

Warwickshire County Council



Procurement and
Contract
Management
Strategy





Background

The purpose of this strategy

This document sets out Warwickshire County Council's Strategy for Procurement, Contract Management and Quality Assurance. It sets out how these activities will contribute to the delivery of the Council Plan and what actions we need to take to enhance our capabilities.

Scope

The scope of this strategy is:

- Procurement
- Contract Management Council-wide
- Quality Assurance

Commissioning is out of scope but has a strong relationship to this strategy.

Where it fits

The Council operates using a model of strategy, commissioning and delivery. The commissioning functions are responsible for establishing how the Council will deliver its outcomes. Commissioning are responsible for defining the need and deciding on an appropriate delivery model. The delivery model may be through creating a product/resource (make), internal delivery of a service (do), or through buying the required service, product or resource (buy). Once that make, do or buy decision has been made, procurement and contract management begin and fits into the wider the 'commissioning cycle'. This strategy relates to the activity that takes place once a decision to buy has been made.



Figure 1: The Commissioning Cycle



Procurement has historically been seen as a process-led activity, ensuring compliance at the 'secure services' phase. Contemporary procurement practice has more to offer – it is a strategic, outcomes-based professional discipline that complements commissioning.

In 2019, the Council adopted a new Commercial Strategy which clearly sets out why the Council needs to be more commercial in how it operates, the benefits of increased commercialism and how it will

deliver on the new commercial approach. With such significant spend with third parties; procurement, contract management and quality assurance activity must support the delivery of the Commercial Strategy.

As a Council that has adopted a commissioning led approach with clear commercial objectives, effective procurement, contract management and quality assurance are key to achieving the organisation's strategic objectives.

Relationship to other strategies and frameworks

The Procurement and Contract Management Strategy sets out some of the ways in which the Council Plan will be delivered. The Council's spend with third parties accounts for approximately half its gross budget, so the role of procurement and contract management in delivering the Council's

priorities is significant, as is the contribution it makes to the Medium Term Financial Strategy.

This strategy complements Contract Standing Orders, which set out the mandatory requirements for procurement activity. It supports individual commissioning strategies and plans, which may exist at directorate, service or even individual level.



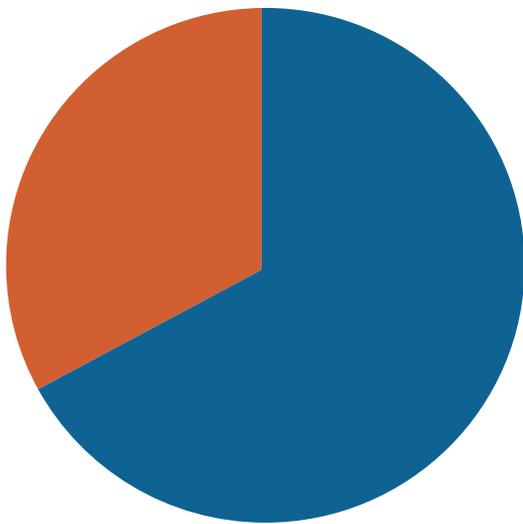
Why Making sense



Context

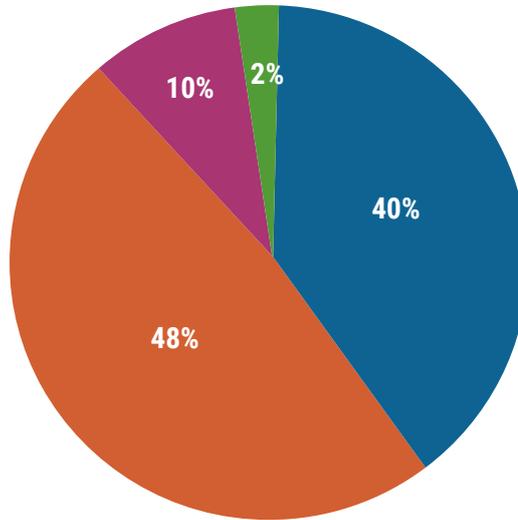
WCC spends approximately 50% of its gross budget with third parties each year. This includes goods, works and services across the whole range of Council activities including social care, skills and education, economic development and major capital schemes.

Total Council Spend with Third Parties



- Addressable Spend 19/20
- Non Addressable Spend 19/20

Addressable Third Party Spend by Directorate



- Communities
- People
- Resources
- Other

Figure 2: How WCC Spends (Procurement Spend in £Millions)

Modern public procurement and contract management is far more than either a simple purchasing activity or a process to be followed – it is the means through which the majority of local public services are delivered and has the potential to create wider benefits for society, the economy and the environment, as well as securing value for money.

“By improving public procurement, the Government cannot only save the taxpayer money but drive social, environmental and economic benefits across every region of the country.”

– Government Green Paper: Transforming Public Procurement

There is a complex set of factors influencing contemporary procurement and contract management practice. Increasingly, it is seen as driven by commercial outcomes rather than by process and the draft procurement regulations (which sets out the new UK legislation) seeks to build on this. But commercial value is only one part of the picture and local authorities also have a duty under the Public Services (Social Value) Act to secure improvements to the economic, social and environmental well-being of the relevant area through their procurement and contract management activities.



Figure 3: Summary of Major External Factors Influencing Procurement

Political



- New procurement regulations focus on creating new jobs and businesses, promoting supplier diversity and tackling the climate emergency
- Government direction of travel is to be more interventionist in local government procurement where it perceives poor practice
- NHS reform is changing the relationship between commissioners and providers

Economic



- The Council spends more than £345m per year with third parties
- This represents significant local buying power, but not all requirements can be sourced locally; the Council operates in a complex mix of local, regional, national and global markets
- Post-Brexit procurement regime allows Councils more freedom to support local businesses
- The economy is entering a period of high inflation and price volatility with significant impact on the supplier market

Social



- The Council has a Social Value policy that commits to securing social, economic and environmental benefits from procurement activity
- Commercial Apprenticeships provide levy-funded opportunities for new talent to enter procurement profession
- The Council has a Modern Slavery Statement; there is an expectation that greater due diligence of modern slavery will be required in the future

Technological



- Direction of travel is towards ever greater transparency in procurement, making more use of open data
- Government is developing a single pre-qualification database for suppliers
- Like most public authorities, WCC could use technology to manage its suppliers more effectively, with the right investment
- AI is automating supply chains, but this is not yet accessible or affordable for most local authorities



Environmental



- The Council has declared a climate emergency; with more than half of its budget spent with third parties, the supply chain has a key role in this
- Tackling climate change and reducing waste is a key objective of the new regulations, which allow authorities to consider not just the environmental impact of the specific contract but the supplier's wider carbon footprint

WCC has made progress towards embedding a rounded view of value into its processes, including the publication of a Social Value policy. Our ambition is to take this further and transform the culture of the organisation in respect of procurement, thinking of it not just as a transactional process, but as a means to delivering a much broader definition of value. For example, our approach will contribute to the delivery of the policy objective of harnessing community power: to deliver local solutions with a value that best serves those communities.

Legal



- Procurement Bill is in draft and represents most radical shake-up of public procurement in 20 years
- Government is cutting 350+ regulations governing public procurement and integrating them into a single legal framework
- There are significant new flexibilities offered by the new legislation, but also new risks and the need to retrain staff

There are some basics to get right before we achieve can this, including improving compliance and thinking about outcomes from the very start of the process. To fully exploit the potential of procurement and contract management to create public value, this strategy is supported by a five-year maturity roadmap that will position the Council as an organisation that leads in procurement, contract management and quality assurance and is widely recognised for its best practice.



What Making it Relevant



Strategic Pillars

Procurement and contract management operates in a complicated context, often caught between competing pressures such as the need to secure commercial value while operating with transparency. Procurement is also about to experience the most dramatic change to the legislative regime in at least 20 years. However, at their core, good public procurement and contract management strikes the right balance between three outcomes:

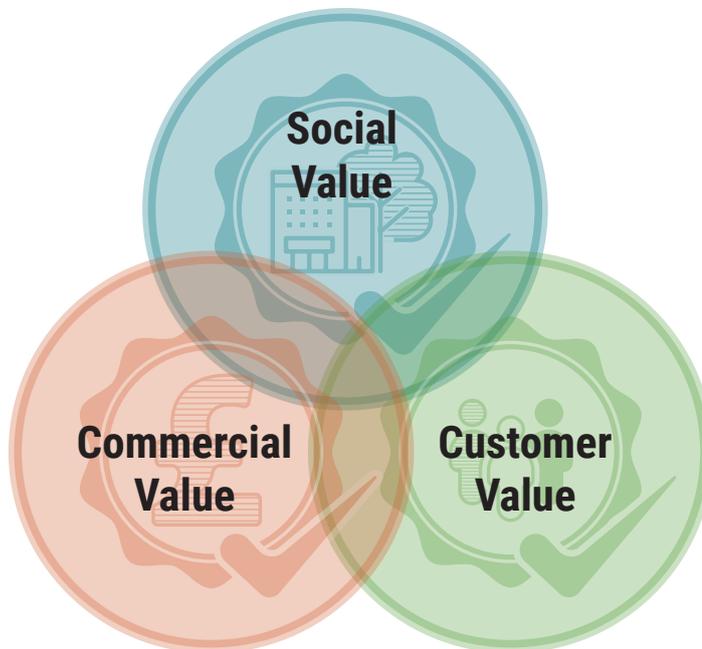


Figure 4: Pillars of Value

Customer Value

securing quality services for residents, businesses, visitors, staff and partners

Commercial Value

securing value for money and supporting the Council's financial sustainability

Social Value

securing wider benefits for communities, the economy and the environment that will support our vision to strengthen communities across the county



Customer Value

A great Council

Quality services for local communities

Service users are involved in their design

Services are delivered by organisations that demonstrate public values

A great partner

The Council is a great partner to work with and can 'get things done'

More integrated public services

The Council is easy to do business with for partners and suppliers

A great place to work

Goods and services that support staff to be their best and do their best

Staff have the tools and skills to procure and manage contract effectively

The way we do things is flexible and creative, while keeping compliant



Commercial Value

Value for money

Support the MTFs by delivering savings from third party spend

Procurement cost reduced through collaboration, innovation and technology

Value is maintained and improved throughout the contract lifecycle

Manage the impact of high inflation and price volatility through expert procurement strategies and robust contract management

Innovation

Data drives better decision making and improved services for residents

Learning from the best of the private, public and voluntary sectors

Savings delivered by thinking differently, minimising impact on frontline services

Diverse and resilient supply chains

A mix of small and large businesses to protect the Council's buying power

Well prepared for risks and emergencies

Strong and resourceful voluntary sector



Social Value

Safe, healthy, independent communities

Communities are helped to recover from COVID-19

Reduced inequalities in society and employment

Young people get the best start in life

Supporting ex-Forces into work

A vibrant economy and places

New businesses, jobs and skills

Skills for a digital economy

Reducing economic inequality

A quality education for all

A sustainable future

Carbon Net Zero Council by 2030

Carbon Net Zero County by 2050

Resident engagement in climate change

Business engagement in climate change



By defining value in this way, we are making a commitment to explore the full potential of our procurement and contract management activities to deliver the Council's strategic outcomes. This means using procurement and contract management to create new relationships, based on the exchange of value, between the Council, our partners, suppliers and the communities we all serve.

For example, we will be increasingly looking for suppliers who demonstrate public value and a commitment to improving life for local people. In exchange, we will make it as easy as possible to do business with the County Council, by publishing opportunities in advance, being transparent about our requirements and open to different ways of doing things.

We know that procurement and contract management can make a huge contribution to our Medium Term Financial Strategy. We want to take a long-term, strategic approach to this, rather than making short-term savings that affect the quality of services, create instability in markets we depend on and ultimately impact our communities. This means that that we will look to our suppliers to help us innovate, to our partners to help us integrate and to our residents to help us design services that are valuable to them.

We are also increasingly commissioning with, and procuring on behalf of, partner organisations including NHS and other local government partners. All of our commissioning decisions and consequential procurement and contract management activities should consider the potential for closer working with partners.

To achieve these goals, we will embed consideration of our Pillars, Themes and Outcomes in all of the Council's procurement and contract management activities from 2021/22. This will include ensuring that the value identified in procurement activities is maintained throughout the lifetime of the contract by refreshing our contract management framework to ensure clear standards and appropriately skilled and resourced teams managing contracts and suppliers.

Our roadmap for achieving consistent delivery of improved outcomes through procurement is set out in Appendix 1.



How *It Making happen*



As with any complex activity that spans all Council services, this strategy cannot be delivered in a short period of time or as a one-off activity. It also cannot be delivered in isolation of directorate priorities and commissioning strategies, which the Strategy should support and complement.

The Contract Management and Quality Assurance Team will lead on the production of an annual Procurement and Contract Management Delivery Plan. This will report on progress against the delivery of this strategy in the previous year and update the action plan for the following year. Appendix 1 shows our 5 year roadmap to develop leading practice and Appendix 2 shows the specific actions we need to take in years 1 and 2.

Appendix 1



Five Year Roadmap: Towards Leading Practice in Procurement and Contract Management

	Year 0 21/22 Establishing	Year 1 22/23 Embedding	Year 2 22/23 Practising	Year 3 23/24 Enhancing	Year 4 25/26 Leading
Governance and Strategic Alignment	<p>Establish governance including mechanism for savings capture</p> <p>Provide support to savings targets (in directorates)</p> <p>Commence 'quick win' saving initiatives</p> <p>Utilise external audit tools (for example from LGA or DLUHC) to establish base line of performance and ongoing improvement</p>	<p>Establish communities of practice for commissioners and contract managers</p> <p>Quick win savings delivered</p> <p>Longer-term opportunities under way</p>	<p>Enhance communities of practice to offer peer reviews and structured learning opportunities</p> <p>Benefits realisation from longer-term savings opportunities</p>	<p>Review and refresh this strategy and delivery plan</p> <p>CSU to lead activity to identify 'next wave' of savings opportunities from procurement, contract management and/or QA</p>	<p>Review and evaluate the impact of strategy</p> <p>Co-produce 2025-2030 strategy</p>
Data and Strategic Planning	<p>Develop forward pipeline</p> <p>Develop data, intelligence and reporting capabilities</p> <p>Pilot use of analytics tools</p>	<p>Refine and publish pipeline ahead of legal requirement</p> <p>Embed use of analytics</p>	<p>Commissioning and category strategies informed by needs analysis and market analysis</p> <p>Consistent use of analytics, e.g. in sourcing strategies</p>	<p>Commissioning and category strategies informed by advanced analytics</p> <p>Digital tools automate production of procurement forward pipeline</p>	<p>Processes are fully supported by digital tools, with optimal balance of automation and human insight in decision making</p>
Collaboration and Category Management	<p>Identify quick wins in aggregating low value spend to improve unit price</p>	<p>Identify category management and strategic sourcing opportunities</p>	<p>Category strategies in place across all major areas of expenditure</p>	<p>Advanced category strategies, making expert use of analytics and joining up across the local system</p>	<p>Systematically identifying collaborative procurement opportunities, internally and with partners</p>



	Year 0 21/22 Establishing	Year 1 22/23 Embedding	Year 2 22/23 Practising	Year 3 23/24 Enhancing	Year 4 25/26 Leading
Market Engagement and Development	<p>Engage with external partners to identify opportunities for best practice</p> <p>Proactively engaging the market, e.g. through Meet the Buyer events</p> <p>Working through Anchor Alliances support more local businesses to provide products and services to WCC</p>	<p>Build on existing best practice to develop general principles for market management, engagement and development</p> <p>Develop a support offer for all suppliers to help them respond to WCC objectives around social value, environment and modern slavery.</p>	<p>Embed early market engagement in procurement exercises</p>	<p>Strategies underway to develop key markets on which Council is reliant</p>	<p>Organisation is taking a strategic approach to market development</p>
Contract and Supplier Relationship Management	<p>Clarify contract manager roles and responsibilities across organisation</p>	<p>Refresh Contract Management Framework, adopting Government Commercial standards</p> <p>Procure and implement contract and supplier management tool</p>	<p>Consistent implementation of CMF across Council</p>	<p>Refresh and enhance CMF</p> <p>Embed Strategic Supplier Relationship Management across organisation</p>	<p>Establish Supplier Advisory Panel, bringing Council's key partners to the table as a strategic advisory board</p>
Policy through Procurement	<p>Publish Social Value Policy</p> <p>Implement Social Value TOMs to measure benefits and outcomes</p>	<p>Embed social value in procurement activity</p> <p>Review processes for tackling Modern Slavery</p> <p>Building on existing good practice, develop approaches to ensure communities are involved in procurement, contract management and quality assurance activity.</p>	<p>Social value consistently delivered, measured and monitored</p>	<p>Review and refresh Social Value Policy</p>	<p>Regularly review and evaluate impact of the Social Value policy</p>



	Year 0 21/22 Establishing	Year 1 22/23 Embedding	Year 2 22/23 Practising	Year 3 23/24 Enhancing	Year 4 25/26 Leading
Capability and Workforce Development	Government Commercial College Foundation training	<p>Develop Procurement, Contract Management & QA Competencies Framework</p> <p>Undertake Capabilities Needs Assessment</p> <p>Produce Learning & Development Plan</p> <p>Commission and roll-out training on new procurement regulations</p>	<p>Encourage uptake of Government Commercial Practitioner and Expert programmes (subject to funding)</p> <p>Measure progress against L&D Plan at organisational and directorate level</p> <p>Develop new training and guidance to reflect new procurement regulations (collaboration between Procurement, Legal and Finance)</p>	<p>Refresh Competencies Framework</p> <p>Update and enhance Learning & Development Plan</p>	<p>Achievements and awards used to attract highest calibre talent</p> <p>Good practice shared with other organisations</p>

Appendix 2



Years 0 and 1 Delivery Plan

Action Group	Ref	Action	Due	Owner	Links to Themes
Governance and Strategic Alignment	1.1	Establish governance through quarterly Procurement & Contract Management Delivery Group			Great Council
	1.2	Develop a programme of savings activity aligned to the MTFs, supported by clear, specific savings proposals for existing targets allocated to directorates			Value for money
	1.3	Develop a programme of new savings opportunities, based on analysis of spend, procurement pipeline and opportunities for category management			Value for money
	1.4	Establish mechanism and agree principles and conventions for savings capture and measurement			Value for money
	1.5	Establish a clear set of roles and responsibilities between commissioners, procurement staff and contract managers within the CSU and across the wider organisation			Great place to work
	1.6	Utilise external audit tools (for example from LGA or DLUHC) to establish base line of performance and ongoing improvement			Great Council
Data and Strategic Planning	2.1	Develop pipeline of procurement activity, to meet our forthcoming obligations under new legislation and in support of actions 1.3 and 3.2			Great Council, Great partner, Value for money
	2.2	Develop our procurement data, intelligence and reporting capabilities			Great place to work, Innovation
	2.3	Pilot use of procurement analytics tools to improve insight into our third party spend			Great place to work, Innovation
Collaboration and Category Management	3.1	Identify opportunities to join up common areas of low value spend across the organisation into corporate contracts ('category management')			Value for money
	3.2	Identify opportunities to collaborate internally on procurement activities that achieve common outcomes, based on our procurement pipeline			Great Council, Great place to work, Value for money
	3.3	Identify opportunities to collaborate with partners to achieve shared outcomes			Great Council, Great partner, Value for money

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Market Engagement and Development	4.1	Build on existing best practice within the Council to develop general principles for market management, engagement and development (Market Shaping policy)			Great partner, Diverse and resilient supply chains
	4.2	Formally introduce early market engagement into procurement processes and practices			Great partner, Diverse and resilient supply chains
	4.3	Deliver 'Meet the Buyer events through Anchor Alliance			Great partner, Diverse and resilient supply chains
	4.4	Working with Economy and Skills Service to develop a support offer for local businesses wishing to deliver services or products to the Council. Particularly focussing on responding to objectives around social value, environment and modern slavery			Great partner, Diverse and resilient supply chains
Contract and Supplier Relationship Management	5.1	Refresh Council's Contract Management Framework, setting out the Council's minimum and higher standards for contract management			Great place to work, Value for money
	5.2	Develop and embed a Council-wide approach to contract segmentation, classifying contracts by financial and strategic value to ensure a proportionate approach to contract management			Great place to work, Value for money
	5.3	Support contract managers to perform their roles effectively through the development and roll-out of tools and training			Great place to work, Value for money
	5.4	Procure and implement contract and supplier management tool			Great place to work, Value for money, Innovation
Quality Assurance	6.1	Develop and extend principles of Quality Assurance to the Council's contract management activities more generally			Great Council
	6.2	Develop a standardised approach to Quality Assurance and reflect in specification for contract management tool			Great Council

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Policy through Procurement	7.1	Publish Social Value Policy			Safe, healthy communities, Vibrant economy, Sustainable futures
	7.2	Implement Social Value TOMs for benefits capture			Value for money, Safe, healthy communities, Vibrant economy, Sustainable futures
	7.3	Review processes for tackling Modern Slavery in the Council's supply chains			Great partner, Safe, healthy communities
	7.4	Identify examples of best practice and learning from other organisations to enhance our Social Value approach			Safe, healthy communities, Vibrant economy, Sustainable futures
	7.5	Identify existing organisational good practice around community involvement in procurement, contract management and quality assurance			Safe, healthy communities
	7.6	Develop organisation wide approaches to ensure communities are involved in procurement, contract management and quality assurance activity.			Safe, healthy communities
Capability and Workforce Development	8.1	Develop culture change plan to reposition organisational attitudes to procurement in line with this strategy			Great Council, Great partner,
	8.2	Develop Competencies Framework (covering procurement, contract management and QA as a competency family) in collaboration with HR&OD			Great place to work
	8.3	Undertake Capabilities Needs Assessment			
	8.4	Produce Learning and Development Plan			
	8.5	Commission training on new procurement regulations and roll-out to Contract Management and QA team			
	8.6	Develop updated basic procurement information for organisation based on above (e.g. induction, intranet)			

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