

Procurement Strategy 2013-2016
Targets and Measurements
Bi-Annual Report – Position as at October 2015

Building Block	The What	Report Oct 2015 End of year 2 (2013-16)																
<p>1. Organisation: The Council continues to recognise that procurement is a strategic function and is committed to placing it at the centre of its activities</p>	<p>a. Support from Elected Members, Business Efficiency Board and Management Team</p> <p>b. Implementation of Public Service (Social Value) Act 2012.</p>	<p>The Council continues to support the Procurement Strategy and recognises commercial procurement as a strategic function.</p> <p>As reported in June 2015, we continue to apply where appropriate, Halton’s Social Value (SV) Procurement Framework.</p> <p>Since June 2015 Social Value has been applied further to the following procurement activities:</p> <ul style="list-style-type: none"> • Support for Halton Lodge YMCA • Supported Accommodation for Vulnerable Adults • Housing Related Support for Grangeway Court • Level 3 Healthy Weight Management • Early Help, Employment, Debt and Benefits Advice • Specialist Community Substance Misuse Service for Adults • Widnes Market Winter Events <p>Some SV gains:</p> <table border="1" data-bbox="1055 1038 1874 1313"> <thead> <tr> <th>Output</th> <th>Number</th> </tr> </thead> <tbody> <tr> <td>Work Placements provided including Social Work</td> <td>6</td> </tr> <tr> <td>Employment opportunities created</td> <td>13</td> </tr> <tr> <td>Work Placement days</td> <td>232</td> </tr> <tr> <td>Welfare Right Surgeries provided</td> <td>30</td> </tr> <tr> <td>Young People provided with First Aid training</td> <td>37</td> </tr> <tr> <td>Young People recruited into service providers</td> <td>8</td> </tr> <tr> <td>Schools supported with career advice and mock interviews</td> <td>4</td> </tr> </tbody> </table> <p>Halton BC’s Social Value Charter was approved by Executive Board 3rd September 2015; Halton</p>	Output	Number	Work Placements provided including Social Work	6	Employment opportunities created	13	Work Placement days	232	Welfare Right Surgeries provided	30	Young People provided with First Aid training	37	Young People recruited into service providers	8	Schools supported with career advice and mock interviews	4
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		Strategic Partnership Board, 9 th September 2015 and has been adopted by Halton Clinical Commissioning Group Governing Body 1 st October 2015.
2. Governance and Process The Council will improve further its governance and processes to deliver greater efficiencies and streamlined procurement practices	a. Annual review of Procurement Standing Orders	Since we last reported to BEB in June 2015 there has been no change to Procurement Standing Orders. These were last updated and approved as part of the annual Constitution review which came into effect 25 th April 2015.
	b. Continue to ensure procurement practices are efficient and remove any unnecessary activity for spend below EU value Thresholds	<p>3rd party Spend for April 2014 - March 2015 equates to £93,164,346/Suppliers – 2198. See breakdown below: (as at 28.9.15)</p> <ul style="list-style-type: none"> • Above EU (£172,514) £71,768,265 • Between £1K and EU £21,098,800 • Below £1K £ 297,281 <p>We have since ‘cleansed’ the £21M of spend between 1K and EU£. This has now reduced the non-contracted element from £12M to £9.3M. Our focus is now to ‘cleanse’ the final £9.3M further in order to ‘reach’ every £ in Halton so we either have a contract in place, or a PO for one-off procurement or use where appropriate other frameworks. All spend above £1K is procured via the Chest.</p>
	c. Maintain risk based sourcing (RBS) approach for all spend from £1,000 up to EU value thresholds.	<p>2014/15 financial year we processed £2.1M using RBS – resulting in cost avoidance of £227K. This delivers on average a 10% saving.</p> <p>The efficiency gain from using RBS has provided cost reduction as outlined above but its power comes from acting as a ‘change agent’ which has enabled us process all below £EU Threshold procurement activity quickly and proportionate to risk which ultimately has allowed the division to work across the whole council spend, capital and revenue. The process efficiency gain from using RBS is considerable and Council officers have benefited from the speed to market and this has also driven full compliance and reduced the number of waivers.</p>
	d. Ensure we strive to push all spend above £1,000 via The Chest (25% represents £5M of spend via the Chest (low value spend) – this delivers approximately £500K of cost reduction)	<p>All spend above £1K is procured via the Chest, we monitor this and the Agresso system ‘captures’ all non- contracted purchase order requisitions and drops them into a ‘funnel’ workflow which is then scrutinised by the procurement division.</p> <p>April 14 – March 15 – captured 488 , value £7.1M</p> <p>The scrutiny confirms: Is there a contract in place? If so the contract register is updated; or we direct the officer to procure via the Chest;</p>

		<p>Or advise that the officer considers applying for a waiver.</p> <p>Waivers in 13/14 (below £20k) 46 approved (Head of Procurement approval) Waivers in 14/15 (below £50K) 60 approved (Head of Procurement approval) Waivers in 15/16 (below £50k) 90 approved (Head of Procurement approval)</p> <p>All of the above confirms full compliance.</p>
	e. Deploy a Best and Final Offer (BAFO) approach where possible, to ensure we take every opportunity to drive the price down whilst maintaining quality in a controlled and fully auditable environment	BAFO isn't 'all that'! So we use it where we can to do a final stage negotiation. It at least keeps the team sharp in their commercial practice.
	f. Continue with the scrutiny role by Business Efficiency Board (BEB) and report biannually against this strategy	This report evidences the bi-annual report to BEB for scrutiny.
<p>3. Demand Management The Council will continue to secure improvement in procurement in engagement by securing full compliance with Standing Orders</p>	a. Continuous review of spend analysis which will aid procurement planning across the organisation and with public sector partners to identify opportunities, prioritisation and to secure savings	<p>We have full visibility of spend which is proving exemplar as we work more closely with regional partners.</p> <p>Agresso system now truly reflects the supplier, contract information, SME categorisation coding for use when strategically bench marking and planning procurement activity and opportunity. The SME data even captures Micro organisations and local post code.</p> <p>Our contract register is fully visible to suppliers via the Chest and contains over 241 contracts to date.</p> <p>We have adopted a full category management approach now across the team so the team become 'spend experts' and fully aggregate the opportunities across the Council.</p>
	b. Continued development of the capacity and capability of the	Current Staff FTE is 12.5 FTE. Officers either CIPS qualified or working towards CIPS Levels 4, 5 and 6 is seven. As well as three officers working towards Supply Chain Management NVQ Level 4 and 5.

	<p>Procurement Division through training and study Chartered Institute of Purchase and Supply (CIPS) subject to available resources. This will ensure the division is educated and skilled to manage procurement demand</p>	<p>Other relevant qualifications gained: 2 officers Qualified - Practitioner Prince2 3 officers Qualified in Collaborative Transformation Architects (CT Prac)</p>
	<p>c. Continuation of a communication and education strategy internally to up-skill and educate the wider workforce</p>	<p>Since June 2015 we have delivered:</p> <ul style="list-style-type: none"> • Bespoke Procurement Workshop for Community Development Team • Procurement session is now included on the Councils ILM Level 5 Programme <p>We plan to deliver internal workshops early in 2016 on the new Public Contract Regulations which came into effect February 2015. All of the Procurement Division is fully aware and a versed with these changes and Halton is fully complaint with the changes and the Lord Young's Reform.</p>
<p>4. Market Engagement/Supplier Relationship Review (SRR) Halton will commence a review through a structured approach to developing supplier relationships in order to review overall business relationships, contractual arrangements, specifications, rates and expected outputs in order to mutually agree benefits which will result in savings for the Council as the customer. This will deliver greater value, meet strategic objectives and add Social Value. This will have greater leverage if we work with public sector partners.</p>	<p>a. Development of a work stream to undertake a structured review of SRM across the organisation and where possible with public sector partners</p>	<p>This structured review has commenced with a few pilot projects. We will be reviewing our contract register and then undertaking a supplier-match for the larger expenditures with other willing LCR partners. This will potentially give is greater 'negotiation' power.</p>
	<p>b. Continuing with SME and Community and Voluntary Sector (CVS) engagement both locally and regionally in order to train, support and</p>	<p>We continue to offer procurement support to the VCSE sector through Halton and St Helens VCA.</p> <p>To date 5 local organisations have achieved the full Star Standard, 6 are being revalidated and a further 10 working towards the Foundation Stage Award.</p> <p>2 Organisations who have achieved the Star Standard have been awarded contracts using our</p>

	develop a 2-way approach where we learn together and to underpin SRM	procurement process which allows a degree of flexibility for the VCSE Sector
	c. Support the Liverpool City Region (LCR) Charter for Employment and Skills through Procurement	Employment and Skills now features as one of the elements of Devolution. We will continue to support our Halton and LCR colleagues through Social Value gains particularly focussing on employment and skills. We are aiming to also consider a more robust way via procurement to develop stronger local supply chains as a contract clause.
<p>5. Category Management The Council will continue with a Category Management approach to procurement by aligning business requirements across the organisation. It will continue to work with wider public sector partners in order to gain greater leverage, add value and maximise savings as we are too small to do this alone.</p>	a. Review our relationship with the Merseyside Procurement Partnership (MPP) – Members: Halton; Sefton; Liverpool; St Helens; Knowsley; Wirral; CW&C; Mersey Travel and Mersey Fire & Rescue. Re-establish with partners the commitment, purpose, accountability of this regional work stream in order to progress a category management approach based around geography rather than organisation.	<p>We have fully embedded a category management approach across our Halton Procurement Division. The next step would be to develop regional relationships with partners in LCR to consider a regional approach to category management to directly deliver wider opportunity; drive economies of scale and be a ‘bigger buyer’. This has been done historically on a voluntary and informal basis. There is an ambition to create an Outline Business Case for regional procurement which is being led by Eric Robinson (CEO Wirral). Halton’s Head of Procurement represents Halton on this working group.</p> <p>We have been working closely aligning our Procurement Standing Orders, processes and practices as part of a commissioned role with Sefton MBC and this relationship is continuing. We have also undertaken a similar commission to support Cheshire East Council.</p>
	b. Further strengthen our relationship with Clinical Commissioning Groups to secure future trading relationships	We continue to provide ad hoc Procurement Support to Halton CCG and in October 2015 generated a further £10,000 income.
<p>6. Purchase to Pay/ e Procurement Halton will continue with the development of P2P</p>	a. Review P2P processes to secure full compliance	We continue to work closely with the P2P Division driving e-payments though procurement.

<p>and e procurement solutions to control compliance within the organisation, improve payment terms to secure a seamless end-to-end process.</p>	<p>across the organisation</p>	
	<p>b. Support business process improvement to enable early payments to SME's</p>	<p>Public Contract Regulations 2015 require all suppliers to be paid within 30 days which we adhere to.</p> <p>Procurement include different options available to suppliers of quicker payment terms within tendering opportunities, from either:</p> <ul style="list-style-type: none"> • Early Payment Scheme – this has recently resulted in a projected £16k efficiency saving for the council and a 5 day payment to one of our Catering suppliers over the next 12 months. • Procurement Card – online ordering in return for 3 days payment terms to suppliers