

22 March 2018

## **National Procurement Strategy 2018**

### **Purpose of report**

For discussion

### **Summary**

A new national procurement strategy will be launched at the LGA conference in July.

### **Recommendation**

That the Improvement and Innovation Board considers the strategy and agrees the proposed way forward.

### **Action**

Officers to initiate any required action.

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## **National Procurement Strategy 2018**

### **Background**

1. The LGA launched a national procurement strategy for local government in 2014. The strategy included recommendations on how to improve procurement processes for councils in four key areas:
  - 1.1 Making Savings
  - 1.2 Achieving Community Benefits
  - 1.3 Leadership
  - 1.4 Modernising Procurement.
2. The strategy has been well-read and widely implemented by councils. A diagnostic exercise in 2017 had a 60 per cent response rate demonstrating a high level of engagement from both county/unitary councils and district councils.
3. The diagnostic exercise demonstrated that councils had improved their procurement process, particularly on the more 'tactical' or 'compliance' recommendations from the strategy.

### **Issues**

4. A lot has happened since 2014, there continues to be a challenge on funding, with councils continuing to make further savings, the results of the EU referendum and the need to take a more strategic approach to supplier management. The LGA's National Advisory Group (NAG) which comprises a number of senior level procurement experts from each of the regions, has now commissioned a new strategy. It is intended to consult the sector on the revised draft strategy over April/May and for the revised strategy to be launched at our Annual Conference in the summer.
5. The new strategy will include recommendations for councils on:
  - 5.1 driving community benefits:
    - 5.1.2 obtaining social value
    - 5.1.3 engaging local SME's and micro businesses
    - 5.1.4 enabling VCSE engagement
  - 5.2 showing leadership:
    - 5.2.2 engaging councillors and senior managers
    - 5.2.3 working with partners
    - 5.2.4 engaging strategic suppliers
  - 5.3 behaving commercially (including making savings):
    - 5.3.2 creating commercial opportunities
    - 5.3.3 managing contracts and relationships
    - 5.3.4 managing strategic risk
6. The three themes are supported by four enablers.
  - 6.1 Developing talent
  - 6.2 Exploiting digital technology
  - 6.3 Enabling innovation

22 March 2018

#### 6.4 Embedding change

7. In light of the results of the diagnostic exercise we have developed the new strategy in a 'maturity index' format. Councils will be able to plot their improvement path through five stages of maturity: 'minimum;' 'developing;' 'mature;' 'leader' and then 'innovator' stages.
8. As with the diagnostic exercise we will ask councils to benchmark their current practice and where they wish to be in the future. We will then go back to councils in 12/18 months to understand the improvement in procurement practices, at a national level, and by region, following the 2018 benchmark.
9. We would particularly welcome members' comments on the "engaging councillors and senior managers" strand of the "Showing Leadership" theme, which is **attached**. If any members would wish to see the complete revised draft strategy prior to consultation with the sector, then this is available from the report author.

#### **Implications for Wales**

10. The National Procurement Strategy does not apply in Wales, though we are aware that some Welsh councils are using it. Improvement work in Wales is provided by the WLGA.

#### **Financial implications**

11. There are no additional financial implications arising from this report.

#### **Next steps**

12. Consult the sector on the revised draft strategy and finalise for launch at the LGA's Annual Conference in July.

NPS Key Area: <b>Engaging Councillors and Senior Managers</b>					
<b>Description:</b>	Councillors and senior managers value and benefit from commercial and procurement advice including early advice on major projects.				
<b>Help:</b>	<p><u>What it is:</u> <b>Engaging Councillors and Senior Managers</b> refers to the Cabinet (or other executive body) and the corporate management team valuing and benefiting from commercial and procurement advice at all stages of decision-making including early advice on major projects.</p> <p><u>Why it is important:</u> Good commercial and procurement advice can have a decisive impact on the outcome of a project, particularly one involving innovation. It is important that councillors and senior managers engage with the commercial and procurement issues from the earliest stages of the project.</p>				
<b>High level Principle/Specific Behaviour:</b>	<b>Minimum</b> Councillors and senior management regard commercial and procurement issues as purely operational matters.	<b>Developing</b> Exploring the best approach to obtaining commercial and procurement input into decision-making.	<b>Mature</b> Leadership engaged with commercial and procurement issues, routinely taking advice at key decision points.	<b>Leader</b> Demonstrating better results from early commercial and procurement advice on projects.	<b>Innovator</b> Council commercial and procurement advice valued in combined authority/group of councils projects.
<b>Influence</b>	Commercial and procurement is contributing but contribution not visible to councillors and senior managers.	Contribution of commercial and procurement has been noted on isolated projects.	Contribution recognised through representation on corporate management team.	Representation on corporate management team contributing to better decision-making.	Representation on combined authority/group of councils decision-making bodies.

<p><b>Mission and Strategy</b></p>	<p>Obsolete procurement strategy.</p>	<p>Procurement strategy being reviewed and refreshed.</p>	<p>Council has approved a procurement strategy aligned to corporate and service strategies</p>	<p>Council has approved commercial and procurement mission to support innovation.</p>	<p>Council committed to providing commercial and procurement support to combined authority/group of councils wide innovation.</p>
<p><b>Processes</b></p>	<p>Ad hoc approach to managing projects.</p>	<p>Structured approach but not explicit about role of commercial and procurement advice.</p>	<p>Structured approach to project management clearly defining roles and responsibilities in relation to commercial and procurement advice.</p>	<p>Demonstrably better outcomes from projects due to early commercial and procurement advice.</p>	<p>Arrangements for combined authority/group of councils joint projects provide for early commercial and procurement advice from the council.</p>
<p><b>Training and Development</b></p>	<p>No formal training for councillors or senior managers on commercial and procurement issues.</p>	<p>Some councillors and senior managers have attended training courses.</p>	<p>Councillor and manager development programmes include commercial and procurement modules for all participants.</p>	<p>Development programmes have resulted in better engagement with commercial and procurement and better decisions.</p>	<p>Development equips councillors and senior managers to play their role in combined authority/group of councils projects</p>