



Transformation Programme Procurement Project Update

November 2017

Areas highlighted for involvement

Two areas highlighted for scrutiny involvement;

- Review of current processes
- Internal restructure and competing priorities of approach compared to Social Value considerations

Outcomes identified;

- Develop an understanding of the current process requirements and influence the review being undertaken
- Develop an understanding of the project being undertaken by Deloitte and consider the competing priorities highlighted as part of the Social Value work and consider how these can influence the project work.

Current Position




- Traditionally the procurement process has predominantly been about factors relating to cost (price), compliance (with European Procurement Law & UK legislation), risk and quality
- Procurement at Kirklees is mostly devolved across the organisation, with limited visibility, controls and risk management Council-wide
- This can present challenges and confusion for Kirklees and its potential supplier base with the potential for inconsistencies in practice and approach (e.g. processes and protocols, documentation, pre-market engagement, Social Value and contracts for similar goods)
- Procurement transformation project has involved taking stock of procurement in Kirklees

Aims of the project

- Challenge and redefine how we procure goods, works and services across the Council to achieve the best outcomes for Kirklees citizens;
- Ensure that all third party spend is necessary and to commit to spending every pound wisely; and
- Support local economic growth through local spend
- Assess how changes to commissioning and procurement can stimulate local social value and contribute to good growth

Project approach – Overview

The Procurement project will take the form of three key strands of work focused on improving data visibility, developing future ways of working and delivering procurement savings in specific categories of spend

Project Stage:	Activities:	Key Measures of Success:
 <p>1. Analyse and segment third party spend to develop the savings baseline</p>	<ul style="list-style-type: none"> Analyse a complete 12 month set of invoice data to understand categories, suppliers and invoice volumes Review contracts data and procurement forward plan data Agree a spend baseline that may be addressable by procurement levers, against which savings can be monitored Develop a benefits tracking methodology and set direction for the rest of the project 	<ul style="list-style-type: none"> ✓ Increased data visibility ✓ Clear spend and savings baseline agreed ✓ Benefits tracking methodology agreed ✓ Categories selected for procurement savings ✓ Standard reporting templates for the future
 <p>2. Develop and embed the future Procurement operating model and ways of working</p>	<ul style="list-style-type: none"> Implement system controls to support data visibility and greater governance over third party spend Design and embed more joined up processes and ways of working across the Council’s procurement activities Review and implement clearer procurement governance and sign-offs Understand skills and capacity needed to shift to a more proactive and strategic approach 	<ul style="list-style-type: none"> ✓ Less reactive, more strategic procurement ✓ Cross-Council ways of working ✓ Greater controls and governance ✓ Long-term sustainability ✓ Early engagement by procurement in the commissioning process
 <p>3. Identify and deliver “quick win” savings in key categories of spend through an agile approach</p>	<ul style="list-style-type: none"> Apply a full range of possible levers to addressable categories of spend to deliver short-term savings (may include e.g. contract re-negotiation, compliance, demand management as well as other procurement levers) 	<ul style="list-style-type: none"> ✓ Tangible savings ✓ Effective category management ✓ Increased contract management

Council-wide engagement summary

- In order to define the current ways of working for Procurement across the Council and gather a broad range of views on priorities for the future, we have engaged approximately 40 stakeholders in over 30 meetings and captured their thinking on the risks of the current position and priorities for the future
- Updates on the project have been sent to Central Management Group with the option for services to engage in consultation

Key stakeholder themes:

1. Recognition current arrangement is not satisfactory
2. Balance of technical procurement expertise vs. specialist service and/or market-based knowledge
3. Visibility and control over contracts, supplier relationships, requisitioning and third party spend
4. Access to reliable contracts and spend data
5. Better visibility and management of risk
6. Clarity on roles and responsibilities between commissioning, procurement, transactions and contract management
7. Ability to plan ahead and develop future plan vs. responding to last minute requests for support to allow for more fit for purpose contracts

We have synthesised stakeholder views and priorities into a set of key design principles for future procurement

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Future Procurement – Critical success factors

Based on stakeholder feedback from across the Council, the following factors have been cited as critical ingredients for future procurement, regardless of the specific model and structure selected

The ultimate aim of the future Procurement Operating Model is to harness the Council's overall buying power to deliver efficient, safe, sustainable and best value services for tax payers		
1	Authority to procure and new governance	<ul style="list-style-type: none"> Ensure that new governance is set up to sign off requested new procurements and "check and challenge" Council-wide procurement activity
2	Refresh and standardise process and policy	<ul style="list-style-type: none"> Develop and implement refreshed, commonly understand procurement policies and procedures to be adopted by all involved in procurement activity across the Council
3	Clarity on roles and responsibilities	<ul style="list-style-type: none"> Define and communicate scope of roles between commissioning, procurement, transactional processing and contract management. Ensure that Council teams understand who to contact and when in relation to procurement queries
4	Communications and change	<ul style="list-style-type: none"> Work with Council teams to increase awareness and embedding of new ways of working for procurement; manage the change effectively to ensure take-up
5	Data visibility and analytics	<ul style="list-style-type: none"> Define the specific information and reporting requirements for procurement; identify analytics inputs / skills required and maintain up to date comprehensive records Council-wide to inform procurement decision-making
6	Council-wide contracts register and risk management	<ul style="list-style-type: none"> Allocate resource to undertake full data gathering review of Council contracts and contractual commitments; develop Council-wide up to date contracts repository and process to ensure it remains up to date
7	Council-wide supplier relationship management	<ul style="list-style-type: none"> Develop robust view of Council-wide supplier relationships and implement strategic approach to managing different groups of suppliers
8	Business partnering between commissioning and procurement	<ul style="list-style-type: none"> Develop strong relationships between service-based commissioners and procurement technical specialists
9	Forward-looking, more strategic view	<ul style="list-style-type: none"> Utilise strengthened data visibility to develop more-proactive, forward-looking view of procurement activity and pipeline
10	Training and development	<ul style="list-style-type: none"> Review and address training and development needs to support new ways of working

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Where are we now

Category Optimisation: agile approach to identifying and realising potential savings opportunities in third party procurement spend

Using baseline spend identified in phase 1;

- 6 areas identified for prioritisation; Temporary Staff, ICT, Facilities Management, Travel and Transport, Professional Services and Children's' Service
- Identified £6.5m saving target over a 3 year period (to be achieved by 2018/19)
- Targets and benefits tracking have been established for 5 areas
- Progress, risks, challenges, opportunities and lessons learnt will be reviewed and monitored

Procurement operating model designing and agreeing a new, more joined up way of working for the Council's current devolved procurement activities

- A change in the procurement operating model has been endorsed at Transformation Portfolio Board
- Detailed design and implementation plan to be developed in conjunction with key stakeholders for a category led approach to procurement

Procurement Transformation Project and Social Value

Opportunities;

- For Scrutiny Panel to influence our approach
- To influence, shape and embed our approach to Social Value throughout the council more consistently and effectively through the new operating model
- To revisit and build on the work of the Policy Committee cross party task and finish group
- To review and refresh our policy and approach
- To continue the dialogue with West Yorkshire and York authorities on approaches to social value and Inclusive Growth
- To learn from others that are recognised as progressive in this area

Recognising that;

- Political leadership will be important in determining the councils ambition and approach to Social Value and Inclusive Growth
- Procurement is a cycle – it flows from commissioning, design of the service or goods, through to tendering, through to award of contract, through to monitoring. To be successful we need to consider a number of key success factors at each of these stages of the cycle