

Appendix Five



What does good
procurement look like.

Warwick District Council's Progress towards National Procurement Strategy

Theme A: Savings	
Recommendations for District Councils	Warwick District Council's Progress
Review existing framework arrangements at early stages of procurement to reduce duplicated effort.	Framework agreements used wherever possible to reduce time and effort, subject to VFM. Consideration of framework arrangements
Recognise the benefits from engaging with a national approach and ensure timely publication of data to ensure a robust analysis can take place	The Council's contract register has been updated and is now comprehensive to enable WDC to take an early view of upcoming procurements to determine which approach (national. Regional or local) may be the most appropriate for any particular requirement. In addition the Annual Procurement Plan has been established and published which provides greater visibility of forthcoming procurement activity.
Set out their approach to partnering and collaboration in their corporate procurement strategy	Collaboration is a key consideration for each significant procurement and the existence of the shared procurement service demonstrates our commitment to this. The new strategy also has partnering and collaboration as a theme. A number of joint procurements with partners
Set targets for savings or income generation from collaborative spend	Collaborative opportunities will be considered for all procurements as appropriate; setting a target for savings from such opportunities may detract from obtaining an optimum saving
Consider the business case for new models of delivering procurement services	The Council is open minded about options for delivering procurement services and will continue to explore these with other organisations. The shared service model has worked to date but continues to evolve based on the requirements and organisational changes of the partner authorities. There may be other opportunities for sharing with like-minded partners.

Integrate contract management within the council's procurement models	We have launched a comprehensive Contract Management Framework which seeks to embed good practice. This will improve contract management and an associated drive to introduce commercial awareness should result in efficiencies from better Contract management.
Demonstrate efficiency savings through better contract management	A register of formal contracts (and on-going procurement requirements) is produced (and reviewed on a monthly basis) to provide a comprehensive overview of the Council's position. It is used to ensure that procurement arrangements are aggregated most effectively (either at a corporate or wider public sector level), that correct procedures are used when contracts are let and that renewal happens on a timely basis (identifying resources required at an early stage).
Councils monitor and enforce internal compliance to 'on contract spend'	Work undertaken by procurement has identified a number of instances of 'off-contract' spend. Work is on-going to review the reasons for this to improve 'on-contract' spend levels.
Understand key suppliers and develop and implement performance indicators that are aligned with business outcomes	Key suppliers are known – need to gain understanding of contracts
Identify second tier spend and activity for high value/high risk contracts	Whilst the Council is aware of who key sub-contractors are in its high value/high risk contracts the Council does not currently routinely collect second tier spend and activity information. This needs to be introduced over time.
Develop and agree exit strategies within all major contracts	Exit strategies, transition plans and mobilisation strategies are routinely considered as part of the procurement planning process and contracting procedures.
Expect main contractors to act fairly with supply chains and mandate timely payment to subcontractors through contract clauses	The inclusion of social value clauses within contracts and effective contract management will address these areas. Public Contracts Regs 2015 require 30 day payment from contractors to subcontractors. Currently being built into terms and conditions of contract
Insist on transparency throughout the supply chain	This issue needs to be addressed through contract management and also via ensuring appropriate provisions are incorporated in contracts.
Publish data in relation to contracted-out services in	Data is published in accordance with the Transparency Code.

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<p>Theme B: Supporting Local Economies</p> <p>1. Economic, Environmental and Social Value</p> <p>Councils gain maximum value from procurement through inclusion of economic, environmental and social value criteria in contracts for good/services and works</p> <p>Councils reduce waste by making sustainable choices when procuring products and services - helping them to cut costs, and meet their social, economic and environmental objectives.</p>
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Ensure the rights to the data created as a result of a service being contracted out remains with the council.	This is covered within individual contract terms and conditions. Information governance has been reviewed recently to ensure that appropriate clauses are contained within contracts to protect sensitive data .
Extend the requirement to publish information on performance and costs to contractors	Needs to be addressed
Require main contractors to mirror these policies in their subcontracting arrangements	This issue will be picked up as appropriate as part of a review of Contractual Terms and Conditions currently on-going.

Recommendations for District Councils	Warwick District Council's Progress
Social value opportunities in all tenders, including those below the EU thresholds and for goods where appropriate.	WDC has a toolkit to help officers and a sustainable procurement policy which requires sustainability (including social value) to be considered in all tenders.
Bidders are requested to demonstrate community benefits through the whole supply chain	Social value requirements are being embedded into the Councils procurement processes at the first tier supplier level.
Consider and describe how the economic, social and environmental well-being of communities can be improved	Social value requirements are being embedded into the Councils procurement processes at the first tier supplier level.
Take account of the powers in the EU regulations that encourage use of mutuals, Social Enterprises and supported factories	Where appropriate WDC will make use of the powers provided in the revised EU Regulations once enacted.
Build in sustainability into the whole procurement cycle	Sustainability is built into the life of contracts as part of the overall VFM equation.
Social, Economic, Environmental assessments are undertaken for each procurement project	This is carried out for all above EU procurements
Consider ethical issues, including fair pay, zero hours contracts, child labour and animal testing throughout the supply chain	These issues are considered on a case by case basis
2. Improving Access for SMEs and VCSEs <ul style="list-style-type: none"> • A wide range of suppliers are encouraged to do business with councils through use of Portals to advertise tender opportunities • Barriers to doing business with the council are removed without compromising due process • SME's and VCSE's are able to identify potential 'partners' with whom to form consortia to bid for council contracts • Councils identify forward spend wherever possible and use this data to inform pre-market engagement and supplier planning 	
Identify all procurement opportunities through local or regional portals and national portals where appropriate	The Council's procurement opportunities are advertised on our E Portal CSWJETS
Ensure websites make it clear which portals are being used to advertise tender opportunities suppliers can register	See above
Ensure procurement processes are not overly-rigid, cut off from day to day service provision or contain disproportionate requirements (e.g. insurance levels)	Through meet the buyer and pre market engagement events, as well as through monitoring of responses procurement processes are reviewed to ensure they do not contain disproportionate requirements. In addition Contract procedure Rules are regularly reviewed to ensure that processes are streamlined and encourage SMEs.
Require prime contractors to report any failure to comply	New Regs 2015 mandate this and are implied even if not explicit in ts and cs.

with payment terms and mandate payment by suppliers to their subcontractors be no greater than those in the primary contract, through contract clauses.	Need to review contract management arrangements though.
Engage with single simplified PQQs such as PAS91 for construction	Already implemented. New procedures for supplies and services mean that tenders will not be required sub OJEU and over OJEU will be a simplified PQQ
Learn from and engage with the supply base and other councils on a regional basis through market days for future projects	WDC regularly uses market days or market sounding to help shape future procurements.
Ensure that lotting strategies do not create unwanted barriers for smaller businesses.	Lotting is considered as part of the development of the individual procurement strategies (pre-procurement).
Engage in proactive pre-market engagement with the supplier base and through the commissioning process with users and advocates	WDC holds pre-market engagement with suppliers and through the commissioning process.
Allow sufficient time in the procurement process for suppliers to form consortia	Where considered appropriate this is built in to procurement processes.
Make suppliers aware of trading opportunities and secure their input and expertise	<p>The Council's procurement opportunities are advertised on our E Portal CSWJETS and meet the buyer events and pre market engagement is undertaken to ensure that our procurements obtain suppliers input and expertise.</p> <p>Opportunities are also advertised through the WDC twitter account and tagged to be picked up by a national procurement twitter account.</p>

Theme C: Leadership
Commitment from the top

- Procurement is recognised as strategically important by chief executives, members and senior officers within local authorities
- Procurement is supported in each authority through the appointment of a councillor champion
- Best overall value has been considered in all council's addressable third party spend
- Procurement is a driver to implement council policy

Recommendations for District Councils	Warwick District Council's Progress
Ensure there is a strategic alignment of procurement with Finance Director/s151 Officer and Chief Executive Team	Procurement is strategically aligned with the work of the s151 officer and works alongside Senior Management colleagues.
Provide periodic updates to senior managers and elected members on implementation of good practice	Regular updates are provided to Chief Executive Team, Council steering groups and board members on procurement matters. In addition regular reports are provided to Committees as appropriate .
Procurement professionals influence all third party spend	Procurement is not centralised at WDC and therefore an element of spend is devolved. Much of the spend is influenced by the team but it is not possible to state that all spend is.
Procurement professionals work closely with their colleagues to ensure best possible outcomes are achieved	See above
The procurement strategy underpins the corporate strategy and a commitment to achieving the wider corporate objectives of the council is demonstrated	The Procurement Strategy fully supports the wider corporate objectives of the Council.
Commissioning	
<ul style="list-style-type: none"> Councils identify strategic outcomes in relation to assessed user needs, and design and secure appropriate services to deliver these outcomes Councils better understand and manage demand through the commissioning process to better target services efficiently and effectively 	
Recommendations for District Councils	Warwick District Council's Progress
Procurement and Commissioning staff work together to ensure best outcomes for service users	Procurement works closely with strategic commissioners to ensure that service delivery models are fully researched and appraised prior to procurements.
Procurement Training	
<ul style="list-style-type: none"> Councils build better procurement competencies across the organisation by ensuring staff are equipped with the knowledge, training, and practical skills needed to derive maximum benefit from procurement practices. Councils are more influential with suppliers through taking a more commercial approach to procurement Council officers understand and implement the flexibilities afforded by the new EU Procurement Directives 	

Recommendations for District Councils	Warwick District Council's Progress
Invest in their officers having the professional, leadership and interpersonal skills required to deliver council objectives through better procurement.	The majority of staff in procurement are either full members of CIPS or working towards that. The team also attend conferences and seminars on a limited basis where appropriate to keep up with current professional practice. Other skills are important too and training has also been provided on negotiation,, project management and presentation skills.
Implement a development programme which takes into account the new context and models for good procurement	As above. In addition a procurement training plan has been developed to roll out to the wider organisation.
Invest in developing commercial skills including costs and profit, the market and service quality, relationship building and renegotiation skills	A number of staff in procurement have undertaken formal procurement training which includes commercial skills development as part of the course. Further work needs to be undertaken to ensure all appropriate staff have these skills.
Cascade training where appropriate across the council and to districts	Training continues to be delivered. This has been supplemented by holding 'procurement surgeries' to assist with issues staff in Services may be experiencing difficulties with. Web based bite size training is almost in development to allow self-serve training and an interactive web based form is being developed to assist staff in being directed to the correct procurement paths to use.

Theme D: Modernisation Supplier innovation Suppliers are able demonstrate innovation through all stages of the procurement cycle.	
Recommendations for District Councils	Warwick District Council's Progress
Use early market engagement, and set out well-structured procurement processes, to allow for innovative approaches to be put forward	WDC uses market days and market sounding where appropriate to seek innovation from suppliers.
Harness and proactively encourage supplier innovation	This is achieved through the process outlined above together with discussions with incumbent suppliers on improved ways of delivering services throughout the contract life.

Ensure terms and conditions are flexible enough to allow for changes in technology during the life of the procurement	Flexibility is currently provided in terms and conditions through variation clauses, however this will be reviewed further.
Use outcome-based specifications that include the minimum technical and performance requirements and focus on a statement of the problem that needs to be solved	Outcomes based tenders are used on a consistent basis and payment by results as appropriate.
Using technology Councils increase efficiency and productivity and realise full benefits through the use of appropriate e-procurement solutions in procurement processes Use of e-invoicing helps councils and suppliers streamline administrative processes and improves supplier liquidity	
Use electronic means for tendering processes in line with EU Directives	The Council's uses the E Portal CSWJETS
EU Directives Council procurement process are quicker, simpler and less costly to run through use of the new EU Procurement directives	
Cascade training to council officers and elected members outside of the 'procurement team'	A training programme and procurement 'surgeries' are planned to cascade training outside of the procurement team.
Councils maximise the flexibilities afforded to them in the new EU Directives	The Procurement team seek to maximise the flexibilities contained within them, particularly around timescales and new procedures

What does good procurement look like?

The "National Procurement Strategy for Local Government" makes a series of recommendations to local authorities under 4 broad headings as listed below.

The National Procurement Strategy is overseen by the LGA's "National Advisory Group", a representative body of local government procurement professionals from across the country. The Head of Procurement at LGSS, Paul White, is a member of this National Advisory Group and can provide MKC with a strong link into the latest developments and thinking on good practice emerging from that group.

The National Advisory Group are also developing supporting activity for councils under a number of key themes, many of which are relevant to driving the required improvements at MKC, including the use of Social Value, improving Skills and Capability, understanding

Spend and developing sector-wide Category Management. A self-assessment tool is also being developed to enable authorities to bench-mark themselves against the recommendations and against other similar councils.

1 Making Savings

☐ Councils are dealing with significant financial pressures resulting from reductions in government funding and rising demand. They need to make savings. This means using spending power wisely and strategically and setting targets for procurement and contract management by the effective use of:

☐ Category management in key areas of spend – like energy, ICT and construction – to make savings by maximising the value of spend. This includes developing and using more standard specifications for appropriate goods and services. Spend and supplier analyses provide a broad understanding of the local government supply market.

☐ Partnering and collaboration. By aggregating spend through effective collaboration or by sharing services on common goods and services without compromising the need for social value. Shared procurement services and shared procurement posts should allow all councils to recruit, develop and retain the best procurement resource and avoid unnecessary competition between individual councils for procurement expertise.

☐ A corporate approach to contract management. Councils should demonstrate their effectiveness in gaining most value from contracts. They should obtain best value from supply chains through proper relationship management.

☐ Implementing effective performance monitoring and transparency. This includes sharing commercial and performance data on common goods and services. Councils should ensure that published data, under the transparency code opens new markets for local business, the voluntary and community sectors, and social enterprises to run services or manage public assets.

☐ Having an appropriate approach to risk management that is integral to the council's corporate processes. Identifying and reducing fraudulent procurement practices in pre contract and post contract award and through the supply chain.

☐ Finding alternative ways to meet user needs through Demand management Reducing costs and oversupply within the procurement and commissioning cycle.

2 Supporting Local Economies

Councils need to maximise the economic, social and environmental benefits to communities from every pound that is spent, and we believe that spend with SMEs and VCSEs can make a very significant contribution to local economic growth. This includes Social Value Act duties. Councils can do more to remove barriers faced by SME's and VCSE's bidding for council contracts such as by:

☐ Inclusion of economic, environmental and social value criteria in all contracts. Councils should be reducing waste by making sustainable choices when procuring products and services – helping them to cut costs, and meet their social, economic and environmental objectives.

☐ Improving access for SME's and VCSE's. Councils should ensure a wide range of suppliers are encouraged to do business with them through use of portals to advertise tender opportunities. Barriers to doing business with the council removed without compromising due process. SME's and VCSE's are encouraged to identify potential 'partners' with whom to form consortia to bid for council contracts. Councils should identify forward spend wherever possible and use this data to inform pre-market engagement and supplier planning.

3 Leadership

To be able to deliver, local government procurement needs to demonstrate leadership to increase its impact and influence across the public sector, councils need to:

- ☐ Speak clearly with a single cohesive voice to ensure Central Government policy takes into account the needs and differences of local government.
- ☐ Signal commitment from the top in each council and recognise the strategic importance of procurement. Procurement should be supported in each authority through the appointment of a councillor champion. Procurement should be seen as a driver to implement council policy.
- ☐ Seeing procurement as part of a strategic commissioning cycle. Delivery of this strategy requires stronger engagement and alignment of procurement with commissioners. Councils should identify strategic outcomes in relation to assessed user needs, and design and secure appropriate services to deliver these outcomes.
- ☐ Developing a more commercially-focused procurement culture. Councils should build better procurement competencies across the organisation by ensuring staff are equipped with the knowledge, training, and practical skills needed to derive maximum benefit from procurement practices. Councils will then be more influential with suppliers through taking a more commercial approach to procurement.

4 Modernising Procurement

To rise to the challenge local government procurement needs to modernise in terms of scope, use of technology and practices and procedures by ensuring that:

- ☐ Procurement helps councils respond to financial pressures through commercialisation and income generation. Councils' procurement staff are more commercially minded, and understand and realise benefits from all funding streams including how contracts can be developed to generate income.
- ☐ Using outcome specifications and other methods to encourage supplier innovation to meet new challenges, including encouraging suppliers to demonstrate innovation through all stages of the procurement cycle.
- ☐ Adopting e-procurement to increase efficiency and productivity and realise full benefits through the use of appropriate e-procurement solutions in procurement processes. In particular councils should consider how e-invoicing will help them and their suppliers to streamline administrative processes and improve supplier liquidity.
- ☐ Taking advantage of the opportunities presented by the new EU directives which will allow council procurement processes to be quicker, simpler and less costly to run.