes and performance levels set out in the contract and minimise the level of risk.

3.4 The above are all areas where we believe procurement can make a major contribution. However, this will only be achieved through strong leadership and best use of resources by working closely with commissioners, budget holders, suppliers and through working in collaboration with our partners in the wider public sector and other stakeholders.

4 Our strategy

4.1 The starting point is to reiterate that we will continue to adopt 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.

4.2 In addition, we will continue to adopt a whole lifecycle approach, which starts from assessing needs and analysing options, through preparation and procurement, to mobilisation, contract management and exit, to ensure quality outcomes and value for money are achieved.

4.3 In order to achieve the priorities set out in section 3 above we will undertake the following-

Value for money and efficiency

4.4 We will ensure the council gets maximum value from every pound that is spent through best value and innovative procurement practice; we will continue to apply a consistent approach to commissioning, and category management in procurement, thereby delivering savings for the council.

4.5 To identify procurement savings we will be working closely with Corporate Finance and service areas to create a realistic methodology and define responsibilities for the tracking and recording of savings both in terms of value and social outcomes. This will be achieved through monitoring budgeted values against actual tendered contract values, monitoring contract expenditure and volumes, with contract managers routinely reporting on savings, including social value outcomes.

Governance

4.6 We will comply with legal requirements through our Contract Procedure Rules and the Public Contracts Regulations 2015, thus ensuring that we keep up to date with relevant legislative changes. In addition we will ensure compliance with the council's financial regulations, budgetary control mechanisms and officer schemes of delegation for the procurement of all goods, works and services. Further, the Procurement and Commercial Service (PACS) will continue to engage with members and senior managers by championing the impact of good procurement practices, developing and maintaining the council's Contracts Procedure Rules and together ensuring a professional and consistent approach through the continued development of good practice documents and toolkits.

4.7 PACS will facilitate cross-council discussions relating to procurement through the Corporate Procurement Group, Procurement Practitioners Group, attendance at various board meetings and commissioning groups particularly in relation to lessons learnt, best practice and innovations, and will facilitate access to appropriate training. On a regional level Category

Mangers will attend category sub-groups (such as Adults and Health) set up via the Strategic Procurement Group (SPG). SPG is a group which meets every six weeks and is attended by the Heads of Procurement from public bodies through the Yorkshire and Humber region.

- 4.8 We will ensure we have effective risk management processes in place. New legislation may provide additional challenges and most notably Brexit will require amendments to the Public Contracts Regulations 2015, but these are not expected to be radical. It is anticipated that the key challenges in this area over the coming few years will be managing supply chains and we will be looking at ways to deal with these going forward.

Social value

- 4.9 We will seek to improve economic, social and environmental wellbeing from our contracts over and above the delivery of the services directly required and at no extra cost. Further, we will seek to explore how those activities can deliver the council's wider strategic outcomes. We will support the local economy by ensuring tendering opportunities are made more attractive such that local, small and medium sized enterprises and voluntary, community and faith organisations can bid for work either individually or as part of a consortium.
- 4.10 However, we recognise that despite progress and achievements being made in relation to obtaining social value through procurement activity, the opportunity to achieve maximum social value is not being exploited. This is not due to a lack of effort or commitment, but it is a result of the lack of a clearly agreed responsibility for driving and coordinating our approach to social value across the council. Responsibility for pursuing the social value objectives is currently progressed as a result of the effort of individual colleagues and services across the council e.g. Employment and Skills Service.
- 4.11 In order to achieve a consistent approach to social value across the council when procuring goods, works and services we have worked with colleagues in Communities and Environment to develop a Commissioners Social Value Toolkit which we will continue to develop further in order to improve the consistency and transparency of the council's requirements for 'added value' from its procurement activity. We are developing Social Value Guidelines for procurement/commissioning staff which will require consideration of the council's wider ambitions when undertaking all procurement and commissioning activity. Such activity will compliment the Social Value Charter that was launched and adopted by the council in May 2016 and includes consideration of the following -

- incorporating the strategic priorities for Leeds and good employer ambitions into all tenders/contracts
- encouraging procurement/commissioning staff to invite all successful contractors to consider providing additional added value as part of their commitment to Leeds
- providing ideas for procuring and commissioning economic, social and environmental added value – staff will determine if it is appropriate to integrate these into a contract.

Commercial opportunities

- 4.12 As funding shrinks we understand the need to explore new ways to maximise income. In order to protect valuable frontline services and ensure positive outcomes for local communities we will work with directorates to take a more commercial approach in the activities we undertake by using our assets wisely, offering our services to others across the public and private sectors and selling our commodities to generate income.
- 4.13 Whilst this procurement strategy concentrates on the priorities that are important to Leeds, the council is committed to operating in an environment where all opportunities for efficiencies and economies of scale are considered and, where applicable, applied. This may include the sharing of resources and/or commitment to specific joint projects/contracts across Leeds and the wider Yorkshire and Humber region. In particular, we will continue to play an active role in SPG. This group feeds back into the National Advisory Group for Local Government Procurement which in turn reports to the Local Government Association.

Supplier relationships and contract management

- 4.14 We recognise that effective management of strategic supplier relationships can deliver a range of benefits. We will undertake pre-market engagement, develop existing supplier relationships and engage with suppliers in areas of deprivation. We will analyse the data and intelligence collected to drive supplier performance and achieve improved outcomes for the public, added social value, reduced cost, reduced risk and innovation.
- 4.15 Effective contract management is key to ensuring that council contracts deliver the outcomes required, provide a quality service at the right cost and minimal risk. Failure to manage contracts properly may lead to inefficiencies, poor contractor performance or commercial failure which can seriously damage the council's reputation and its ability to deliver effective services and support to our communities. It is therefore essential to budget time and resources in this area and we will work with our commissioners to update the contract management toolkit to ensure it is fit for purpose.

- 4.16 In order to understand our starting position in relation to the priorities identified it is necessary to work through the themes and key areas set out in the [National Procurement Strategy for Local Government in England 2018](#) to identify the council's current level of maturity. We will then identify the level of maturity we believe the council can realistically achieve over the next four years.
- 4.17 By adopting this approach we aim to highlight areas where our procurement practices can be developed and enhanced (e.g. social value), putting contractual outcomes at the heart of the strategy thereby allowing us to deliver better outcomes from our contracts
- 4.18 It is anticipated that the commissioning/procurement staff within the different directorates will have different views as to the level of maturity the council has achieved in relation to the themes and key areas set out in the [National Procurement Strategy for Local Government in England 2018](#). The Local Government Association has indicated that scoring should be done on the basis of the weakest level of attainment in the council rather than attempting to arrive at an average. In order to understand where the weakest level lies within the council, PACS has carried out an initial assessment of our current and anticipated future maturity level against the themes identified in the [National Procurement Strategy for Local Government in England 2018](#) and this is attached at Appendix 2. We will use this to undertake our consultation with all directorates. This will allow PACS to come to a "corporate" view and adjust the maturity levels to the weakest level within the council accordingly.
- 4.19 Using our findings at Appendix 2 we have devised a number of KPI's against which to measure our progress towards the maturity level we realistically believe we can achieve by 2021 and 2023. These KPI's are set out at Appendix 3.
- 4.20 In adopting this approach we hope to realise a range of benefits and undertake a range of activities. We will seek improved outcomes and benefits for communities, improved governance and assurance, improved engagement and transparency, and improved support for the council's wider ambitions.
- 4.21 This procurement strategy is aligned with and supports other council policies including the Best Council Plan for the period 2018–19 to 2020–21, the [Leeds Inclusive Growth Strategy 2018-2023](#) and other council procedures, particularly with respect to governance, risk management, community engagement and financial procedures.

5 Procurement professionals

- 5.1 To deliver a world class procurement service requires appropriately skilled and experienced staff. We will support the training and development of our staff to maintain and raise standards across the profession. This will include informal coaching and training, and more formal training and professional qualification through CIPS (the professional body) and QA (the council's training provider).
- 5.2 Procurement and commissioning staff across the council will also continue to share issues, lessons, best practice and innovations.
- 5.3 Each directorate remains accountable for the procurements and commissioned services 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 directorates own the preparation of the specification and the evaluation criteria, and take all decisions in relation to the procurement, in line with the governance procedures and decision-making rules laid down in the constitution. This includes 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.
- 5.4 PACS are accountable for providing a central source of expertise, advice and support and providing check and challenge as appropriate. At a more detailed level, it is imperative that directorates involve PACS at the earliest opportunity to ensure the most appropriate procurement route is identified and used. PACS will work with directorate colleagues via the established category teams, to ensure consistency of approach and advice. PACS will 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 in-house commercial expertise (legal, financial and technical).
- 5.5 The procurement function will act as a central source of management information for the council with respect to the council's procurement activity and will report annually to the council's Corporate Governance and Audit Committee, providing information and assurance on procurement policies and practices within the remit of the Chief Officer Financial Service, including spend analysis. It will be responsible for maintaining the council's

electronic tender system, and for publishing a register of contracts awarded and a calendar of the council's planned procurement activities.

6 Implementation

- 6.1 The sections above describe the approach and proposed future shape of the council's procurement activity. There will be a period of consultation with directorates regarding maturity levels which it is hoped will be concluded by 1st April 2019.
- 6.2 It is anticipated that it may then take two to three years to –
- (a) achieve the maturity levels we have set ourselves at Appendix 2
 - (b) ensure that the enablers set out at paragraph 3.4 above are embedded in day-to-day working practices
 - (c) ensure the council as a whole has the capacity and capability to embed good procurement practice and be an exemplar council going forward offering assistance to other councils who may wish to improve their maturity levels.
- 6.3 We will monitor our progress in delivering this strategy and provide a review of the strategy, particularly of the KPIs set out at Appendix 3, in two years.
- 6.4 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.
- 6.5 This procurement strategy will be reviewed annually by PACS in consultation with directorates, to ensure lessons learned and feedback from stakeholders continues to be captured. We will ensure the documents reflect any changes in legislation, guidance and best practice, this will include any changes due to Brexit. The [National Procurement Strategy for Local Government in England 2018](#) is a “living strategy” such that redundant maturity indices can be removed and replaced by new indices that reflect new or changed priorities, and this strategy adopts the same approach.

7 Contacting us

- 7.1 If you would like to read more about the council's Procurement activity, please visit our web-site www.leeds.gov.uk/business/working-with-us
- 7.2 If you have any comments or queries, or suggestions for improvement, regarding Procurement, please send an email to xxxx@leeds.gov.uk

7.3 If you would like to tender for council contracts, please register at https://www.vortender.co.uk/procontract/supplier.nsf/frm_home?openForm

7.4 For any other queries relating to our procurement activities, please telephone us on XXXXX.

8 Change control

8.1 A draft of this document was published on the council's internet site alongside the XXXXXX Executive Board report.

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Whole Council Category Structure

Appendix 1

