

# NORTH YORKSHIRE COUNCIL

## AUDIT COMMITTEE 24 JUNE 2024

### PROCUREMENT AND CONTRACT MANAGEMENT STRATEGY

#### Report from the Corporate Director, Resources

#### PURPOSE OF THE REPORT

- 1.1 To note and comment upon the Council's revised Procurement and Contract Management Strategy for the period April 2024 – March 2029.

#### 2.0 BACKGROUND

- 2.1 The Council spends around £650m externally each year across both revenue and capital and it is the Council's responsibility to ensure good value for money is achieved in the delivery of our objectives.
- 2.2 Third party spend is the largest spend area for the council. As such procurement and contract management has a key role to play in the council's transformation programme.
- 2.3 The procurement and contract management function within the Council has matured. This has been centered on the work undertaken by the Corporate Procurement and Contract Management Board (CPB). Much of this progress has been made through the existing strategy (April 2023 -March 2029).
- 2.4 The Council continues to have visibility on where money will be spent in the upcoming months / years through the Forward Procurement Plans (FPPs). FPPs allow Directorates (and their corresponding Senior Commercial Manager) to have an oversight of approaching procurements. As a result, resources and specialist support is deployed appropriately to deliver good procurement and value for money across the Council's external expenditure.
- 2.5 Alongside this, the procurement manual, online training, the gateway process, and the procurement documentation that supports these processes have been further developed. This ensures that due process is undertaken and provides the opportunity to highlight any procurements which are "at risk" and understand the scale of any consolidation and/or saving opportunities.
- 2.7 A good deal of the above is focused on the operational aspects of the procurement process itself i.e. supplier sourcing, supplier evaluation and awarding the contract. This is still essential in that it ensures that the Council complies with its own Procurement and Contract Procedure Rules (PCPRs) and the wider UK procurement regulations.
- 2.8 However a large amount of effort is also needed throughout the contract life. Focussing on relationship development means that less time is spent resolving issues and more

time applied to assessing quality in delivery and identifying opportunities for cost savings / benefit gains.

### **3.0 REVISED PROCUREMENT AND CONTRACT MANAGEMENT STRATEGY**

3.1 The Strategy has been updated to align to the Council's Plan and provides an outline direction of travel towards 2029. There has been no greater time for the influence of commissioning, procurement, and contract management to play an integral part to the success of the Council.

3.2 The vision of the strategy is:

*Working collaboratively to deliver efficiencies, value for money and sustainable quality through a proactive commercial approach to procurement and commissioning for the communities of North Yorkshire.*

3.3 The strategy focuses on:

- Sustainability issues and market stability
- Supporting small and medium enterprises (SMEs) / voluntary, community and social enterprises (VCSE) sectors
- Supporting North Yorkshire to have a strong economy
- Social value within our supply chain; with a specific focus on the carbon agenda and other environmental issues.

3.4 The Strategy builds on the five key pillars of our strategic aims, objectives and priorities and introduces a roadmap around the key focus areas for the council. The agility and adaptability to respond to the changing landscape will be met by the dedicated team of professionals within the new centralised service. The five key pillars within the strategy are:

- Technology
- Policy & Process
- Contract Management
- People and Skills
- Social Value

#### **Technology**

3.4.1 Our commitment is to provide a modern and innovative procurement service, using the right technology and processes for our staff and our suppliers to provide more efficient services and ensure compliance. We will continuously review our approach to ensure we respond to feedback and develop the technology and systems we use.

#### **Policy and Process**

3.5.2 We are responsible for ensuring compliance with the Procurement and Contract Procedure Rules, and public procurement law to manage procurement risk and to comply with legal requirements. We will continue to engage with members and senior managers by championing the impact of good procurement and contract management practices and ensuring a professional and consistent approach through the continued development of good practice.

3.5.3 One of the key future changes to legislation is the new procurement regime which is the biggest change to UK public procurement since 2015. This is anticipated to take effect from 28 October 2024. The new Procurement Act 2023 aims to improve and simplify procedures, open public procurements SMEs/ VCSEs, embed transparency throughout the commercial lifecycle and allow tougher action on underperforming suppliers. All these changes will be adopted into the Council's Procurement and Contract Procedure Rules and associated processes / procedures to ensure compliance and best practice are adopted across the Council.

### **Contract Management**

3.5.4 Our ambition is to be recognised as a contract management leader in the public sector. We will achieve this by delivering efficiencies, savings, and service quality improvements through an assertive, proactive, consistent approach to supplier relationship and contract management.

3.5.5 We have already invested in the training and development of our teams to boost commercial capability. A key outcome is that the Council progresses with ensuring that the optimum value is achieved from the relationship.

### **People and Skills**

3.5.6 Our aim is to create within the service the combination of the right people, the right structure, and the right skills, aligned with career development opportunities and support. We will aim to attract, retain, and motivate high-quality, skilled procurement commercial professionals where we are unable to develop from within.

3.5.7 As part of our workforce development strategy a full-service review has been undertaken, this has included a newly defined service structure with a review of all roles and responsibilities. This has provided the opportunity to develop and improve our career path and support our grow our pool of talent.

3.5.8 We are part of the wider Commercial, Property and Procurement Assistant Directorate portfolio and have aligned our service to the Councils People Strategy and clearly set out how we will ensure:

- We Retain Staff
- Attraction for All
- Engage and Listen
- Establish One Council

### **Social Value**

3.5.9 Through our Social Value responsibilities we will continue to:

- build and further explore the social, economic, and environmental impacts that can be mitigated through our supply chains
- support aspirations for a carbon negative and sustainable future
- work to upskill SMEs, VCSEs and local suppliers to turn their social, economic, and environmental ambitions into practical actions.
- contribute to the councils Modern Slavery statement and ensure procurement and contracting activity monitors this area
- demonstrate our support for Fair Tax within our supply chains

- explore how we can support our children and young people in care with employment opportunities within our supply chains through the Young Person's Employability Charter.

3.5.10 The procurement and contract management strategy is monitored through a series of key performance indicators (KPIs) covering the activities detailed in the Strategy Action Plan. The CPB is accountable for the delivery of the Action Plan and monitors the KPIs on a quarterly basis. The latest Procurement and Contract Management Strategy Action Plan KPI figures can be found in Appendix 1. As we have merged the data of 8 organisations work is still underway to ensure the categorisation of suppliers to support and enable our reporting around several KPIs.

The Full Strategy can be seen in **Appendix 1**.

## **4.0 PROGRESSION AND IMPLEMENTATION**

### **Action Plan**

4.1 The revised strategy will be implemented through the delivery of activities in the Strategy Action Plan. These action plans will be developed through a series of Action Plan Theme Groups.

4.2 The Head of Procurement and Contract Management will be responsible for delivery of the action plans and delivery will be routinely reported into CPB.

## **5.0 RECOMMENDATIONS**

5.1. The Audit Committee are requested to:-

- a) note the revised Procurement and Contract Management Strategy.
- b) provide comments to further add value to the ongoing work on procurement and contract management, especially in relation to delivering the procurement and contract management strategy.

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May 2024

**Appendix 1 – Revised Procurement and Contract Management Strategy (attached)**