





Procurement Strategy 2016-2019 – Ongoing Activity

Key Areas:		'RAG' August 2017	LGA recommendation and/or HBC approach:	Position statement – August 2017:
<p>Making Savings:</p>	<p>Partnering and Collaboration:</p>		<ul style="list-style-type: none"> • Deliver savings by aggregating spend through effective collaboration or via a shared service on common goods and services without compromising the need for social value and providing opportunities for local businesses. • Set out the approach to partnering and collaboration in the corporate procurement strategy. • Explore opportunities to procure through existing routes to market and each key procurement activity is objectively justified. • Consider the business case for new models of delivering procurement services. • Maximise the use of all available procurement resources, including across council boundaries. 	<ul style="list-style-type: none"> • Previous efforts to establish a 'virtual procurement hub' across LCR proved problematic and ultimately unsuccessful. The immediate focus of activity has now shifted to improved collaboration with each partner organisation retaining control over its own procurement function. • LCR Procurement Efficiency Workstream established led by Halton's Strategic Director – Enterprise, Community & Resources. The focus of the workstream is on realising cashable savings from collaborative procurement activity. • Terms of Reference for the workstream agreed. • Agreement reached to include an 'Open Clause' in all relevant contracts to allow other LCR authorities access to those contracts. • Specific categories of spend allocated to LCR member authorities who will act as 'lead' authority for those categories. Due diligence being undertaken to verify the current position contracts with end dates and/or extensions falling in 2017/18. • Price benchmarking being undertaken on specific contracts to identify scope for 'quick wins'. • Data cleansing being undertaken and common systems to be implemented across the LCR region. This will provide member authorities with improved visibility of third party spend, common suppliers/categories and support further growth of collaborative opportunities.

Key Areas:		'RAG' August 2017	LGA recommendation and/or HBC approach:	Position statement – August 2017:
	Contract Supplier Management: &		<ul style="list-style-type: none"> • Define category management roles for Procurement and client departments • Demonstrate the effectiveness in gaining most value from contracts • Develop supplier relationships to maximise outputs from contracts • Continuous improvement throughout the life of contracts 	<ul style="list-style-type: none"> • Effective category management drives aggregation and provides greater opportunity to realise savings through increased collaborative procurement • Value from contracts maximised by open competition and inclusion of social value where relevant and proportionate • Supplier review meetings held for relevant contracts involving Procurement team and / or commissioners • Procedures in place to monitor delivery of social value commitments from procurement activity • Robust procedures established to monitor and enforce internal compliance in regard to 'on contract spend' • Work in progress on capturing and monitoring cost avoidance from improved contract management • Contract register used to inform procurement activity in regard to contracts approaching expiry • Internal audit to undertake specific reviews of contract management performance on significant contracts • Internal and external contract review to ensure continuous improvement and support cost recovery where appropriate
Modernising Procurement:	Commercialisation and Income Generation:		<ul style="list-style-type: none"> • Improve the commercial awareness of procurement staff to understand and realise the benefits from all funding streams including how contracts can be developed to generate income • Seek income generation opportunities from procurement related activity 	<ul style="list-style-type: none"> • Procurement team has a high level of knowledge of funding streams, expenditure and commercial awareness that can influence income generation from procurement activity • Contracts are continuing to be 'commercialised' and gains captured and monitored as part of the contract management function, e.g. rebates/shared gains with partners and or contractor. Initial activity has focused on high value contracts but will be rolled out further as resources permit

Key Areas:		'RAG' August 2017	LGA recommendation and/or HBC approach:	Position statement – August 2017:
				<ul style="list-style-type: none"> • Increased income generation through uptake in participation in the Supplier Incentive Programme (the rebranded Early Payment Scheme) - Budgeted income of £45k for 2017/18 • Reference to the Supplier Incentive Programme now incorporated within all contract documentation • Increased use of procurement card for contracts with high volumes of invoices has resulted in increased rebate generation (percentage 'cashback' based on annual spend) • Supplier statement reconciliations now routinely undertaken leading to recovery of unclaimed credit balances
	<p>Supplier Innovation:</p>		<ul style="list-style-type: none"> • Use more outcome based specifications to allow innovation • Pre-procurement market engagement 	<ul style="list-style-type: none"> • The Council is increasingly making use of soft market testing to demonstrate supplier innovation at the early stages of the procurement cycle, e.g. exploring options in regard to potential replacement of Carefirst system