

Cabinet

10 November 2022

Procurement and Contract Management Strategy 2021 – 2026

Recommendation

That Cabinet

1. approves the Procurement and Contract Management Strategy 2021 to 2026 attached at Appendix 1
2. approves the associated Procurement and Contract Management Supplier Statement 2021 to 2026 attached at Appendix 2.

1. Executive Summary

1.1 The purpose of this report is to:

- Update Cabinet on the production of the Procurement and Contract Management Strategy 2021 to 2026;
- Highlight the extensive engagement that has taken place in the development of the Strategy;
- Present the Strategy to Cabinet to consider its approval for 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 covered the period 2015-2020 and was in the process of being updated when the pandemic hit leading to a pause in its review. The review process has now been concluded and presents a new approach which captures the latest best practice and future 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 legally compliant, follows relevant process and guidance, and is capable of contributing to the three corporate objectives and savings as well as meeting the local demand driving the procurement.

1.4 In a time of high inflation and a volatile, and sometimes vulnerable, market, effective procurement and contract management is fundamental

to protecting the Council from their impacts whilst continuing to deliver good value and quality services to the residents 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.

2. Developing the Strategy

- 2.1 The Strategy has been subject to 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. This included experts from PwC (PricewaterhouseCoopers) and Human Engine – a specialist consultancy firm working in procurement and contract management within the Public Sector. The review process also included further more detailed work undertaken in Summer 2021 to ensure that the Strategy reflected the impact of the pandemic and Warwickshire’s recovery plan.
- 2.2 Resources and Fire and Rescue Overview and Scrutiny Committee reviewed the Strategy on 11 October 2022 and recommended its referral to Cabinet for approval and adoption. The following feedback was received from Members at this meeting.
 - 2.2.1 The need to ensure that measuring value is balanced across the three pillars and does not solely look at financial value. The structure of three pillars supports this and is already proving a helpful framework for conversations around delivering value through third party spend.
 - 2.2.2 The Strategy needs to respond to changing context over its lifespan. This will be delivered via the 2 year delivery plans which will be reviewed annually, outlining how the overall road map will be delivered.
 - 2.2.3 There is good practice within the private sector which could prove useful to the Council in delivering this Strategy. These opportunities are being identified and supported by staff recruitment from the private sector, engagement with networks that share such best practice and the roll out of learning opportunities which includes best practice from the private sector.
- 2.3 This development process has ensured that the Strategy reflects both Council wide priorities and requirements, and also meets needs at Service level.

3. Focus of the Strategy

3.1 The Strategy is built around three key pillars:

3.1.1 Customer Value - this ensures that services are high quality, meeting customer needs in line with the Council's 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.

3.1.2 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 residents of Warwickshire

3.1.3 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 a Community Powered Warwickshire.

3.2 The component parts of the Strategy suite of documents are:

3.2.1 The Strategy – setting out the direction of travel and key requirements for procurement, contract management and quality assurance over the next five years.

3.2.2 A five-year road map – showing how the requirements will be delivered through key actions over the next five years.

3.2.3 A two-year delivery plan – a detailed schedule of actions outlining key work required in the next two years. This element will be updated annually.

3.2.4 A Supplier Statement to complement the Strategy – this sets out what the Strategy means for suppliers.

3.3 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.

- 3.4 Work has already commenced to prepare for the delivery of this Strategy. This includes:
- 3.4.1 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.
 - 3.4.2 Preparation for the new procurement legislation currently progressing through Parliament which will ensure all public procurement is efficient, effective and drives value.
 - 3.4.3 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, and with partners where relevant, so that volume discounts are achieved.
 - 3.4.4 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 from 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 within the adult social care and health arena.
 - 3.4.5 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.
 - 3.4.6 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 to ensure that staff across the Council have the required skills and knowledge 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.

4. Financial Implications

- 4.1 There are no direct costs resulting from the adoption of this Strategy.
- 4.2 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 current Medium Term Financial Strategy (MTFS) and further savings will need to be identified as the MTFS is refreshed for 2023 and beyond.
- 4.3 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 the delivery of savings. Adoption and full implementation of this Strategy across the Council will therefore be key in securing the delivery of these savings.

3. Environmental Implications

- 3.1 There are no direct environmental implications of this Strategy.
- 3.2 However, Procurement and Contract Management has an important contribution to make in responding to the climate emergency. The Council's Sustainable Futures Strategy approved for public engagement makes clear the role procurement has in supporting sustainable communities, in promoting a circular economy built on resource efficiency, reuse and recycling, and engaging in developing a green economy that is low carbon, delivers social equity and protects biodiversity.
- 3.3 In addition, 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 Council's commitment to achieving a net zero Warwickshire. This demonstrates and ensures alignment between the two Strategies.

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 of the Council and supports the Council to meet the objectives set out in the Council Plan.
- 4.2 The adoption of this Strategy will support the Council in delivering its objectives through third party spend – securing products and services that are of an appropriate quality and offer real value for money.

Appendices

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

Background Papers

None

	Name	Contact Information
Report Author	Olivia Cooper, Service Manager (Contract Management and Quality Assurance)	oliviacooper@warwickshire.gov.uk Tel: (01926) 412146
Assistant Director	Steve Smith, Assistant Director – Commissioning Support Unit	stevesmithps@warwickshire.gov.uk
Strategic Director	Rob Powell, Strategic Director for Resources	robpowell@warwickshire.gov.uk
Portfolio Holder	Councillor Peter Butlin The Deputy Leader and Portfolio Holder for Finance & Property	cllrbutlin@warwickshire.gov.uk

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

Local Member(s): not applicable

Other members: Considered by the Resources and Fire & Rescue Committee at its meeting on 11 October 2022