

**BUSINESS**

Governance

**PLANNING**

# Procurement Strategy 2020-2025

Action Plan Update

November 2023

Community

Showing Leadership

BUDGET

Behaving Commercially

- 1.1 The importance of effective procurement in local government has never been greater. Demand for public services is increasing and the financial environment within which the Council operates continues to be very challenging. The Procurement Bill currently passing through Parliament is expected to come into force in October 2024 and will result in some significant changes to the Council's higher value procurement activity by providing increased flexibilities.
- 1.2 Procurement is integral to delivering commercially advantageous and innovative solutions to meet public expectations and in supporting delivery of both frontline and support services. It also plays a key role in ensuring the effective use of resources and is therefore essential to the delivery of the Council's corporate priorities.
- 1.3 In 2022/23 the Council's revenue spend was £128.5M across 1,627 different suppliers. 87% of the Council's suppliers traded with during the year were micro, small and medium Enterprises (MSMEs). £21M was spent with 241 Halton based suppliers, representing 16 per cent of total revenue spend. This demonstrates the importance and significance of the Council's procurement activity and the impact that it has on the local economy and the wider community of Halton.
- 1.4 This strategy has been developed with reference to The National Procurement Strategy for Local Government in England, which focuses on three key themes:
  - Showing leadership
  - Behaving commercially
  - Achieving community benefits
- 1.5 The strategy also includes a further fourth theme relating to 'Ensuring Governance'. This relates to the need to maintain robust systems and procedures to ensure that procurement activity is undertaken with appropriate levels of control, probity and transparency and is compliant with the Council's own procurement rules and wider legislation.
- 1.6 This strategy sets out the Council's vision for procurement and the priorities for the period until 2025. It is an extension of the existing 2020-2023 Procurement Strategy, pending the expected introduction of the Government's procurement reforms in 2024 and the launch of the new Corporate Plan. Both developments will help inform a new longer-term procurement strategy.
- 1.7 Delivery of the strategy will support the continuous improvement and development of the Council's procurement function and therefore contribute to the achievement of the Council's corporate goals and objectives.

2.1 This strategy builds upon the delivery of the 2020-2023 Procurement Strategy. This has put the Council in a strong position with efficient and innovative procurement arrangements that are firmly embedded. These arrangements include:

- A full category management approach embedded within the Procurement team providing knowledge, expertise and analysis of specific areas of spend, which is a key building block for effective procurement.
- Automated procurement processes and procedures that are employed and well understood across the Council.
- Visibility of all extensions, contract renewals and pipeline opportunities, with procurement work plans aligned to frontline commissioned services and third party spend.
- Risk-based sourcing assessment embedded within the procurement process, with an ongoing commitment to spend above £25k being advertised via The Chest. This opens up markets to a wider range of potential suppliers, such as local companies, MSMEs and voluntary community social enterprises (VCSEs).
- Early engagement taking place between the Procurement team and client departments to align pre-procurement activity and planning strategies. This helps to ensure that the most effective route to market is identified when considering the service needs and outcomes.
- Social value being routinely applied to where relevant and appropriate to do so, with established systems in place to monitor the delivery of social value commitments made by suppliers.
- Collaboration being well established across the Liverpool City Region, providing opportunities for greater efficiency and best use of resource in terms of procurement activity.
- Strong leadership and support for the procurement function. The Corporate Services portfolio holder is the Council's procurement champion, and the Audit and Governance Board provides elected member oversight of the Council's procurement arrangements.

2.2 With a sound foundation upon which to build, the Council's approach to procurement continues to be influenced by:

- The National Procurement Strategy for Local Government in England 2022 and its key themes of 'leadership', 'behaving commercially' and 'driving community benefits'.
- The ongoing need to ensure that best value for money is obtained from planned strategic procurement activity at a time of continuing financial challenges.
- The recognition that there are benefits and opportunities offered by collaboration with wider public sector partners.
- The need to continue to ensure that the Council's procurement processes are efficient thereby allowing procurement activity to be supported by a small core team.
- The need for the Council's procurement arrangements to be well governed and to respond to any future changes required as a result of the new procurement reforms and other relevant legislation or developments.

- 3.1 The approach set out in this strategy is based around the following four key objectives to further consolidate and develop the Council's procurement arrangements:

#### Objective 1: Showing Leadership

We do this by:

- Using the skills and expertise of the Procurement team in contributing to reports to the Executive Board on procurement related decisions
- Procurement planning and provision of support to client departments through early engagement
- Training of senior managers in the Council's procurement rules and procedures
- Developing working relationships with procurement partners, particularly across the Liverpool City Region
- Engaging with the Council's strategic suppliers at local, regional and national level

#### Objective 2: Behaving Commercially

We do this by:

- Further developing collaboration with partner organisations, to identify new commercial opportunities through market shaping and shared working, particularly across the Liverpool City Region
- Identifying and exploring revenue generating opportunities from procurement related activity
- Identifying best route to market and most effective and efficient procurement procedure to optimise commercial opportunities
- Maintaining visibility and forward planning of future pipeline procurement opportunities
- Supporting client departments in developing the approach to contract management
- Managing risk effectively through robust procurement contract documentation and procedures when awarding contracts

#### Objective 3: Achieving Community Benefits

We do this by:

- Continuing to explore opportunities for additional social and community benefits that can be delivered through procurement without increasing costs
- Reviewing and contributing to the development of the existing Social Value Policy, Framework and monitoring system
- Adopting a robust approach to ethical and sustainability issues in the Council's supply chain, such as modern slavery, the national minimum wage, and environmental issues
- Operating procurement processes that encourage local MSMEs and VCSEs to compete for work and to benefit from the Council's spending

#### Objective 4: Ensuring Governance

We will do this by:

- Keeping abreast of changes in the external environment and responding appropriately to changes in legislation and other external influences
- Reviewing and maintaining Procurement Standing Orders and recommending updates to the Council's Constitution as required
- Updating key stakeholders on developments and issues relating to procurement activity
- Ensuring that the Procurement team maintains the necessary skills, capacity and capability to provide advice and guidance on procurement and commercial decisions



- 4.1 The Action Plan appended to this strategy sets out the activities, developments and work to be undertaken to deliver the objectives of this strategy.
- 4.2 Delivery of the strategy will be led and co-ordinated by the Procurement team working with client departments, commissioners and wider partner organisations.
- 4.3 Implementation of the planned actions contained within this strategy will help ensure that the Council continues to deliver modern, flexible, efficient and effective procurement activity that supports the Council in achieving its wider vision, aims and objectives.
- 4.4 Progress against the Procurement Strategy will be reported to the Audit and Governance Board on an annual basis.
- 4.5 The Procurement Strategy will be reviewed and updated following the Council updating its Corporate Plan and the implementation of the Government's procurement reforms.



## Theme 1: Showing Leadership



**Objectives:**

- Engaging Councillors and Senior Managers
- Working with Partners
- Engaging Strategic Suppliers

Area of Focus	Planned Actions	Position statement – November 2023:	RAG Rating
Using the skills and expertise of the Procurement team in contributing to reports to be presented to the Executive Board on procurement related decisions	<ul style="list-style-type: none"> <li>• Continuing to engage with elected members and senior managers, championing the impact of good procurement practice</li> </ul>	<p>The Procurement Team is routinely consulted regarding reports to Executive Board that have procurement implications.</p> <p>Regular engagement takes place with senior officers, and elected members as appropriate, regarding procurement activity and practice.</p> <p>The Procurement Team has representation on the Council’s Climate Change Group, which is led by the Executive Board member with responsibility for the Climate Change portfolio.</p> <p>Procurement is now a key module included within the Council’s training programme for managers. Training sessions are provided on a regular basis.</p> <p>The Procurement Team regularly shares information with the Halton Enterprise Partnership that links to employment and skills opportunities from contracted suppliers.</p>	
Procurement planning and provision of support to client departments through early engagement	<ul style="list-style-type: none"> <li>• Aligning procurement work plans with the business needs of client departments</li> <li>• Maintaining and improving engagement between the Procurement team and client departments</li> </ul>	<p>The Procurement Team routinely provides support and guidance to client departments to ensure a compliant route to market is undertaken for new contract awards or extensions.</p> <p>Ongoing dialogue exists between the Procurement team and client departments. See Appendix A and B for details of the support provided to client departments in 22/23.</p>	





## Theme 1: Showing Leadership

Area of Focus	Planned Actions	Position statement – November 2023:	RAG Rating
Working with procurement partners across the Liverpool City Region	<ul style="list-style-type: none"> <li>• Continuing to develop and share knowledge to influence procurement activity across the Liverpool City Region</li> <li>• Continuing to support programme management of, and participate in, the Liverpool City Region Procurement Workstream</li> </ul>	<p>LCR Catalogue created to detail LCR collaborative contracts and provide visibility of future opportunities.</p> <p>Merseytravel (LCRCA) have recently taken over the role of Chair for 2023/24 for the LCR Procurement workstream.</p>	
Identifying and engaging the Council's strategic suppliers at local, regional and national level	<ul style="list-style-type: none"> <li>• Engaging client departments and supporting supplier review meetings</li> <li>• Identifying and engaging with common strategic suppliers within the Liverpool City Region and wider partners</li> </ul>	<p>Ongoing activity - Recent examples include:</p> <ul style="list-style-type: none"> <li>• Support for SEN Transport providers to register on the Councils Procurement Portal – The Chest.</li> <li>• Community Meals – Adult Services</li> <li>• Telehealth Care System – Adult Services</li> <li>• Stairlifts – Adult Services</li> <li>• Procurement Lead for the LCR Agency Workgroup chairing quarterly review meetings with Matrix.</li> </ul>	



## Theme 2: Behaving Commercially

**Objectives:**


- Creating Commercial Opportunities
- Managing Contracts and Relationships
- Managing Strategic Risk

Area of Focus	Planned Actions	Position statement – November 2023:	RAG Rating
Collaborating with partner organisations to identify new commercial opportunities through market shaping and shared working	<p>Further developing partner relationships with:</p> <ul style="list-style-type: none"> <li>• Liverpool City Region – Heads of Procurement</li> <li>• LCR Combined Authority (CA)</li> <li>• CA Commissioning Lead – Adults Services</li> <li>• Other wider partner organisations</li> </ul>	<p>The Council continues to work with partner organisations to shape markets and deliver better outcomes. Current examples are:</p> <ul style="list-style-type: none"> <li>• Halton has worked in partnership with Warrington BC and led a compliant procurement process to award a new 10-year contract to Tarmac for the Highways Term Contract.</li> <li>• Halton have led on the Childrens and Young Peoples Speech and Language Therapy Services in partnership with the Integrated Care Board.</li> <li>• Cash Collection Services in collaboration with Knowsley and Sefton Councils.</li> </ul>	
Identifying and exploring revenue generating opportunities from procurement related activity	<ul style="list-style-type: none"> <li>• Increasing spend via the Council’s card programme to generate rebate income</li> <li>• Exploring opportunities to increase participation in the Early Payment Scheme</li> </ul>	<p>The strategy to increase spend across the Council’s card programme has been very successful with over £12m expenditure being channelled through it in the 12 months to November 2022. Rebate income received in 2022/23 was £91,164.</p> <p>Details of the Council’s Early Payment Scheme were embedded into the procurement tender documents in December 2019, and this has proved successful in helping increase the number of suppliers signing up to the voluntary scheme. The scheme is now being managed entirely in house with 100% of the rebate achieved being retained by the Council. Income achieved in 2022/23 was £91,295.</p>	


## Theme 2: Behaving Commercially

Area of Focus	Planned Actions	Position statement – November 2023:	RAG Rating
<p>Identifying best route to market and most effective and efficient procurement procedure to optimise commercial opportunities</p>	<ul style="list-style-type: none"> <li>• Identifying compliant frameworks open to the Council</li> <li>• Identifying the most appropriate procurement route and procedure in line with legislation</li> </ul>	<p>Ongoing activity reviewing national frameworks across a broad range of spend categories.</p> <p>Continuous review of compliant procurement routes to market, new approaches now include the use of Dynamic Purchasing Systems (DPS) recent examples are:</p> <ul style="list-style-type: none"> <li>• SEN Transport</li> <li>• Open Spaces Projects.</li> <li>• PPA Foster Placements</li> </ul>	
<p>Visibility and forward planning of future pipeline opportunities</p>	<ul style="list-style-type: none"> <li>• Identifying and communicating pipeline opportunities to client departments</li> <li>• Supporting client departments with pre-procurement planning</li> <li>• Facilitating early market engagement with the supply market</li> </ul>	<p>The Procurement team has created and implemented a bespoke online work plan system that provides visibility to enable early identification of pipeline activity. This intelligence and process allows the team to plan and prioritise projects in consultation with commissioners and client departments to ensure the most suitable and compliant route to market is followed to optimise best value for the Council.</p> <p>Procurement work closely with the commissioners and have established a bespoke contract register for Adults Commissioned Services. This relationship between the two functions is key to delivering outcomes. It provides visibility and helps the planning of support for future planning of new contracts and extensions.</p> <p>The Procurement team is presently working with Children’s Commissioned Services to establish a bespoke contract register for commissioned services.</p> <p>Early market engagement is supported, and recent examples include:</p> <ul style="list-style-type: none"> <li>• New Leisure Centre Audio System</li> <li>• Frank Myler – Catering Service</li> <li>• Stadium Café – Catering Service</li> </ul>	

## Theme 2: Behaving Commercially

Area of Focus	Planned Actions	Position statement – November 2023:	RAG Rating
<p>Supporting client departments in developing the approach to contract management</p>	<ul style="list-style-type: none"> <li>• Including review meetings with suppliers within the terms and conditions of the contract</li> <li>• Analysing and identifying spend data to reduce 'off contract' spend</li> <li>• Utilising management information from suppliers to improve understanding of contract activity</li> </ul>	<p>The Procurement team supports client departments with contract management and attends review meetings with suppliers as required. Recent examples include:</p> <ul style="list-style-type: none"> <li>• Telehealth Care System – Adult Social Care</li> <li>• Community Meals – Adult Social Care</li> <li>• Stairlifts – Adult Social Care</li> <li>• Agency Contract – MSTAR3</li> </ul> <p>The team also shares intelligence with client departments to help manage contracts, e.g. regular support is provided to HR to assist with monitoring the profile and spend on agency placements. This includes the provision of information on hard to fill roles and off-contract spend.</p>	


## Theme 2: Behaving Commercially

Area of Focus	Planned Actions	Position statement – November 2023:	RAG Rating
<p>Managing risk effectively through robust procurement contract documentation and procedures when awarding a contract</p>	<ul style="list-style-type: none"> <li>• Reviewing contract documentation and procedures in line with changes to relevant legislation</li> <li>• Ensuring contract documentation includes robust clauses that include mobilisation and exit plans</li> <li>• Ensuring that all procurement documentation and guidelines are kept up to date</li> <li>• Applying risk-based sourcing to all published opportunities</li> </ul>	<p>Contract documents are regularly updated to reflect changes in legislation and best practice. Documents have recently been updated to reflect changes to the Cabinet Office Standard Questionnaire PPN 03/23 that is used for the selection stage of a tender process.</p> <p>In compliance with PPN 03/22, new UK Data Protection requirements have been included within contract terms and conditions, and the Council’s Information Governance Team has been consulted to ensure consistency with internal processes.</p> <p>In May 2022, the value threshold within Procurement Standing Orders for low value purchases was increased to £25k. This was introduced to provide:</p> <ul style="list-style-type: none"> <li>• More flexibility in terms of procurement route by removing the requirement for low value spend to be advertised on The Chest.</li> <li>• Greater opportunity for local businesses to bid for Council contracts, as registration on The Chest is now not necessary for contracts less than £25,000.</li> <li>• Procurement resource will be freed up to have increased focus on higher valued contracts, where more value can be added.</li> </ul>	



### Theme 3: Achieving Community Benefits

**Objectives:**

- Obtaining Social Value
- Engaging Local SME’s, micro-businesses and VCSE’s


Area of Focus	Planned Actions	Position statement – November 2023:	RAG Rating
<p>Continuing to explore opportunities for additional social and community benefits that can be delivered through procurement without increasing costs</p>	<ul style="list-style-type: none"> <li>• Developing skills and knowledge within the Procurement team and client departments to improve and build Social Value outcomes into the procurement process</li> <li>• Strengthening relationships with suppliers to improve understanding of Social Value</li> </ul>	<p>Work is taking place comparing the approach to Social Value taken across LCR and to develop the skills and knowledge regarding Social Value within the Procurement team.</p> <p>Procurement contract documents have been updated to make it clearer for suppliers to obtain a better understanding of Social Value.</p> <p>New Social Value relationships have been formed regarding the following contracts:</p> <ul style="list-style-type: none"> <li>• Wates – New Leisure Centre</li> <li>• Tarmac – Highways Term Contract</li> <li>• UPS – Minor adaptations Contract</li> <li>• Trevors – Fresh Food and Dairy Contract</li> </ul>	

### Theme 3: Achieving Community Benefits

Area of Focus	Planned Actions	Position statement – November 2023:	RAG Rating
<p>Reviewing and developing the Council's existing Social Value Policy, Framework and monitoring system</p>	<ul style="list-style-type: none"> <li>• Further developing the Council's approach to Social Value in line with regional and national best practice</li> <li>• Monitoring delivery of both financial and non-financial outcomes offered by suppliers</li> </ul>	<p>The Procurement team has started to review existing contracts to identify any Social Value offers and opportunities that can then be linked up with relevant Council departments or community projects that may benefit from these offers. Improvements are also being made to the way in which Social Value benefits are captured and monitored.</p> <p>Recent examples of Social Value benefits provided by suppliers are:</p> <ul style="list-style-type: none"> <li>• Wates – Volunteering hours to clean up the Gardens at Simonfield Care Home</li> <li>• Trevors – donations to local foodbanks and Social Supermarkets</li> <li>• UPS - donating time and equipment to construct an indoor shop for residents at Madalaine McKenna Care Home.</li> </ul>	
<p>Adopting a robust approach to ethical and sustainability issues in the Council's supply chain such as modern slavery, the national minimum wage, and environmental issues</p>	<ul style="list-style-type: none"> <li>• Engaging locally, regionally and nationally to develop learning and awareness of emerging best practice</li> <li>• Ensuring contract documentation is updated appropriately to reflect the Council's requirements in terms of ethical and sustainability issues</li> </ul>	<p>The Procurement team maintains an awareness of best practice and any legislative requirements in respect of ethical and sustainability issues.</p> <p>Provisions are routinely incorporated into standard contract documentation where appropriate, e.g. Modern Slavery 2015, Social Value.</p>	





### Theme 3: Achieving Community Benefits

Area of Focus	Planned Actions	Position statement – November 2023:	RAG Rating
<p>Operating procurement processes that encourage local SMEs, micro-businesses and VCSE's to compete for work and to benefit from the Council's spending</p>	<ul style="list-style-type: none"> <li>• Including lots within contracts to make them more commercially attractive for local SME's, micro businesses and VCSE's</li> <li>• Publishing opportunities on The Chest and Contract Finder</li> <li>• Ensuring that the Council's procurement documentation and procedures are clear and simple making it easier for suppliers to bid for work</li> <li>• Updating the Council's webpages to assist businesses on registering on The Chest and to provide practical advice on bidding for work with the Council</li> </ul>	<ul style="list-style-type: none"> <li>• Contracts are routinely divided into separate lots where appropriate to do so.</li> <li>• Standard practice for opportunities over £25,000 to be published on The Chest.</li> <li>• The requirements for opportunities under £25k to be advertised on The Chest has been removed. This opens up lower value opportunities to local suppliers that are not registered on The Chest.</li> <li>• Simplifying our procurement processes to support micro, small and medium enterprises (MSME's) by using a shortened version of the Cabinet Office Standard Selection Questionnaire.</li> <li>• Pre-market engagement opportunity published using the Council's LinkedIn profile via the Business Growth Teams newsletter to reach local suppliers.</li> <li>• Procurement documentation is subject to regular review and updating to ensure that is as clear and understandable as possible.</li> <li>• The Council's webpages in relation to Procurement are in the process of being reviewed and updated.</li> </ul>	


## Theme 4: Ensuring Governance

**Objectives:**

- Responding to changes in the external environment
- Being accountable
- Maintaining capacity

Area of Focus	Planned Actions	Position statement – November 2023:	RAG Rating
Keeping abreast of changes in the external environment and responding appropriately to changes in legislation and other external influences	<ul style="list-style-type: none"> <li>• Updating procurement processes and documentation updated in line with relevant legislative changes</li> <li>• Ongoing review of the online procurement system to ensure that it reflects up to date procurement practice</li> </ul>	<p>Contract documents are routinely updated to reflect changes in legislation.</p> <p>It is anticipated that the new Procurement Act 2023 will come into force October 2024. As such, the Council’s procurement processes, and documentation will be reviewed and updated to comply with any changed requirements.</p> <p>The Council’s internal online procurement system has been developed further to strengthen procurement practice within the Council. Further development is also planned to enhance the system’s functionality to capture changes as a result of the new Procurement Act 2023. It is anticipated that this will be implemented in 2024.</p>	
Reviewing and maintaining Procurement Standing Orders, recommending updates to the Council’s Constitution as required	<ul style="list-style-type: none"> <li>• Reviewing and updating Procurement Standing Orders at least annually, including wider consideration of the Council’s financial regulations and budgetary control mechanisms</li> </ul>	<p>Procurement Standing Orders are reviewed and updated on an annual basis. The most recent update was in May 2023.</p>	

## Theme 4: Ensuring Governance

Area of Focus	Planned Actions	Position statement – November 2023:	RAG Rating
<p>Updating key stakeholders on developments and issues relating to procurement activity</p>	<ul style="list-style-type: none"> <li>• Sharing intelligence to demonstrate progress on procurement activity</li> <li>• Providing regular updates to the Audit and Governance Board to share regarding progress against the Procurement Strategy</li> </ul>	<p>Procurement share intelligence, such as spend data, with client departments on a regular basis.</p> <p>Regular communication with client departments regarding any changes to procurement policies and processes.</p> <p>Annual updates provided to the Audit and Governance Board regarding progress against the Procurement Strategy</p>	
<p>Ensuring that the Procurement team maintains the necessary skills, capacity and capability to provide robust advice on procurement and commercial decisions</p>	<ul style="list-style-type: none"> <li>• Providing opportunities to staff to maintain continuous professional development (CPD)</li> <li>• Developing commercial acumen for the team</li> <li>• Reviewing and maintaining the expertise and capacity required to deliver effective procurement activity</li> </ul>	<p>There is a continued commitment to CPD, and all members of the team are provided with opportunities to maintain and develop their knowledge and awareness of developments relating to procurement. Over the past year this has mainly been through attendance on webinars.</p> <p>The team will be completing a number of Government Knowledge drops that will provide an overview of the changes in the New Procurement Act 2023.</p> <p>A new team structure is now in place and plans are in place to recruit to a vacant post.</p>	