

Resources and Fire & Rescue Overview and Scrutiny Committee

14 September 2022

Procurement and Contract Management Strategy 2021 – 2026

Recommendation

That the Committee considers and comments on the Procurement and Contract Management Strategy 2021-2026 and recommends the Strategy to Cabinet for its approval.

1. Executive Summary

1.1 The purpose of this report is to:

- Update the Overview and Scrutiny Committee on the production of the Strategy;
- Ensure effective engagement has taken place in the development of the Strategy;
- Request that the Overview and Scrutiny Committee consider and comment on the Strategy and refers it to Cabinet for approval and adoption.

1.2 An effective Procurement and Contract Management Strategy is a key pillar in delivering products and services purchased from third parties which offer both appropriate quality and value for money. The current strategy was dated 2015-2020 and therefore a new approach was required that captured the latest best practice and challenging aspirations for the Council.

1.3 Internally, it allows procuring managers to understand their responsibilities in relation to third party spend and how to secure products and services in a way that is legal, compliant with process and guidance, and capable of delivering both local and corporate objectives.

1.4 In a time of high inflation and a volatile, and sometimes vulnerable, market, effective procurement and contract management are fundamental to protecting the Council from their impacts whilst continuing to deliver good value and quality services to the citizens of Warwickshire.

1.5 Externally, it allows potential suppliers to understand the key drivers for the Council, our expectations of any suppliers and how they can prepare themselves to be an organisation we want to do business with.

- 1.6 The Strategy is designed to sit alongside local Commissioning Plans, Market Position Statements and other documents that set out service level purchasing requirements.
- 1.7 The Strategy has gone through a thorough development process, engaging with staff from across the Council to understand their needs and plans. Expert support was sourced from external consultants, creating a strategy that reflected best practice and challenging aspirations for what the Council, through this Strategy, could achieve. An additional refresh was also undertaken in Summer 2021 to ensure that the Strategy reflected the impact of the pandemic and Warwickshire's recovery plan.
- 1.8 This development process has ensured that the Strategy reflects both corporate priorities and requirements, and meets needs at Service level.
- 1.9 The Strategy is built around three key pillars:
 - 1.9.1 Customer Value - this ensures that services are high quality, meeting customer needs in line with our overall objectives. It also focusses on how we work in partnership with others to achieve our objectives (for example through integrated services, working alongside our suppliers to achieve the shared outcomes) and that staff in the Council have the skills they need to procure and contract manage effectively.
 - 1.9.2 Commercial Value - focussing around value for money, innovation and diverse and resilient supply chains; driving our ability to maximise the power of our third party spend to deliver for the citizens of Warwickshire
 - 1.9.3 Social Value - this recognises that our third party spend contributes to society not just through the goods and services it buys, but through how and where we spend that money. Recognising and proactively managing this contribution means that it will also deliver on wider objectives of the Council such as responding to the climate emergency and recognising the strength of community powered Warwickshire.
- 1.10 The key parts of the Strategy are:
 - 1.10.1 The main Strategy – setting out the direction of travel and key requirements for procurement, contract management and quality assurance over the next five years.
 - 1.10.2 A five-year road map – showing how the requirements will be delivered through key actions over the next five years.
 - 1.10.3 A two-year delivery plan – a detailed schedule of actions outlining the main work required in the next two years. This element would be updated annually.

- 1.10.4 A Supplier Statement to complement the main Strategy – this interprets the Strategy for suppliers.
- 1.11 Once the Strategy has been adopted, a communications plan will be developed and implemented to promote it both internally and externally. Support will be sought from Marketing and Communications colleagues for this work.
- 1.12 Work has already commenced to prepare for the delivery of this Strategy. This includes:
 - 1.12.1 Social Value Policy – articulating how social value will be delivered across all Council activity and how it should be included in all procurement, investment and operational decisions.
 - 1.12.2 Preparation for the new procurement legislation currently progressing through Parliament which will ensure all public procurement is efficient, effective and drives value.
 - 1.12.3 Preparation for the impact of the development of the Integrated Care System and establishment of the Integrated Care Board (which superseded the Clinical Commissioning Group on 1 July 2022). This will ensure that procurement, contract management and quality assurance activity will be fit for purpose and ready to support the delivery of increasing jointly commissioned services.
 - 1.12.4 Development of a procurement pipeline. In addition to meeting a likely requirement of the new procurement regulations, the procurement pipeline will allow for much more effective procurement and contract management, for example by commencing procurement activity earlier - allowing for innovative approaches that reduce costs and maximise quality or by co-ordinating procurement activity across Teams, Services or Directorates so that volume discounts are achieved.
 - 1.12.5 Development of a contract management approach that is aligned with public sector best practice. This will set out clear standards and requirements for the Council ensuring all contracts are managed in the most effective way. It will also allow us to audit our approach and understand how we compare with other similar organisations and identify areas of practice for further development.
 - 1.12.6 Involvement in the Contract Management Pioneer Programme. As an early member of the pioneer programme, run by Department for Levelling Up, Housing and Communities, the Council has been able to roll out fully funded industry leading training in contract management. This is helping ensure that staff across the Council have the skills and knowledge they need to manage the contracts they are responsible for and has provided significant networking opportunities – sharing

knowledge and skills across both local and central government organisations.

2. Financial Implications

- 2.1 There are no direct costs resulting from the adoption of this Strategy.
- 2.2 The costs of the development of the Strategy and the promotion once it is adopted have been met from within the budget of the Commissioning Support Unit.
- 2.3 Savings of £947,000 have already been identified to be made from third party spend relying on improvements in procurement and contract management activities in the Medium Term Financial Strategy (MTFS) and further savings will need to be identified.
- 2.4 The adoption of this Strategy will support the Council in the delivery of the MTFS by setting standards for third party spend which will ensure best value for money and savings. Therefore, thorough adoption of this Strategy across the Council will be key in securing the delivery of these savings.

3. Environmental Implications

- 3.1 There are no direct environmental implications, however through social value the Council will be requiring suppliers to rise to the challenge of the climate emergency; making meaningful changes that will contribute to the overall response of the Council.

4. Conclusion

- 4.1 The Procurement and Contract Management Strategy 2021-2026 has undergone a rigorous development process to ensure it reflects the current requirements for the Council both at a Corporate and a Service Level.
- 4.2 The adoption of this Strategy will support the Council in delivering its purpose through third party spend – securing products and services that are of an appropriate quality and offer real value for money.

5. Timescales associated with the decision and next steps

- 5.1 The Committee's observations will be considered and incorporated into a report that will be taken to Cabinet on 13 October 2022.

Appendices

1. Procurement and Contract Management Strategy 2021-2026
2. Procurement and Contract Management Strategy 2021- 2026 – Supplier Statement

Background Papers

None

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The report was circulated to the following members prior to publication:

Local Member(s): not applicable

Other members: