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Report to: West Yorkshire Combined Authority

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Subject: Update on WYCA Procurement Strategy 2018 to 2021

Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12a, Local Government Act 1972, Part 1	

1 Purpose

- 1.1 This document updates on progress regarding the development of the new WYCA Procurement Strategy. It raises a number of areas for consideration regarding the required direction of the Procurement Strategy for the organisation.

2 Information

- 2.1 The previous WYCA Procurement Strategy covered the period from April 2014 to March 2017. Drafting of the new strategy was delayed whilst a review was undertaken of the procurement needs of the organisation. This review has now been complete with a new procurement function being created.
- 2.2 To support the new function work has begun on an updated Procurement Strategy. This will outline the vision and work required for the next 3 years in this area. It is acknowledged that some of the policy areas identified within this document may be included in a more detailed Social Value Policy. Through the Inclusive Growth Steering Group work is underway across the region to assist local authorities and other key anchor institutions in defining a set of common principles that will underpin procurement and other activities.
- 2.3 It is suggested that the WYCA Procurement Strategy is in line with the new National Procurement Strategy nearing finalisation by the LGA. The LGA approach includes the creation of 31 Business Value Codes (BVCs) as outlined in 8.1. These have been used both regionally and locally to identify priority areas for local government organisations and allow for self-diagnostics to be undertaken.

- 2.4 To inform the strategy workshop have been undertaken with Heads of Procurement from across the region and with WYCA Heads of Service. There was a high level of overlap from both workshops. A number of discussions have also been undertaken with the wider Inclusive Growth programme. However, this strategy only covers spend WYCA is making directly.
- 2.5 The final strategy must support the organisation in meeting the key agreed elements of the National Procurement Strategy and its wider objectives. It is therefore suggested that the final document will include the below key deliverables:
- 2.5.1 **Mandatory weighting for social value contribution.** WYCA currently operates a policy where only capital projects over £500k need to include any weighting. This is suggested to be 10% of the overall score. It is suggested to amend this to a minimum 10% weighting for all procurements over £50k. It is also recommended to increase the weighting value to be a minimum of 20% over the lifetime of this strategy.
- 2.5.2 **Encourage suppliers to pay the living wage.** It is estimated that around 10% of WYCA's current suppliers are accredited living wage employers. The impact of mandating the payment of the living wage is unclear on budgets. It is therefore suggested that all procurements over £50k request a price for both living wage and non-living wage supply of goods or services. This would allow for price variations to be monitored and where no cost implications for the living wage to be contractually agreed. This would allow for an informed decision to be made on mandating this within the next procurement strategy.
- 2.5.3 **Increase SME and local spend percentages.** Until detailed spend analytics is available it is unclear as to what the organisations SME and local spend is. However, the new strategy should look to ensure its spend in these areas is at least in line with the government target of 33% of spend with SMEs by 2020. It should also, in line with expected Social Value targets, ensure that spend with local suppliers is supported.
- 2.5.4 **Training for commissioners and suppliers.** Training is needed both for internal customers, current suppliers and potential suppliers. The new procurement team has already commenced with procurement awareness training for internal and more specialised training will be scheduled throughout the lifetime of the new strategy. Potential suppliers will need training in how to bid for work. All suppliers will need training in new policy areas such as contract management and social value.
- 2.5.5 **Implementation of a benchmarking and measurement tool.** To allow for improved reporting, especially around social value, a supplier tool will be required for businesses that supply WYCA to report on their achievements and aspirations. This should allow them to compare themselves to peers and allow for continuous improvements to be achieved. It is hoped this could be done in conjunction with other local government organisations to reduce the burden on suppliers.

- 2.5.6 **Implementation of contract management toolkit and corporate wide key performance indicators (KPIs).** A consistent and documented approach is required for contract management across the organisation. It is suggested a toolkit is developed and rolled out across the business with support given from the new Contracts and Framework Manager role. A standard set of KPIs should also be developed to allow for standard reporting. This will be essential if the organisation wishes to report on progress made in key areas, such as Social Value.
- 2.5.7 **Implementation of corporate spend analytics.** Due to limitations within the current finance systems no spend analytics are available to report on areas of spend. It is therefore strongly recommended that a new spend analytics systems is implemented to allow for spend to be monitored and reported as needed. The benefits will include easier identification of common spend areas and ability to manage contract spend more efficiently. This will also lead to process efficiencies in meeting the organisation's transparency obligations.
- 2.5.8 **Increase in use of corporate contracts and frameworks.** A number of common areas of spend have been identified where no formal contract or route to market exists. It is proposed to implement a number of new corporate agreements using either existing frameworks, such as those from Yorkshire Purchasing Organisation or Crown Commercial Services, or creating bespoke agreement. These will ensure savings from aggregation and ensure that key priorities can be met. The proposed spend analytics solution will also help inform this work.
- 2.6 It is planned to submit a copy of the final Procurement Strategy for approval to the meeting on 1 February 2018. An update on the Contract Standing Orders will also be required to implement the new Procurement Strategy.

3 Financial Implications

- 3.1 None have been identified at this stage. Once the full strategy is drafted if costs are identified these will be included with the submission.

4 Legal Implications

- 4.1 No legal implications have been noted. The revised Procurement Strategy will continue to ensure that WYCA meets its obligations regarding EU and UK procurement regulations.

5 Staffing Implications

- 5.1 None arising directly from this report.

6 External Consultees

- 6.1 No formal external consultation has been undertaken. However, informal discussions have taken place with the West Midland and Greater Manchester Combined Authorities to understand their relative positions and approaches.
- 6.2 Workshops have also been held with regards to the LGA National Procurement Strategy (2017) Diagnostic approach. WYCA originally attended a workshop with the LGA and all Yorkshire & Humberside Councils to agree regional priorities.
- 6.3 A meeting was held on 29th November with the Heads of Procurement of member councils to share the WYCA internal vision and to discuss their approaches their various to Social Value.

7 Recommendations

- 7.1 The positive progress made on Procurement within WYCA is acknowledged.
- 7.2 That the elements outlined are accepted as forming the basis of the Procurement Strategy document.
- 7.3 To note the planned update to Contract Standing Orders being required to implement the new Procurement Strategy.

8 Background Documents

- 8.1 A copy of the LGA National Procurement Strategy (2017) Diagnostic Document.



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