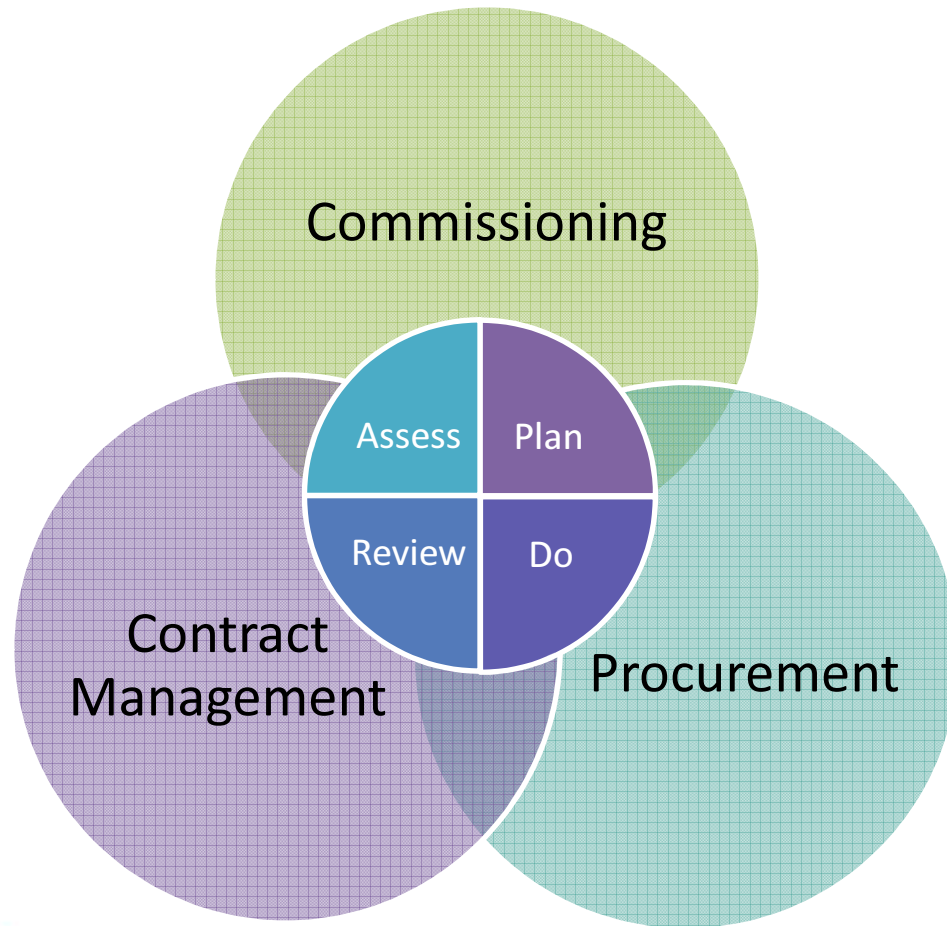# Corporate Scrutiny Panel

1st March 2019

Agenda

- Introduction

- Category Management

- Introduction to Procurement

- Checks and balances

- Examples and key challenges

- Q&A

- Focus of next scrutiny session

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Connections

Commissioning
- **What do we want?**
- Led by the service
- Engaging users

Procurement
- **How do we get it?**
- Led by Procurement
- Engaging Suppliers

Contract Management
- **Are we still getting what we asked for?**
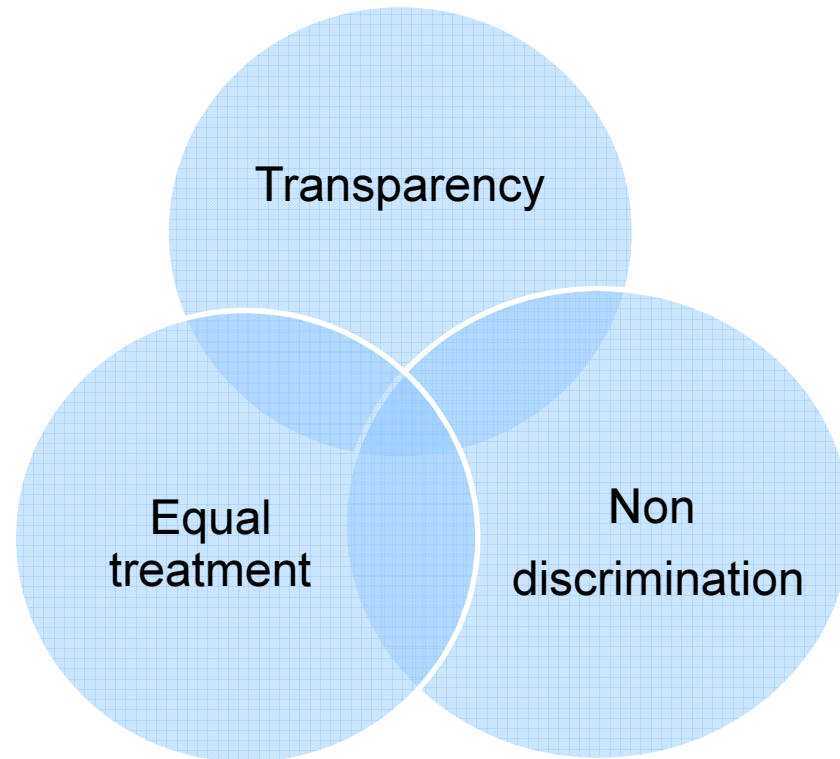- Led by Service
- Managing the Supplier

What is a procurement

"Process of acquiring goods, works and services from third parties..."

Aim to achieve best value for money...

Procurement (Treaty) principles

Transparency

Equal treatment

Non discrimination

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# Future Procurement – Critical success factors

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**	• 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**	• 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**	• 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**	• 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**	• 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**	• 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**	• 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**	• Develop strong relationships between service-based commissioners and procurement technical specialists
9	**Forward-looking, more strategic view**	• Utilise strengthened data visibility to develop more-proactive, forward-looking view of procurement activity and pipeline
10	**Training and development**	• Review and address training and development needs to support new ways of working

Benefits of strategic category management

A structured category management approach can not only help you **generate higher value**, but also…
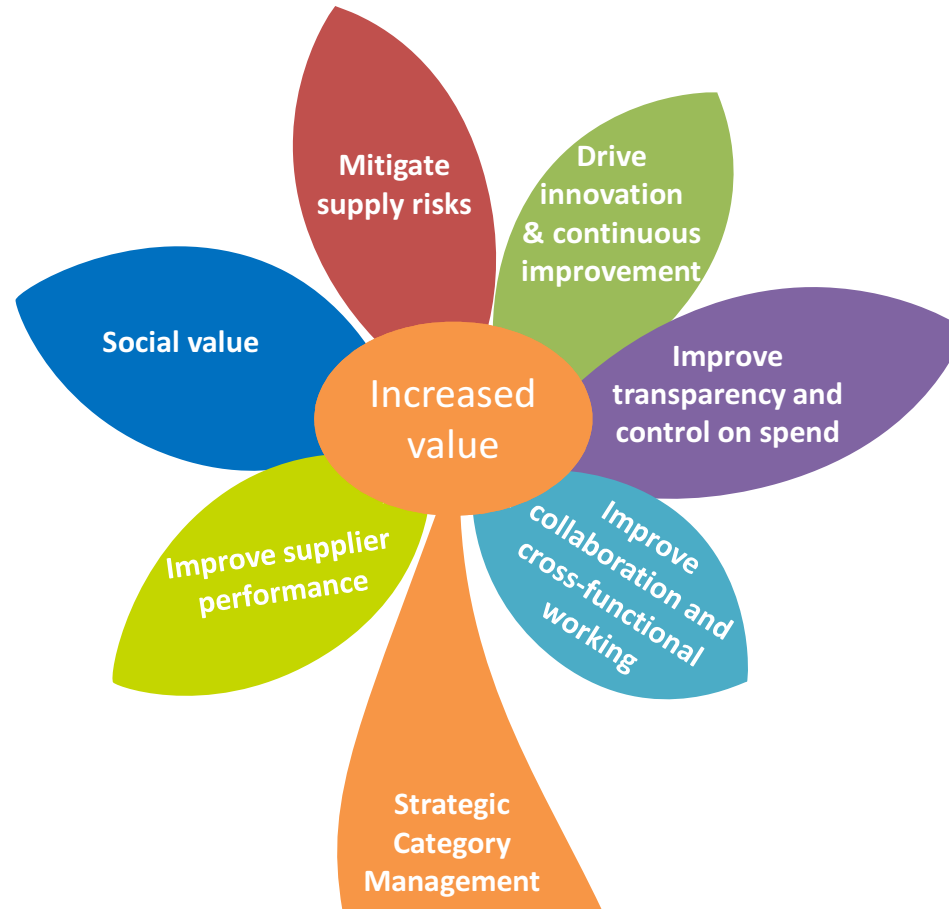
Progress to date

- **Market Engagement**; significant increase in activity with suppliers

- **Social Value,**
  - Local Spend; 16/17 = 28% 17/18 = 44%
  - Focus of social value in contracts, e.g. Furniture procurement 12%
  - On going project work with Policy Team & CLES

- **Developing pipeline opportunities**

- **Expanding & developing relationships**

- **Regional category groups**

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Deloitte tracker v Procurement measures

- Deloitte tracker specifically for that contract
- £6.5 mil 'savings' by March 2020 – mostly attributable to Temporary Staff
- Introduced procurement measures to record;

Benefits	Category Management
Compliance	Process Efficiency
Staff	Stakeholder Experience
Supplier Experience	Supplier Engagement
Social Value	

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Introduction to Procurement

The Rules & Regulations

Internal

- Contract Procedure Rules
- Financial Procedure Rules
- Social Value Act
- Transparency Code

External

- EU Public Contacts Regulation and Competition Law
- UK National Law
- Case Law

Implications

- Fines
- Reputation
- Delays
- Re-run processes

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Contract Procedure Rules
Goods, Works & Services

Goods/Services

- Agency Staff
- Books and Publications
- Building Materials
- Catering Equipment and Provisions
- CCTV Equipment
- Cleaning Materials
- Confidential Waste
- Consultancy Services
- Workwear & PPE Clothing
- Facilities Management
- Food
- Furniture
- Training

- Highways Materials
- Hotel Accommodation and Conferencing
- Insurance Services
- IT Hardware & Software
- Leisure Equipment
- Office Consumables
- Paper
- Pest Control Services
- Photocopiers & Multi-Functional Devices
- Print
- Street Furniture
- Recruitment Services

- Security Services
- Social Care
- Telecommunications
- Traffic Signalling Equipment
- Vehicles and Plant Hire
- Waste Management
- Window Cleaning
- Utilities & Energy
- Catering
- Residential
- Mental Health Services
- Fostering
- Fuel
- Passenger Transport

Works

- Building (Capital Works)
- Building Renovation/Maintenance
- Housing Repairs (roofing, plumbing, glazing, electrical)
- Highways/Road Maintenance

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Contract Procedure Rules

Estimated Value of Contract	Different procurement options available, depending on the value and nature of the contract
Below £200	Any procurement means (advertising is not necessary)
Between £200 and £20,000 (Goods & Services) Works from £200 to £100,000	Any reasonable means to select the Supply is permitted. Reasons to justify the decision taken must be recorded.
£20,000 to £99,999	Min. 3 quotes (advertising on Yortender & Contracts Finder)
£100,000 up to EU Threshold or £180,000	Min. 4 quotes (advertising on Yortender & Contracts Finder)
Above EU Threshold	Min. 5 quotes (advertising on OJEU, Contracts Finder and Yortender)

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EU Financial Thresholds

- Light Touch Regime social and other specific services; £615,278

- Supplies and Services; £181,302

- Works; £4,551,413

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Procedures

- Open (Reg 27)
- Restricted (Reg 28)
- Light Touch Regime (Reg 76)
- Competitive Procedure with Negotiation (Reg 29)
- Competitive Dialogue (Reg 30)
- Innovation Partnership (Reg 31)
- Negotiated with prior publication (Reg 32)

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Questions

- How many quotes should you try to obtain for a lorry that costs £45,000?

- Would the answer be different if you wanted 2 each year for the next 3 years?

- A care placement costs £2,500 per week; which rules apply? What questions might you need to ask?

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Answers

How many quotes should you try to obtain for a lorry that costs £45,000 & which rules apply?

- **3 (or more) Council Contract Procurement Rules only**

Would the answer be different if you wanted 2 each year for the next 3 years?

- **2 per year x 3 years x £45k= £270K EU Proc't Rules apply**

A care placement costs £2,500 per week; which rules apply?

- **Is this an individual placement? How long will the placement last? Is it short term? CPR s apply. EU rules may apply (eg 2 placements, likely to last 3 years each= £780k)**

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Contract Procedure Rules Checks & Balances

- Aggregation
- Abnormally Low Tenders
- Audits
- Pre market engagement
- Conflicts of Interest
- Opening of tenders
- Questions

- Business Case
- Evaluation
- Specialist Advice
- Benchmarking
- Local suppliers
- Transparency
- Procurement Portal
- Supplier feedback
- Data (eg Review of contract spend)
- Proportionate

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Market Engagement

- Approach to market engagement
- 6 market engagement events Jan/Feb 19
- Pipeline
- Honest dialogue regarding barriers
- Supporting suppliers to be digitally ready
- Innovation, social value, business drivers and shared outcomes.
- Using feedback from the market to refine our approach and specification

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Aggregation example

Mobile Voice & Data Procurement

- Early engagement with IT & Procurement

- IT experts produced technical spec

- Procurement assessed best route to market

- National aggregation (min. & max. savings indicated prior to decision to join aggregation)

- Check & challenge from Councillor

- Outcome; 65% (£474K) saving over 2 year contract, further added value around increased shared data bundle 2.5TB / month

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Collaboration examples

- Yorkshire Alliance (Surfacing, Urban Traffic Control, Plant & Vehicle)

- West Yorkshire Combined Authority (Consultancy)

- YorHub (Construction)

- White Rose Frameworks

- Yorkshire & Humber; Postage & Printing

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Collaboration case study

Supply of Telecare Equipment Procurement

- Extension to previous contract to allow sufficient time to procure

- Proactively looked for & secured collaborative opportunity (4 authorities)

- Moved from 4 year framework to rolling 1 year contracts *(to allow new suppliers & technologies)*

- Outcome; Generated £74K (20%) annual saving

- Added value; Service identified additional operational benefits through sharing practice

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Workwear & PPE case study

Workwear and PPE (previous/current)

- Kirklees offers a large product range to its staff with an open catalogue policy
- Lots of inconsistency across the council; no standardised items for particular job profiles
- Open catalogue = lack of control
- Limited contract and supplier management

Work to date

- Undertaken full data analysis of items ordered (e.g. 17 different types of fleeces)
- Identified key stakeholders and engaged to understand business needs in future
- Undertaken soft market testing (electronic & bidders event- 60 organisations interested)
- Discussed challenges, opportunities and received feedback to shape specification
- Agreed with stakeholders to Job Profile workwear - rationalising and standardising where possible, appropriate to job role
- Anticipating 10% saving over the life of the contract (procurement & contract management)

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Key Challenges

- Data

- Contract Visibility

- Reactive to Proactive

- Brexit

- Contract Management

- Value for money

Q&A
Focus for the next scrutiny session

Thank you