

Wirral Borough Council Procurement Strategy

September 2023

1. Director / Head of Service - Foreword

This Procurement Strategy provides a framework for the Council to obtain value in all its procurement activity, outlines priorities in the short-term and shows how Procurement will contribute to achieving the aims set out in the Council's Local Plan.

Corporate ambition and objectives

The Council's ambition is to deliver a sustainable future where everyone does their bit to create a confident and ambitious Borough.

As a council, we have a total spend of approximately £400 million and an addressable spend of around £255 million across some 1,800 trade suppliers each year. £180 million of this is spent with the top 50 suppliers, which equates to 70 per cent of our addressable budget. As an average, we are spending approximately 29% of our addressable spend with local companies. We have a duty to make sure that resources are used in the best way possible to meet our objectives as a responsible Council delivering good value services to support the Borough.

The Council procures a wide range of goods, works and services ranging from Foster Care, Home Care to Energy, Highway Maintenance and large Construction Projects.

Having a strategy does not, by itself, lead to effective procurement. It is the commitment of the Council and its stakeholder's and commissioners to use the elements of the strategy which they can influence that will make this strategy a success.

2. Executive Summary

Wirral Council is committed to creating jobs, improving services and making public money work harder for public benefit and community wealth. The Council is focussed on making sure residents can continue to live in a place which they are proud of, with modern public services there to support them.

The Wirral Plan identifies the priorities for the Borough under the five themes:

1. Brighter futures

2. Inclusive economy
3. Sustainable environment
4. Active and healthy lives
5. Safe and pleasant communities

Examples of recent contracts that have been let by the Council to deliver these themes include:

- CCTV Maintenance, Supply & Installation of Public Space CCTV Cameras & Associated Equipment
- Fuel Poverty & Energy Efficiency Programme 2022-26
- Gym equipment for Wirral Leisure Centre
- Numerous capital projects such as New Ferry Regeneration, Hind Street Development, and Dock Branch Park

The Council aspires to provide a procurement service respected and trusted by stakeholders both internally and externally.

The service will:

- Support both local businesses and the Voluntary, Community and Social Enterprise sector (VCSE), encouraging them to feel able and willing to work with the Council;
- Deliver tangible social value and inclusive growth to benefit our residents;
- Be an influencer in shaping commissioning with other public sector Anchor Institutions across the region; and
- Achieve value for money through commissioning, procurement and contract management for the both the council and residents.

3. Introduction

The Council's procurement strategy commits to supporting the Wirral economy. Wherever possible the Council will use locally based organisations to deliver the goods, works and services whenever possible under value for money considerations.

The Council's vision is to provide a first-class end-to-end commissioning service which is effective, efficient, respected, and delivers tangible outcomes for both the Council and the locality.

The procurement service is embedded within the broader commissioning framework; operating both to support and to provide challenge across the decision-making process, whilst ensuring delivery in a legal and compliant manner. Commissioning and procurement are not mutually exclusive, the relationship between the two functions is key to delivering this strategy.

The overarching themes of the service initiatives are to transform the Council's approach to commissioning including:

- Delivering enhanced and embedded social value
- Adopting good governance throughout the procurement cycle increasing visibility of procurement activity
- Behaving commercially
- Engaging and developing the wider procurement community
- Digitally transforming processes to ensure opportunities are easy to access for suppliers, whilst payments are efficiently processed

This strategy is not simply about continuing along the same path. All procurement activity (especially re-procurement of an existing contract) should begin by asking a series of questions:

- What do we need to deliver?
- How can it be delivered (internally/externally/in partnership)?
- Who are the key players in the Market?
- Will we need to do this just once or will we always need it?
- Will our requirements change over time?
- Do we have the funds to pay?
- How will we measure if we have succeeded?

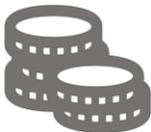
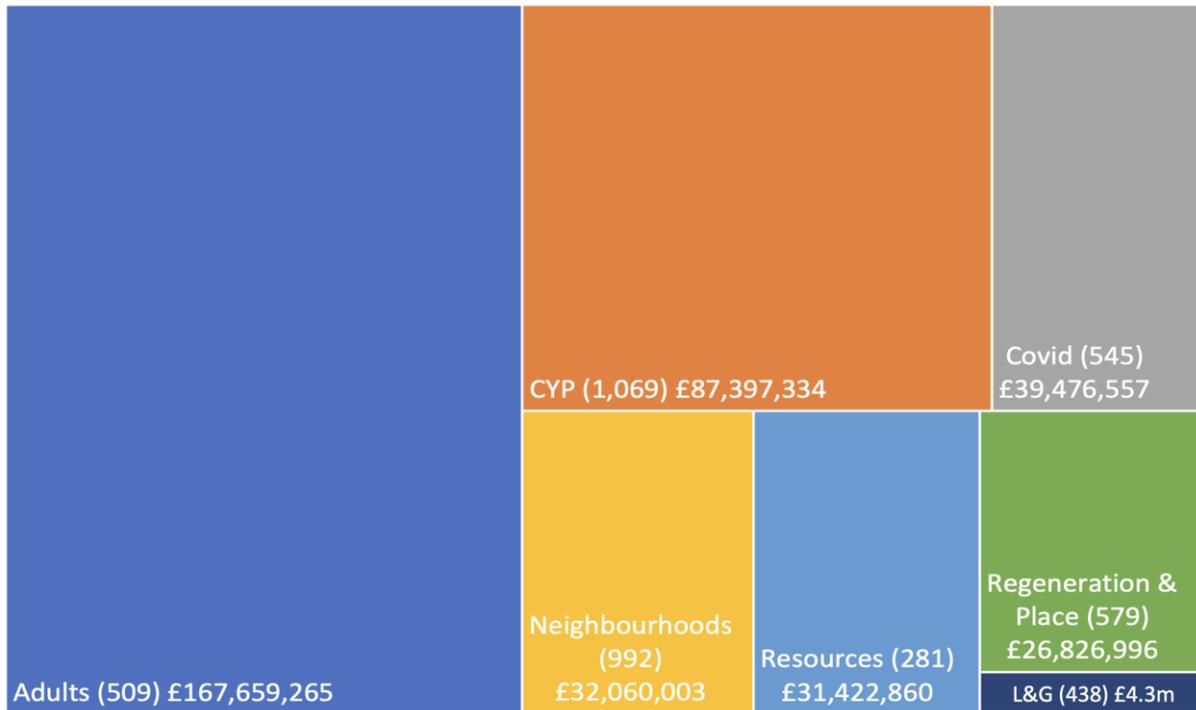
The answers to all these questions should identify the most efficient way to achieve the outcomes we are seeking, not just following the well-trodden path of "this is how we have always done it".

Procurement will provide supportive and professional challenge based on robust, uniform advice to ensure that all options are considered, delivering a sustainable solution.

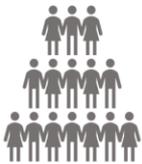
This document outlines the strategic goals of the procurement service working as an element of the overall Strategic Plan of the Borough to deliver the five organisational priorities:

1. Brighter futures
2. Inclusive economy
3. Sustainable environment
4. Active and healthy lives
5. Safe and pleasant communities

4. What do we spend?



Total spend
£394m



3,644
Suppliers



118k
Transactions

- 80% spend incurred with 248 (7%) suppliers
- 1,336 (37%) suppliers only a single transaction
- 2,328 (64%) suppliers incurred less than £10k spend
- Addressable spend £255m
 - £1m+ spend: 56 addressable suppliers
 - £100k+ spend: 388 addressable suppliers

5. National Procurement Strategy

In 2022 the Local Government Association (LGA) revisited the national strategy published in 2018 to provide guidance and direction to procurement activities within local authorities.

The strategy introduced three key themes: leadership, commercialisation and benefit realisation; each of which was broken down into a number of constituent parts:

Leadership

Engaging councillors - Ensuring all members involved in the leadership and governance of council procurement and commercial activities are aware of their roles and responsibilities.

Engaging senior managers – Ensuring the wider corporate management team understands and benefits from procurement and commercial input at all stages of decision-making, including early advice on major projects.

Working with partners - Facilitating a 'one team' approach to the design and implementation of solutions for the wider Authority which spans all council departments and organisations.

Engaging strategic suppliers - To identify and deliver improved performance, reduce cost, risk management and catalyse innovation.

Commercialisation

Creating commercial opportunities (including income generation) – To promote revenue generation and value creation through proactive planning of major third-party agreements (works, services and goods), business options review (make or buy), and market engagement.

Managing contracts and relationships – Embedding the effective management and control of all contracts from their planned inception until their completion by the appointed provider. Incorporating supporting policies, procedures and systems needed, together with broader issues from the identification and minimisation of risk, successful and timely delivery of outcomes and performance, effective control of cost and variations and the maintenance of clear communications and operational relationships.

Managing strategic risk – Identifying, monitoring and mitigating the potential impact of an external event, passing of a statute or illegal activity upon business as usual, reputation or financial health of the organisation.

Achieving community benefits

Creating social value (SV) - Delivering wider financial and non-financial impacts of programmes, organisations and interventions, including the wellbeing of individuals and communities, social capital and the environment. From a business perspective, it may be summarised as the net social and environmental benefits (and value) generated by an organisation to society through its corporate and community activities reported either as financial or non-financial (or both) performance.

Engaging local small medium enterprises (SMEs) and micro-businesses - The Government definition of SMEs is any business with up to 250 employees and a turnover of up to £50m . Micro businesses are those with 1 to 9 employees. There are around 6 million SMEs in the UK in 2021, which equates to 99.9 per cent of the business population.

Enabling voluntary, community and social enterprise (VCSE) engagement - Including organisations such as small local community and voluntary groups, registered charities both large and small, foundations, trusts and social enterprises and cooperatives. These are often also referred to as third sector organisations or civil society organisations.

Enablers

The three themes will be delivered through five enablers:

Adding value - Procurement has a key role in adding value in council spend. We will work proactively to understand emerging issues and learn how to manage them, we need to understand and mitigate against risks. We need to demonstrate the value we add to our colleagues and partners, sharing data and good practice.

This goes beyond making monetary savings, implementing category and contract management, adding social value and ensuring value for money.

Developing talent - Talent management, recruitment and retention which are key building blocks to an excellent procurement function.

Developing talent underpins the Authority's ability to efficiently address issues and particularly issues of value.

Exploiting digital technology - Rapid use of data will be critical for understanding how to manage procurement events and contract management, backed by the implementation of revised sourcing and purchasing processes delivered by the Oracle Fusion platform, which the Council utilises.

Enabling innovation – With the UK leaving the European Union there will be a Procurement Reform Act implemented Autumn 2024 which will provide more opportunity for innovation in procurement with more flexible procedures.

Embedding change - Procurement has a key role across the Authority and requires representation at the top table during decision-making processes to ensure commercial considerations run through all decision-making processes aspects.

Performance against these themes and enablers will be benchmarked using the LGA diagnostic tool. A summary report from this review will be published as a benchmark against which progress can be measured on an annual basis

6. Our key strategic aims

Building on current foundations the aim is to deliver quality and value through efficient and effective procurement, embedding best practice in governance.

There are several key areas that need to be developed to achieve organisational priorities:

Value for money and efficiency

Procurement activity will ensure that the Council gets maximum value from every pound that is spent, through best value and innovative procurement practice.

Outcomes rather than process will be the focus, using feedback to challenge disproportionate procedures. All procurements will be solution-focused considering both commercial and risk elements appropriately.

The organisation will continue to apply a consistent approach to commissioning and category management where related purchasing is grouped together to take advantage of better intelligence of buying needs, leading to a better commercial outcome.

Information held on what providers have to offer will be developed to support bulk buying where appropriate, and improve quality, savings and efficiency. In addition, a whole lifecycle approach will be adopted, which starts from asking the question “why?”

Commissioners will be supported to assess needs and analyse options to ensure that procurement activity aligns with the Council’s values and ambitions (e.g. asking whether we need to procure this service and, if we do, are we procuring it in the best, most cost effective way). Procurement Leads will be embedded within their respective Service Areas to ensure early discussions take place at the conception stage of all contractual requirements.

Professional support will continue through preparation for procurement activity, then on to mobilisation, contract management and exit, ensuring quality outcomes and value for money are achieved.

Robust pre-market engagement will be undertaken prior to issuing key strategic tender opportunities.

To deliver sustainable procurement savings, Procurement staff will work closely with service areas, corporate finance and internal audit to create a realistic methodology and define responsibilities for the tracking and recording of savings both in terms of value and social outcomes.

This will be achieved through monitoring budgeted values against actual tendered contract values, monitoring contract expenditure and volumes, with routine reporting of savings and social value outcomes.

Commissioning and procurement officers will be provided with fit-for-purpose processes and template documentation allowing them to deliver these aspirations. These documents will be designed to be simple to use for both procurers and suppliers, not clouded by technical drafting. They will be used consistently to meet statutory requirements, whilst also allowing the council to procure the desired outcomes.

All exceptions and breaches will be routinely scrutinised and challenged to ensure poor practice is eliminated.

A “tell us once” approach will be adopted with suppliers to avoid unnecessary duplication of effort.

Governance

The Council’s processes will aid streamlined commissioning activity whilst ensuring compliance with the regulatory regime. Feedback will be sought from suppliers to ensure that procurement processes are fit for purpose, formally establishing an annual review mechanism.

Legal requirements will be adhered to and the Council’s Constitution and Contract Procedural Rules which will be maintained to incorporate legislative changes, procurement case law and other evidence of best practice.

All council officers involved in procurement activity will be made aware of and trained in their obligations accordingly. Pro-active measures will be adopted to protect against fraud.

In addition, compliance with the Council’s financial regulations will be ensured through budgetary control mechanisms and schemes of delegation for the procurement of all goods, works and services.

Further, engagement with members and senior managers will continue by championing the impact of good procurement practices, developing and maintaining a professional and consistent approach through the continued development of good practice documents, toolkits and systems.

Cross-council discussions will be facilitated in respect of procurement through forums such as the establishment of a Commissioning Network, attendance at relevant board meetings and directorate management team meetings groups. This will allow sharing of lessons learnt, promote best practice and innovation and deliver on-going training and development.

On a regional level Council officers will continue to participate in the City and Regional Heads of Procurement meetings, developing and supporting an important channel for procurement collaboration.

Effective risk management processes will be put in place for both procurement and contract management. It is recognised that changes in the regulatory environment may present additional challenges requiring amendments to operations, but these are not expected to be radical.

Both the Council and businesses have several statutory duties under the Modern Slavery Act 2015. The Council will work towards understanding what can be done above statutory obligations to raise awareness and ensure supply chains do not contribute to modern slavery.

A Supplier Code of Conduct will be developed and implemented proportionately as a contractual requirement. The Council will work towards adopting a reporting tool which connects to Transparency In Supply Chains (TISC) reporting globally our suppliers will be expected to register their modern slavery statements as part of Council terms and conditions.

Social Value

Improving economic, social and environmental well-being from Council contracts, over and above the delivery of the services directly required, will be an aim, by exploring how those activities can deliver the Council's wider strategic outcomes at no extra cost.

Such activities will include maximising local employment opportunities, helping to raise skills, improving pay and aligning contractors to broader strategic goals, such as tackling climate change.

The local economy will be supported by ensuring tendering opportunities are made more attractive such that local, small and medium sized enterprises and voluntary, community and social enterprises can bid for work either individually or as part of a consortium. Furthermore, regular engagement with the local suppliers will be undertaken, in specific cohorts, sharing with them the pipeline of opportunities within their specific area of spend.

Much progress has been made in respect of social value through procurement over recent years and there is an opportunity to go further and achieve increased and enhanced social value through future commissioning activity.

The Procurement function will take the lead on co-ordinating and driving the Council's approach to the delivery of Social Value, including:

- Further developing the Social Value Toolkit to improve the consistency and transparency of the Council's requirements for 'added value' from its procurement activity; and
- Developing Social Value Guidelines for commissioning and procurement staff which will require consideration of the Council's wider ambitions.

Commercial opportunities

Procurement activity is central to meeting the significant financial challenges faced by the Council in the short and longer term. The delivery of the Council's strategic priorities depends on the efficient and strategic use of its spending power – enabling reducing budgets to go further. Securing the best value for money is central to this; procuring the best possible services on the best terms, and driving efficiencies.

To deliver cashable and non-cashable benefits, support will be provided to the Council's commercial effectiveness, embedding a commercial focus and driving commercial benefits from all contracts.

This will be achieved through:

- Maximising the opportunities for collaboration, to benefit from economies of scale, use resources efficiently and realise savings
- Supporting funding bids where opportunities arise to bring new funds to the City, particularly in collaboration with local and regional partners
- Developing commercial skills of procurement staff to provide the expertise needed to maximise commercial benefit
- Applying a category management approach to identify savings, maximise value and pursue new commercial opportunities
- Including financial modelling and options appraisal in procurement activity to ensure alignment to strategic and financial priorities
- Awarding contracts on the basis of the 'Most Economically Advantageous Tender' (MEAT); appropriately balancing quality and cost
- Promoting a commercial approach to major projects; including business case and procurement approach and exploring innovative funding mechanisms
- Supporting a commercial approach to 'Make or Buy' considerations; assessing the relative costs and benefits of external delivery or insourcing
- For all contracts procured, exploring the potential to generate income e.g.
 - Early payment scheme
 - Accounts Payable review
 - Business Rates review
 - Acting as Lead Authority for any Regional or National Framework that will be in income via a levy

Supplier relationships and contract management

It is recognised that effective management of strategic supplier relationships can deliver a range of benefits.

Robust pre-market engagement will be undertaken, developing existing supplier relationships and engaging with suppliers in areas of deprivation.

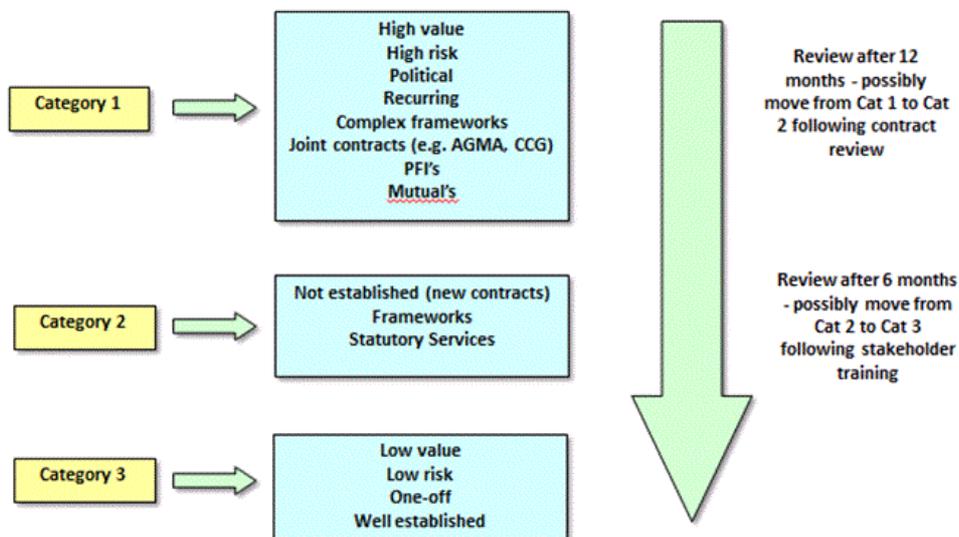
New suppliers will be attracted into the market to improve choice and competition; with a focus on suppliers making their goods and delivering their services locally.

Data analysis and market intelligence will be utilised to develop supplier performance and achieve improved outcomes for the public, added social value, reduced cost, reduced risk and innovation. Effective contract management is key to ensuring that contracts deliver the outcomes required and provide a quality service at the right cost and minimal risk.

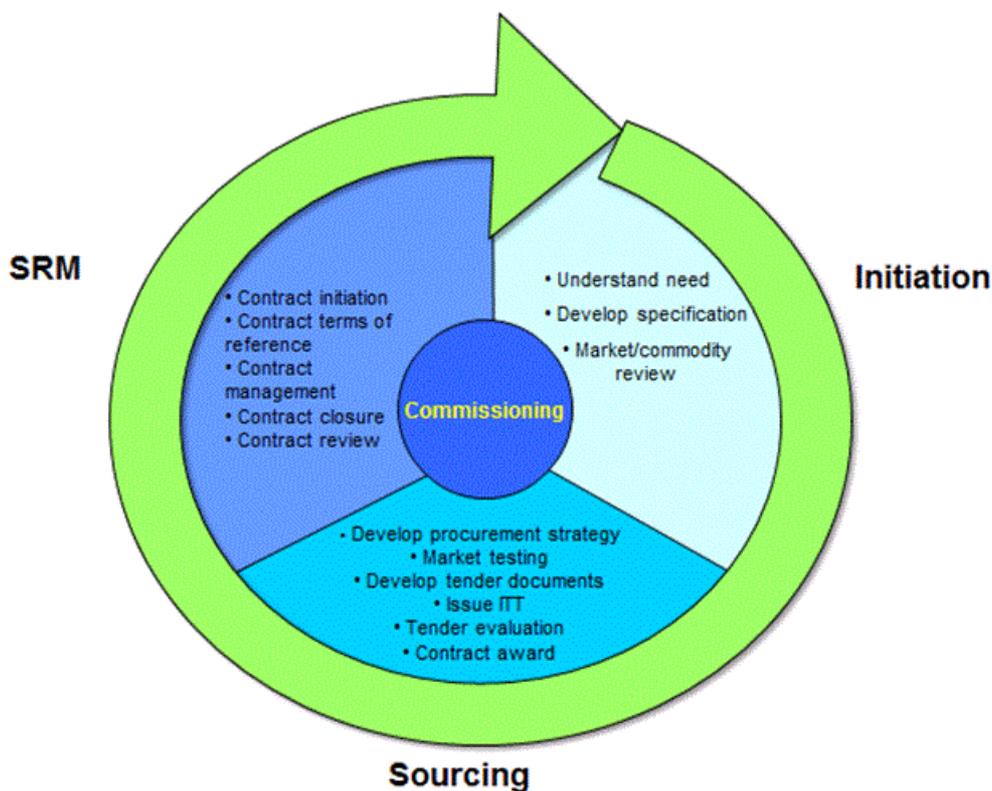
Failure to manage contracts properly may lead to inefficiencies, poor contractor performance or commercial failure; which can seriously damage the Council's reputation and its ability to deliver effective services and support to its communities.

It is essential that we allocate time and resource to this working with our commissioners to create a contract management toolkit, ensuring it is fit for purpose and provides the guidance and support required to effectively manage contracts.

A category management methodology will be applied to all Procurement and Strategic Relationship Management activity based on the risk and value of the Contracting vehicle, as per below;



The following sets out the key stages of the end-to-end commissioning cycle that will be followed;



Digital transformation

The Council's transactional processes will be transformed with a focus on the digitalisation and integration of the commissioning cycle to benefit both the Council and its suppliers.

The Procure to Pay process will be reviewed, making use of new technologies to increase efficiency and transparency. The use of electronic communications will be increased, such as sending and receiving all purchasing documentation by electronic means and paying suppliers as efficiently as possible.

Exploring digital technology is one of the enablers in the National Procurement Strategy and is an area that will be used for performance monitoring, process improvement, proactive planning and market interaction.

7. Key measures for success

Local spend - spend will be maximised in the locality, with work undertaken to support and develop local businesses, promoting investment in the Wirral and across the region.

Voluntary Community and Social Enterprise (VCSE) sector spend - a vibrant VCSE is important for any economy and the Council wishes to see local VCSE spend increase year-on-year with the sector becoming increasingly engaged in pre-procurement market consultations.

Tangible Social Value (SV) delivered - a key measure of the success of the procurement service is how much social value is delivered. We must actively pursue added social value and ensure that it is both monitored and delivered.

Simplicity of process - commissioning and procurement processes must be easy to use, uniform, equitable, proportionate, and relevant for both Council officers and suppliers. The Council must be open for business.

Visibility of upcoming opportunities - a proactive approach in publishing our future commissioning intentions will be key, communicating them to the market and being visible in procurement activity.

Prompt and efficient payment – the Council's digital transformation programme will mean operations are more efficient in how orders are processed and invoices paid. We will seek to contractually enforce prompt payments to second and third tier suppliers wherever possible.

8. Key performance indicators

Value for Money and Efficiency

- Delivery of budget savings through procurement
- Implementation of innovative procurement initiatives
- Extend business partnering to cover all agreements

Governance

- Procurements are undertaken legally, consistently and within the CPRs
- Number of waivers/exemptions requested and granted scrutinised
- Number of individuals trained

Social Value

- % of applicable contracts with Social Value outcomes
- % of applicable contracts with measures to secure environmental benefits
- Number of employment/training opportunities secured through contracts awarded

Market engagement

- Number of market engagement events delivered
- % spend with local suppliers
- % spend with SME/Micro
- % spend with VCSE

9. Contacts

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