



Procurement Strategy 2020 - 2025

Introduction

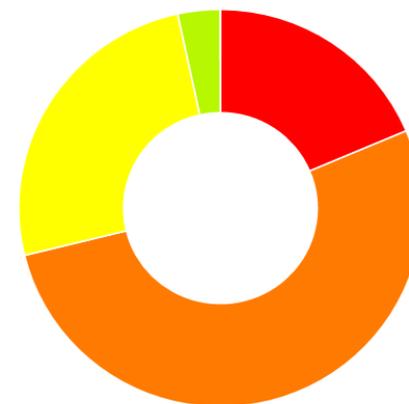
As a public sector organisation, the Combined Authority has a duty to ensure that its business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for. It also has a duty to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

This document sets out the Combined Authority’s strategy for procurement. It is designed to be a living document and future iterations will reflect further thinking and future business developments. The document covers the following key focus areas of the procurement transformation for the medium term:

- 1. Foundation Building** – This is set out in section 1.1 and covers the progress made to date in establishing the required professional resource; reviewing and implementing templates and processes and systems.
- 2. Stakeholder Management** – This is set out in section 3 and explains how this approach will be used to work in partnership with stakeholders, to encourage early engagement and thereby maximise the opportunity to add value through procurement.
- 3. Category Management** – This is set out in section 4 and defines the categories and approach to be adopted by the Combined Authority to develop category knowledge and expertise.
- 4. Contract Management** - This is set out in section 5 and provides a framework for Contract Management activity across the Combined Authority to share best practice and encourage strategic focus.

LGA National Procurement Strategy Diagnostic Results

Overall Score Distribution



Key

- 1 - Minimum
- 2 - Developing
- 3 - Mature
- 4 - Leader
- 5 - Innovator

1.0 Background – Case for Change

Grant funding and funding from central government, used to finance the Combined Authority’s activities, can and does vary substantially over time. There is an ongoing requirement to manage this instability by being proactive but also flexible and adaptable in approach.

A review of the organisation’s procurement requirements was conducted in 2017; this recommended the creation of a centralised procurement structure and the creation of new specialist procurement roles. The aims of this restructure can be summarised by the table below.

Need Identified	Centralised Structure Provides
Increase capacity and improved use of resources	Specialism leads to efficiency, increased capacity with minimal increase in headcount
Improve skills to deliver and inform the business	Development of specialists
Be a compliant organisation: no challenges	Consistent approach across all projects/contracts
Prove value for money: savings	Sharing of best practice across projects/contracts
Improve & have efficient ways of working	Second nature processes and procedures with standard supporting templates
Be clear on strategy and goals	Head of Procurement strategic focus.
Improve the quality of procurements and Progress key agendas (i.e. IG)	Sharing of best practice and professional development.
Improve delivery and morale	Focused, professional team with clear career path
Inform decisions using correct MI	Consistent approach to reporting
Better informed suppliers	Joined up approach makes better engagement viable

1.1 Background – Progress to Date

A strategy was published in April 2018 laying out the strategic aims for procurement along with an implementation plan. This document seeks to review and amend that approach as a result of landscape changes and a reflection of learning to date. Successes and remaining challenges from the previous plan are provided below.

Successes:

- ✓ Team has been established and new positions recruited to
- ✓ Procurement **pipeline** now in place and **planning** cycle has been established.
- ✓ New compliant **templates** have been created and are used **consistently** across procurements
- ✓ New **guidance** is now available to support self service processes and encourage social value
- ✓ 10% weighting for **Social Value** has been applied to all procurements > £75,000 as a minimum
- ✓ **Transparency** has been improved
- ✓ **Training** is provided to all budget holders
- ✓ **Intranet content** have been reviewed and refreshed
- ✓ **Government Procurement Cards** have been implemented.
- ✓ **Quick quote** e-procurement facility has been rolled out for 3 quote process

Issues:

- ❖ Obtaining **spend data** has been challenging and there is still not readily available means of obtaining and analysing this data in an efficient way. However data regarding procurements undertaken has been collected and this has been used to underpin this strategy. When spend data becomes available the strategy will be reviewed in light of that data.
- ❖ Pipeline **planning** continues to be a challenge proving to be very labour intensive for the procurement team
- ❖ **Insufficient resources** to deliver business as usual workload as well as transformational activity has been an ongoing challenge. (The value of procurements concluded increased 3 times between FY 18-19 and FY19-20.)
- ❖ Legacy **e-procurement system** is not intuitive and prone to user error. Plans to align the Combined Authority's system to the region have been delayed due to re-procurement of the regional system.

1.3 Method – Review & Engagement

Procurement plays a significant indirect role in the delivery of the organisation’s strategic objectives; boosting productivity, enabling inclusive growth, delivering 21st century transport and tackling the climate emergency. Supporting the delivery of these objectives is the main driver for this procurement strategy but there is a particular need for procurement to step up to the challenge presented by the climate emergency and a requirement to be recognised as a leader in the region around the inclusive growth agenda. In a procurement setting, both of these issues, can be consumed under the heading of “Social Value” and social value should be an integral part of all procurement work.

In order to produce this strategy a review of internal and external activities that have a bearing on procurement in the Combined Authority has taken place. The opportunity has also been taken to engage with a cross section of internal stakeholders to ensure alignment to their expectations.

Feedback via engagement:

Drivers:

- Requirement to do more with less
- Corporate Strategic Objectives
- Climate Emergency
- Inclusive Growth

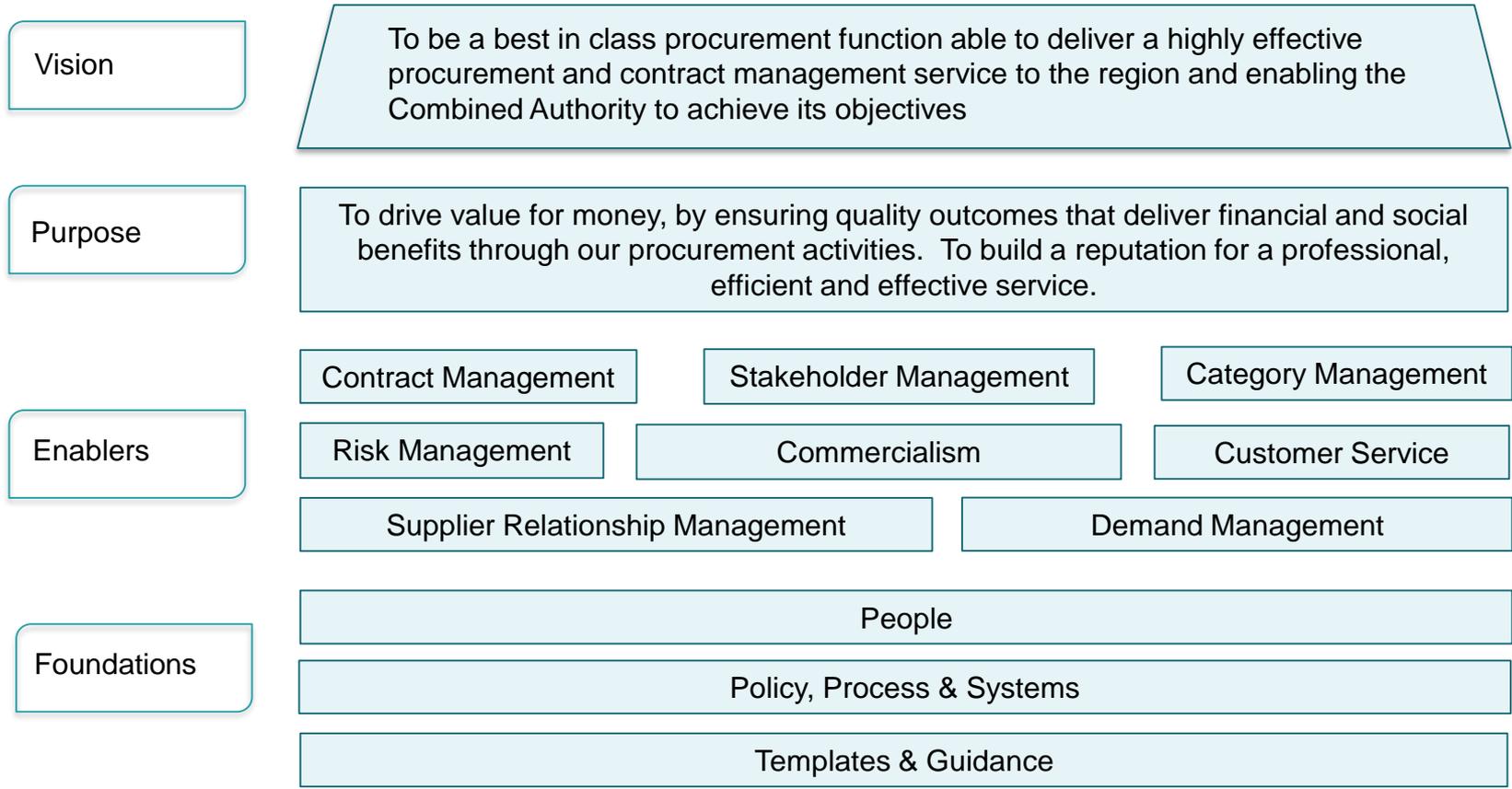
Activity Areas reviewed:

- Corporate Strategy
- Business Plans – Corporate Services Directorate plan
- LGA National Procurement Strategy
- Government Commercial approach
- Spend / delivered projects



2.0 Procurement Strategy Overview

In order to meet and deliver the future challenges faced by the Combined Authority, the organisation needs to be able to rely upon procurement resource; operating and delivering cutting edge procurement through best practice procurement processes. Procurement will **deliver value for money by maximising the benefits achieved for every pound spent** by the Combined Authority and influencing value for money delivery for all the Combined Authority's programmes. It should be clear that **benefits include benefits to society** as well as financial and non-financial benefits to the Combined Authority. The overall procurement strategy can be summarised by the diagram below.



2.0 Procurement Strategy Overview cont.

It is the application of procurement best practices such as category management and contract management that enable the delivery of value for money and are therefore the building blocks of this procurement strategy. Efforts to date has focussed around establishing sound foundations that support the next stages of strategic development. Work around people, process, templates and systems will now move to business as usual activity as part of a continuous improvement philosophy with the following highlights.

People:

- A matrix approach to responsibilities within the procurement team will be developed further in order to ensure the adaptability of the team and reduce the impact of capacity constraints.
- Thresholds within Contract Standing Orders will be reviewed periodically as the organisation procurement maturity develops. If capacity continues to be an issue, the option to raise the value at which procurement is undertaken centrally will be assessed.
- All procurement officers will be fully qualified members of the Chartered Institute of Procurement and Supply (CIPS). Further training and development will be undertaken a required to maintain required levels of expertise. The function will also utilise any free training provided by partners and legal suppliers.

Systems:

- The Combined Authority will be worked in collaboration with the region around a single e-procurement system that will align our approaches and provide efficiencies for our shared supply base.
- In order to accelerate the social value agenda, the Combined Authority will pursue the potential for a social value platform that will provide guidance around social value for our staff and our suppliers but also will provide a means of measuring benefits and reporting.
- A spend analytics solution will be sourced and implemented as soon as possible, this system will be key in ensuring compliance, supporting category management and social value reporting. The right solution will provide spendy data by supplier, procurement category, supplier type and supplier location.
- Procurement will work with finance and HR colleagues to review the organisation's Purchase to Pay system and procure replacements as deemed necessary that support the procurement process and compliance.

2.1 Procurement Maturity Model

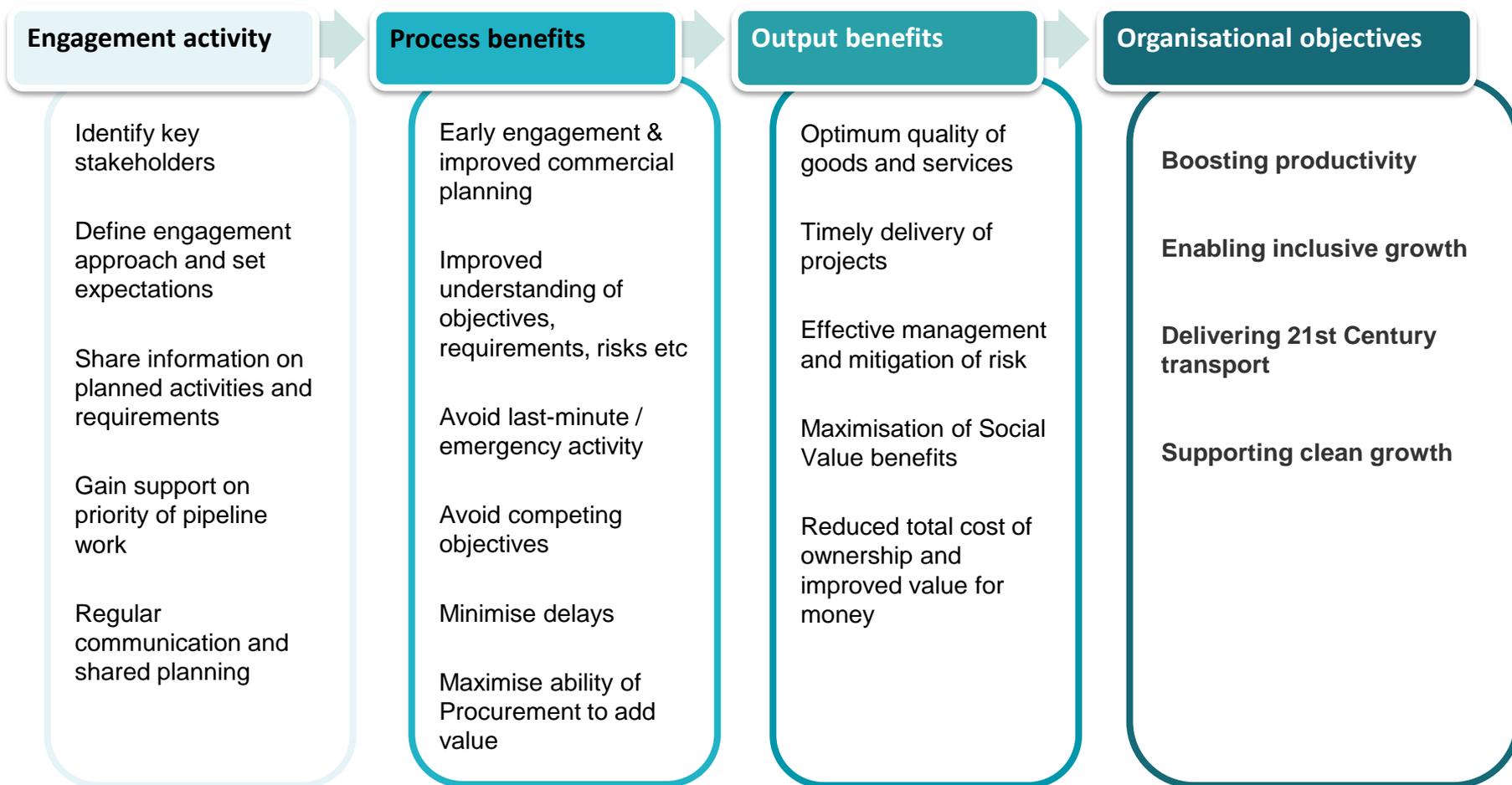
The overall strategy has been translated into a maturity model below, to demonstrate the different phases of strategic development. These phases are in line with the LGA National Procurement Strategy. Procurement at the Combined Authority is currently half-way through the “Developing” phase where a lot of the transformation work has now been completed. The next phase embeds best practice enablers and will start by focussing on 3 key areas; stakeholder engagement, category management and contract management. (The black line represents the learning curve, with the largest improvement in outcomes becoming evident during the mature phase.)



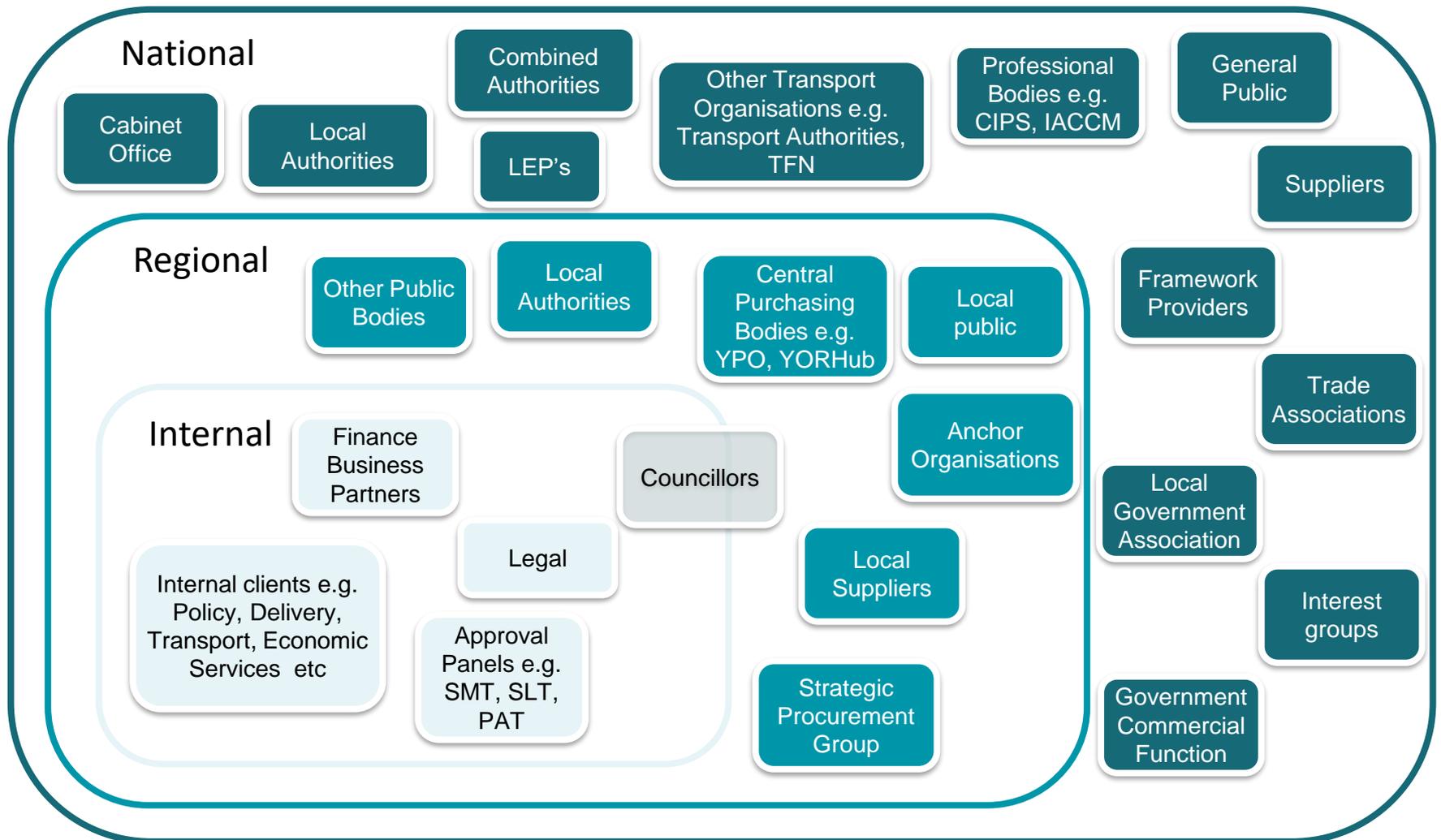
3.0 Stakeholder Management

3.1 Engagement drives shared organisational objectives

Good engagement with key stakeholders underpins the delivery of a value adding procurement service. However this benefit will be diluted if procurement are not engaged with stakeholders actively, early in the process and in depth. This strategy initiates a programme of enhanced stakeholder engagement to develop a deeper understanding of stakeholders and to be considered trusted commercial partners. It will follow the process below:



3.2 Combined Authority Stakeholder Map

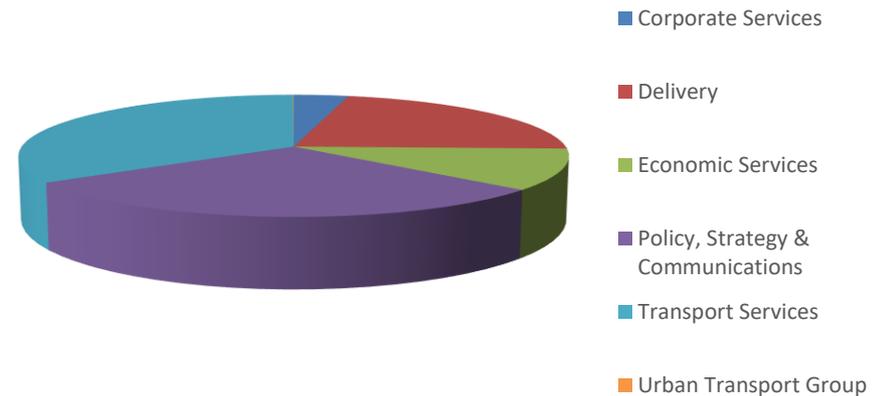


Key stakeholder groups will be the first to be targeted for enhanced engagement. These include internal clients and suppliers. The second phase will look at a more regional level working more closely with local authorities and purchasing bodies. Future stakeholder engagement will establish networks across other Combined Authorities nationally.

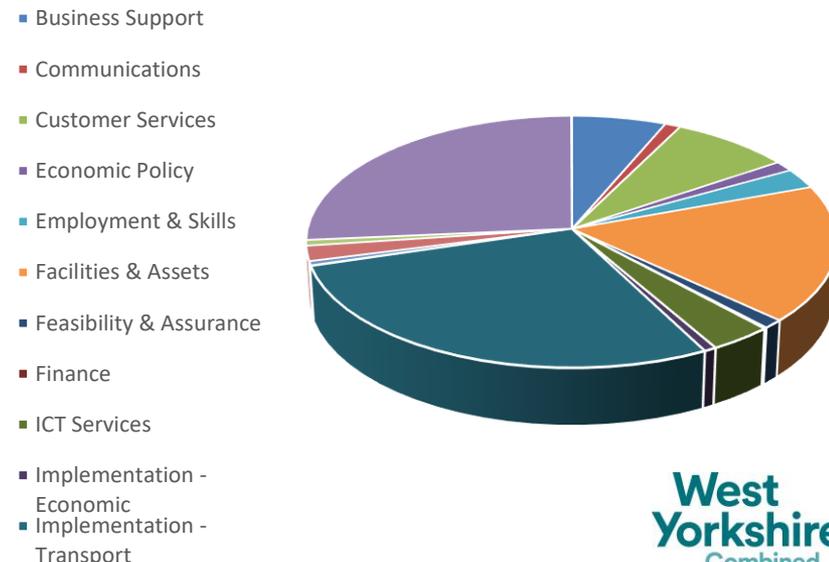
3.3 Engagement principles – internal stakeholders

- Engagement will be grouped and prioritised based on analysis of the business areas with greatest potential benefit (spend, risk, opportunity).
- Each Procurement Manager will take ownership for the relationship with one Directorate or identified teams (depending on above) acting as Business Partners.
- Procurement Managers will work closely with Heads of Service and pipeline contacts to map, understand, schedule and continuously maintain the procurement pipeline .
- Engagement will focus on the sharing of insight, knowledge and data in a 2-way, regular dialogue.
- A programme of training will be devised to increase procurement and contract management awareness with particular focus around delivering social value.
- Resilience and layers of oversight – The Head of Procurement will sit across all projects and stakeholders to provide guidance, backup and an escalation route. Procurement projects will continue to be assigned to individual procurement team members to work in partnership with the client throughout the procurement process. The procurement team will work cohesively to ensure a sharing of knowledge and understanding and to speak with one voice to clients.
- Procurement and Contract Management will align approaches in order to present a joined-up and coherent offering to internal clients

Value of Procurement Projects by Directorate 19/20



Value of Procurement Projects by Team



Engagement Overview – internal stakeholders

Aims

- Closer working
- Better visibility of spend
- Early engagement
- Increase understanding of the value that procurement can add
- Greater consideration of how social value can be maximised
- Excellent delivery of projects
- Satisfied customers
- Trusted commercial advisor

Requirements from stakeholders

- Budget and project information
- Regular contact to discuss activity, feed back positive and negative experiences and forward-plan
- Early proactive contact around specific projects
- Commitment to value for money agenda and maximising benefits using robust commercial practice

Requirements from procurement

- Clear communication and messaging
- Explanation of the approach
- Standard procedures and timescales
- Contact and escalation points
- Regular updates on team and project activity
- Commitment to deliver agreed outcomes

3.3 Engagement principles – suppliers

- The Combined Authority relies upon external organisations to provide expert advice, deliver its programmes and provide operational goods and services. As such suppliers are fundamental to the success of the organisation.
- Steps will be taken to build the Combined Authority brand across the supply base and to ensure a sound reputation for procurement with suppliers.
- Deliver of value for money depends upon the Combined Authority operating within a healthy, **competitive marketplace**. Procurement will publish a pipeline, work with SME's, VCSE's, BME's etc. and encourage feedback as mechanisms for encouraging competition. Procurement will work with colleagues in Economic Services to maximise synergies around business engagement.
- A **programme of engagement** will be designed placing greater emphasis on those supplier relationships that can yield the greatest benefit based upon analysis of the contracts held by suppliers (spend, risk, opportunity).
- Engagement will focus on the sharing of insight, knowledge and data in a **2-way, regular dialogue**.
- Procurement and Contract Managers will **align approaches** in order to present a joined-up and coherent position to suppliers
- Supplier engagement will be a mechanism for driving **social value** in procurement and contract management activity.
 - The Combined Authority holds varying degrees of leverage dependant on the industry sector. Therefore a blanket approach to social value delivery is very unlikely to yield the best results. The Combined Authority will **work with suppliers** to identify what is achievable and then use the procurement process and the contract to incentivise an even higher level of performance.
 - A package of **support** will be created to break down barriers to doing business with the Combined Authority and encourage suppliers from different sectors to work with the Combined Authority and its partners.

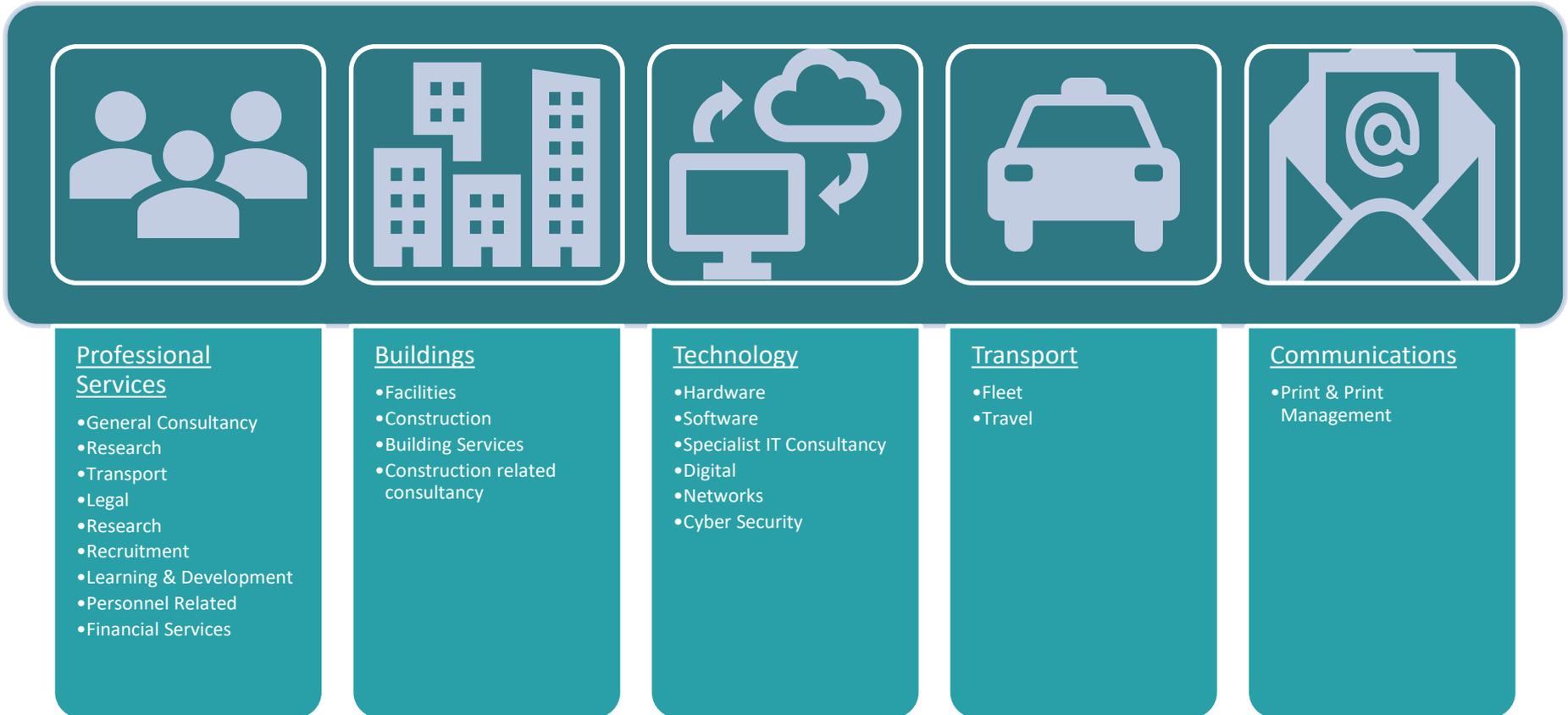
4.0 Category Management

4.1 Category Management principles

- “Category management refers to organising the resources of the procurement team to focus on the organisation’s supply market in order to fully leverage procurement decisions” *CIPS*
- The benefits of category management are:
 - Demand or supply side scale benefits
 - Simplification of the management process
 - Benefits of taking advantage of synergies within categories
- Grouping spend into categories will identify the main industry sectors in which the Combined Authority operates. This will allow the procurement team to focus effort and resources in those supply markets that will have the most impact to the Combined Authority.
- Procurement will then be able to further develop and deploy specific category knowledge about that industry sector. This information and understanding will put the Combined Authority in a better position to maximise the offer from that industry sector.
- Expert category knowledge will include knowledge about the range of suppliers in a market, understanding around the capability of suppliers, better knowledge around potential risks, knowledge around market levers and how to package procurements to best effect.
- In particular category management in procurement will develop a better understanding of how social value can be applied in an industry specific way, ensuring that it is pertinent to the contract and to the sector. It will be invaluable in setting the expectations for social value delivery for individual procurements and will form part of category strategies.

4.2 Categories

Analysis of the procurements undertaken to date have identified the following as suitable category groups for the Combined Authority. This will be kept under review as the strategy develops and more spend information becomes available.



4.3 Category Management approach

- Each Procurement Manager will take responsibility for one or more procurement categories.
- The Procurement Manager for that category will be the procurement expert of that category for the organisation and will develop expert knowledge around that category and keep abreast of developments.
- The expert knowledge held around the organisation in specific sub-categories is recognised and the procurement team will work in partnership with those colleagues to benefit the organisation as a whole (particular within transport services). As part of the development of category management in the future, consideration will be given to setting up category councils where appropriate.
- The development of category management will fit within a matrix structure in procurement. Category leads will be consulted around procurements in their category areas but will not necessarily run the procurements themselves.
- Short term focus will be around developing a higher level of category expertise, future development will include producing category strategies and category wide solutions. Where appropriate, the latter will enable greater efficiencies in procurement and deliver value for money benefits from aggregating demand.
- The Combined Authority procurement team will also work in partnership with the region through category boards.
- Procurement and Contract Management will work closely together to share information and experience

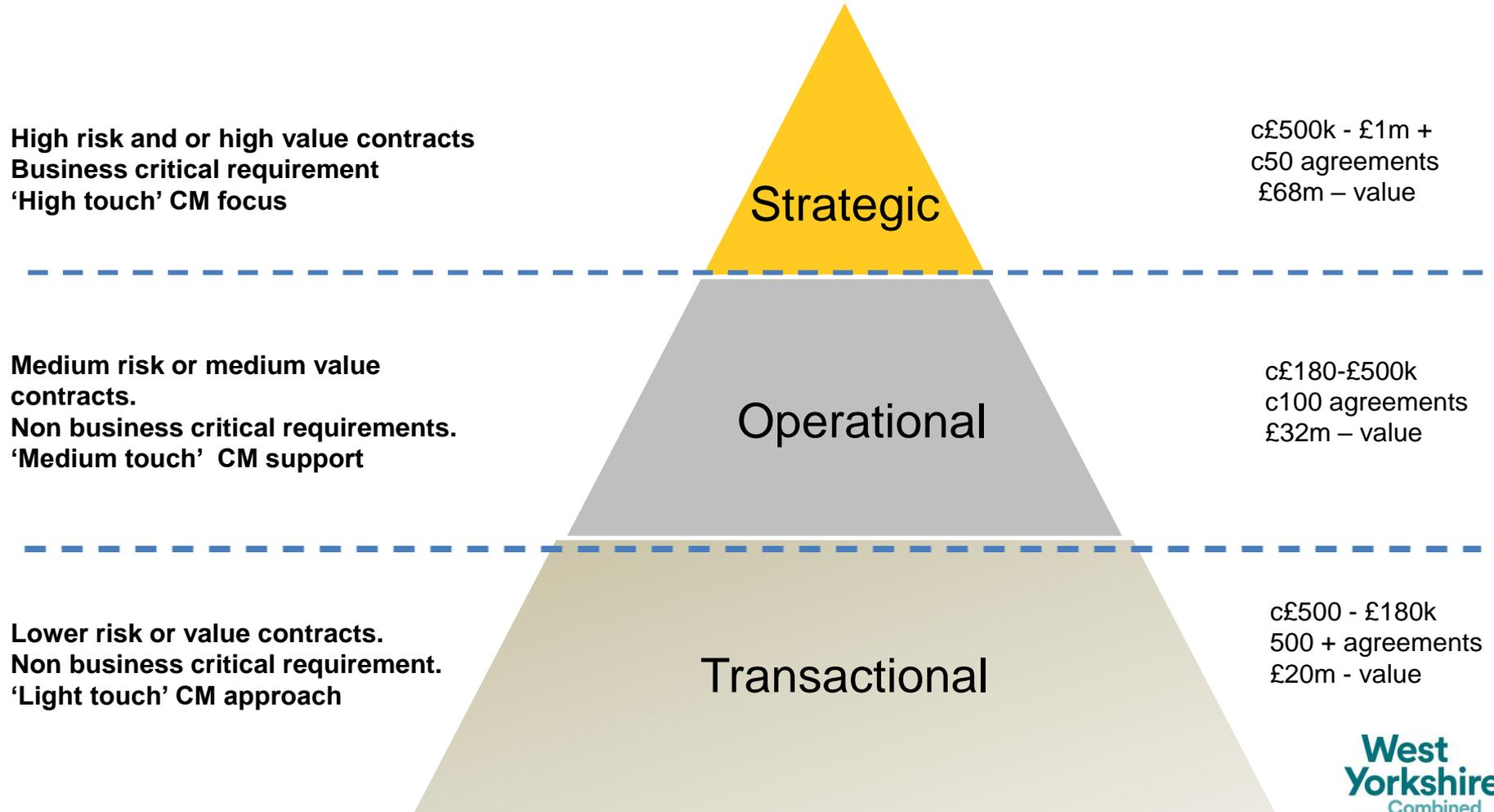
5.0 Contract Management

5.1 Contract Management principles

- “Contract Management is a continuous procurement process that ensures suppliers and buyers adhere to their agreed contractual obligations, along with negotiating any future changes that need to take place.” *CIPS*
- The benefits of good contract management are:
 - Cost reduction and greater cost control
 - Optimisation of operational performance
 - Compliance to regulatory requirements
 - Assistance with dealing with increasingly complex requirements with limited resources
- The role of Contract Manager can be performed on a full time or part time basis as the sole purpose of a particular post or as part of the post combined with other activities.
- Operational contract management is the day to day management of a particular contract and requires consistency and sufficient time allocated to performing the role, proportionate to the contract. Operational contract management will continue to be undertaken by colleagues across the Combined Authority.
- The procurement team will be responsible for providing a consistent framework for the organisations contract managers to operate within. Procurement will lead on the sharing of best practice, tools and information across the contract management community. The procurement team will provide oversight of the organisations contract management activities, providing support as and when required.
- Future strategic development will look at the strategic relationships with suppliers that have multiple contracts with the Combined Authority to ensure maximum benefit is being delivered against the relationship as a whole.

5.2 Contract Management approach

- A standardised “joined up” approach to Contract Management (CM) will be created and embedded across the organisation.
- A central register of contracts will be maintained and become a centrally held resource for the entire organisation.
- The effort and resource allocated to managing a contract will be proportionate to the value/risk associated with the contract.



5.2 Contract Management approach cont.

- A standard toolkit will be developed and shared including:
 - Training/Support
 - Value Risk Matrix
 - CM plan/checklist
 - Contract kick-off meeting template
 - Contract performance review meeting template
 - Contract close-out checklist
 - Renewals/extension checklist
- A contract management champions group will be established to operate as a virtual team, this will involve a cross-section of contract managers from the organisation who have contract management as a substantial element of their role.
- A contract management community will also be established incorporating all staff within the organisation who have contract management as part of their role.
- Both the above groups will benefit from development opportunities to increase contract management skills within the organisation and the sharing of best practice.
- The procurement team will continue to develop and maintain expertise around contract management and to act as a central support and troubleshooting resource.
- The contract management process will be established to maximise benefits received throughout the life of the contract including social benefits. Support will be provided to capture those benefits in a reportable format.
- Consideration of contract management will take place early in the procurement process to improve the opportunity to add value.
- Procurement will develop a reporting structure and process to enable organisation wide oversight of contract performance.